AGREEMENT
FOR BANKING SERVICES

This Agreement governed by the Laws of the State of California is made and entered into this 3rd day of April, 1997, by and between the CITY OF INDIAN WELLS, a municipal corporation, hereinafter referred to as "CITY," and FIRST COMMUNITY BANK OF THE DESERT, a California corporation, hereinafter referred to as "BANK."

W I T N E S S E T H:

WHEREAS, CITY desires to hire the services of BANK as the depository of certain CITY funds in accordance with the terms and conditions hereinafter set forth; and

WHEREAS, BANK desires to perform said services for CITY and represents that said BANK is a California corporation and state bank within the meaning of Section 53635 of the Government Code of the State of California.

Whereas, in the judgment of the Finance Director this Contract is to public advantage; and

Whereas, the CITY desires to secure a wide range of banking services to be provided by a single financial institution pursuant to an Agreement; and

Whereas, the CITY solicited proposals to provide such banking services from the financial institutions qualified to provide such services; and

Whereas, BANK submitted a proposal which the CITY deems to be the most complete and responsive to the CITY's request for proposals, and will provide the CITY the desired types, availability and quality of services; and

Whereas, Bank represents to the CITY that it meets the requisite legal and other qualifications and possesses sufficient financial strength and capacity to render the banking services sought by the CITY.

Whereas, the CITY has signed a Deposit Agreement - Exhibit D.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS HEREIN CONTAINED, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE 1
IDENTIFICATION OF CITY AND LIAISON PRINCIPAL

1.1 CITY hereby designates, appoints and authorizes the Finance Director/City Treasurer of CITY to (i) administer this Agreement, and (ii) authorize the specific services of BANK pursuant to the provisions of this Agreement, and (iii) execute any documents on behalf of CITY necessary in the performance of or pursuant to this Agreement, and (iv) perform those certain acts required or authorized to be performed by such Treasurer by the Banking Statute, and (v) execute service agreements on behalf of the CITY - for the required, optional, or additional services discussed in the Contract, and (vi) to negotiate the price of any services not specifically costed in the Exhibit "C", and (vii) to negotiate the price of services costed in the Exhibit "C" beyond the initial pricing period.

1.2 BANK designates as its Bank Liaison to the CITY for supervision of the tasks and services required by this Agreement, the following individual(s):

MS. TAY FRIED, SENIOR VICE PRESIDENT

Said Bank Liaison shall not be replaced by BANK without written notice to CITY.

ARTICLE 2
BASIC SERVICES OF BANK

2.1 SCOPE OF WORK. BANK shall provide to CITY, any and all services which are necessary and appropriate for the completion of the work set forth in Exhibit "A." The extent of such services shall be as determined and expressly authorized by the CITY Finance Director. The services described in Exhibit A include but are not limited to the following services:

- BANK will provide a primary accounts payable and a payroll account.
- The payroll account will be maintained as a zero balance account controlled by CITY.
- Account for payroll will be available upon request.
- Balance will sweep to automated investment account over established base.
- Offer "no monthly fee" checking to employees of the CITY during term of this agreement. Subject to the handling of each account in a satisfactory manner; e.g., accounts not frequently overdrawn or in violation of bank policy.

2.2 PRECEDENCE OF CONTRACT DOCUMENTS. If there is a conflict between contract documents, the document highest in precedence shall control. The precedence shall be: first, this Agreement; second , the Request for Proposals for Banking Services distributed and all documents incorporated by reference therein; and third, the BANK's Proposal.

2.3 AMENDMENT OF SCOPE OF WORK. CITY's Finance Director shall have the right to amend the Scope of Work within the Agreement by written notification to the BANK. In such event, the compensation and time of performance shall be subject to renegotiation upon written demand of either party to the Agreement.

2.4 CORRECTION OF WORK. The performance of services or acceptance of information furnished by BANK shall not relieve the BANK from obligation to correct any defective, inaccurate or incomplete work subsequently discovered and all such work shall be remedied by the BANK on demand without cost to the CITY.

2.5 FEDERAL AND STATE RULES AND REGULATIONS. BANK shall have the duty of performing under the Agreement in accordance with applicable Federal and State laws, rules and regulations. In performing their respective obligations under this Agreement, the parties shall comply with all applicable provisions of Article 2 of Chapter 4 of Part 1 of Division 2 of Title 5 (commencing with Section 53630) of the Government Code of the State of California ("Banking Statute").

2.6 BANK represents that the tasks and services required herein will be performed by BANK, or under its direct supervision, and that all personnel engaged in such work shall be fully qualified and shall be authorized and permitted under applicable state and local law to perform such tasks and services.

2.7 TERM. This Agreement shall be for a term of five (5) years commencing on January 2, 1997, and ending January 2, 2002. The term of this Agreement may be extended by CITY's Finance Director and BANK by agreement in writing with respect to each such extension, at least thirty (30) calendar days prior to the date on which this Agreement or an extension thereof would otherwise have expired. The terms and conditions of this agreement as so extended shall remain the same.

2.8 TERMINATION. This Agreement may be terminated at any time before its expiration by either the CITY, the Finance Director or the BANK.

2.8.1 Termination of the Agreement by the CITY or Finance Director shall be effected by written notice to the BANK at least thirty (30) days prior to termination. The termination notice shall specify the date upon which such termination becomes effective.

2.8.2 Termination of the Agreement by the BANK shall be effected by written notice to the Finance Director at least ninety (90) days prior to termination.

2.8.3 In the event of termination by either party, the BANK shall process all CITY checks that have been issued by the CITY prior to the effective date of termination.

2.8.4 Notwithstanding anything to the contrary, if the Finance Director or the CITY determines that the BANK defaults on any obligation imposed on the BANK by the Agreement, then the Finance Director or the CITY may terminate this Agreement immediately by giving written notice to the BANK. Upon such termination, paragraph 2.8.3 shall remain in effect.

2.9 STANDARD OF CARE. CITY relies upon the professional ability of BANK as a material inducement to entering into this Agreement. BANK agrees to use reasonable care and diligence in rendering services under this Agreement. BANK agrees that the acceptance of work by CITY shall not operate as a waiver or release of said obligation of BANK. The absence, omission, or failure to include in this Agreement, items which are normally considered to be a part of generally accepted professional procedure or which involve professional judgment shall not be used as a basis for submission of inadequate work or incomplete performance.

2.10 WIRE TRANSFERS. BANK shall establish and implement all necessary procedures to enable the City Finance Director to initiate outgoing wire transfers from such City Finance Director's office.

2.11 BANK OFFICE. Unless otherwise approved by the City Finance Director all accounts of CITY established by BANK pursuant to this Agreement shall be maintained at the First Community Bank of the Desert, 74-750 Highway 111, Indian Wells, CA 92210.

ARTICLE 3
RESPONSIBILITIES OF CITY

3.1 COOPERATION. CITY shall cooperate with BANK in carrying out the work without undue delay. In this regard, CITY, including any representative thereof, shall examine documents submitted by BANK, shall consult with BANK regarding any such documents, and shall render any necessary decisions pertaining to such documents as promptly as is practicable.

ARTICLE 4
COMPENSATION

4.1 COMPENSATION. As complete compensation for the services performed by BANK pursuant to paragraph 2.1 above, CITY shall compensate BANK, and BANK shall accept from CITY, those certain amounts established for the services so authorized and performed as set forth in the Exhibit "C". CITY will compensate BANK with compensating balances. Any fees not covered by compensating balances shall be billed to

CITY quarterly. The amount of the compensating balance shall be reviewed in six months for adequacy and deposited. It will be adjusted semi-annually as necessary. Refer to sweep agreement for type of investments to be made per that agreement for the compensating balance. Bank will provide account services at no cost to CITY for initial six months.

4.2 PRICE RATES. BANK rates and prices for services as set forth in the Exhibit "C" shall remain fixed at the rates and prices therein set forth to January 1, 2000. Such rates and prices may be changed only by mutual consent of the BANK and the CITY. BANK reserves the right to pass on any and all direct costs associated with Federal and State Regulations, which costs arise solely and directly out of this agreement or services provided hereunder, including but not limited to Federal Deposit Insurance Corporation charges.

ARTICLE 5
EMPLOYMENT PRACTICES OF BANK

5.1 NONDISCRIMINATION. In providing for the performance of the tasks and services required by this Agreement, BANK shall not discriminate against any employee or applicant for employment on the basis of race, religion, color, sex, or national origin.

ARTICLE 6
CONFLICTS OF INTEREST

6.1 STATEMENT OF ECONOMIC INTEREST. If requested to do so by CITY, BANK shall complete and file and shall require any other person doing work under this Agreement to complete and file a "Statement of Economic Interest" with the Clerk of the CITY of Indian Wells disclosing BANK or such other person's financial interests.

6.2 DISCLOSURE. CITY and BANK hereby covenant and agree that to their best knowledge, no member of CITY's City Council, nor any officer, agent, representative or employee of CITY has any interest, whether contractual, non-contractual, financial or otherwise direct or indirect, in this Agreement or in the business of subcontracting work required under this Agreement; and that if any such interest comes to the attention of either party at any time during the performance of this Agreement, a full and complete disclosure of such information shall be made in writing to the other party, even if such interest would not be considered a conflict of interest under applicable laws.

6.3 NO CONTRACT FEES. BANK hereby covenants that it has not employed or retained any person or company to solicit or secure this Agreement; and that it has not paid or agreed to a brokerage fee, gift, or other compensation, contingent upon or resulting from the award of making of this Agreement. For breach or violation of this covenant, CITY shall have the right to annul this Agreement without liability, or in its discretion to deduct from the contract price, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

ARTICLE 7
INSURANCE AND INDEMNIFICATION

7.1 HOLD HARMLESS AND INDEMNIFICATION. BANK agrees to defend and provide legal representation with attorney(s) acceptable to CITY, indemnify, and hold harmless CITY, its officials, officers, employees, representatives, and agents, from and against all claims, lawsuits, liabilities or damages of whatsoever nature arising out of or in connection with, or relating in any manner to any wrongful or negligent act or omission of BANK, its agents, employees, and subcontractors of any tier and employees thereof in connection with the performance or non-performance of this Contract. The BANK shall thoroughly investigate any and all claims and indemnify the CITY and do whatever is necessary to protect the CITY, its officials, officers, employees, agents, and representatives as to any such claims, lawsuits, liabilities, expenses or damages. This indemnification by BANK shall not apply if the act or omission of the BANK was a direct consequence of the failure by the CITY to provide timely and accurate data.

ARTICLE 8
MISCELLANEOUS

8.1 RECORDS OF PERFORMANCE. BANK shall maintain adequate records of contract performance costs, expenses, etc., and make these records available for inspection, audit, and copying by the CITY during the Contract period and for a period of three (3) years from date of the final payment.

8.2 INDEPENDENT CONTRACTOR. BANK shall, during the entire term of the Contract, be construed to be an independent contractor and nothing in this Contract is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, or to allow CITY to exercise discretion or control over the professional manner in which contractor performs the services which are the subject matter of this Contract; provided always however that the services to be provided by BANK shall be provided in a manner consistent with all applicable standards and regulations governing such services.

8.3 TAXES. BANK agrees to file tax returns and pay all applicable taxes on amounts paid to BANK pursuant to this Agreement and shall be sole liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. BANK agrees to indemnify and hold the CITY harmless from any liability which it may incur to the United States or to the State of California as a consequence of BANK's failure to pay, when due, all such taxes and obligations.

8.4 SUCCESSORS. CITY and BANK each binds itself and its partners, successors, assigns, and legal representatives to the other party to this Agreement and to the partners, successors, assigns, and legal representatives of such other party with respect to all covenants of this Agreement.

8.5 AMENDMENTS BY OPERATION OF LAW. Each and every provision of law and clause required by law to be inserted in this Agreement shall be deemed to be inserted herein, and the Agreement shall be read and enforced as though it were included herein, and if for any reason any such provision is not inserted, or is not correctly stated, then upon application of either party, the Agreement shall forthwith be physically amended to make such insertion or correction.

8.6 MERGER. This Agreement shall constitute the entire Agreement between the parties and shall supersede any previous agreements, whether verbal or written, concerning the same subject matter. No modification of this Agreement shall be effective unless and until evidence by a writing is signed by both parties.

8.7 INTERPRETATION. The terms of the Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of the Agreement or any other rule of construction which might otherwise apply.

8.8 DEMAND FOR ASSURANCE. Each party to this Agreement undertakes the obligation that the other's expectation of receiving due performance will not be impaired. When reasonable grounds for insecurity arise with respect to the performance of either party, the other may in writing demand adequate assurance of due performance and until he/she receives such assurance may, if commercially reasonable, suspend any performance for which the agreed return has not been received. "Commercially reasonable" includes not only the conduct of a party with respect to performance under this Agreement but also conduct with respect to other agreements with parties to this Agreement or others. After receipt of a justified demand, failure to provide within a reasonable time, but not exceeding ten (10) days, such assurance of due performance as is adequate under the circumstances of the particular case is a repudiation of this Agreement. Acceptance of any improper delivery, service, or payment does not prejudice the aggrieved party's right to demand adequate assurance of future performance.

8.9 NO WAIVER OF BREACH. The waiver by CITY of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or provision of any subsequent breach of the same or any other term or promise contained in this Agreement.

8.10 THIRD PARTY BENEFICIARIES. Nothing contained in this Agreement shall be construed to create and the parties do not intend to create any rights in third parties.

8.11 ATTORNEY FEES, APPLICABLE LAW AND FORUM. In the event either party brings an action or proceeding for damaged arising out of the other's performance under this Agreement or to establish the right or remedy of either party, the prevailing party shall be entitled to recover reasonable attorney fees and costs as part of

such action or proceeding. This Agreement shall be construed and interpreted according to California law, and any action to enforce the terms of this Agreement or for the breach thereof shall be brought and tried in the County of Riverside.

8.12 CORPORATE AUTHORITY. The person(s) executing the Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver the Agreement on behalf of said party, (iii) by so executing the Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into the Agreement does not violate any provision of any other Agreement to which said party is bound.

8.13 PROCEDURE FOR NOTIFICATION. All notices, bills, and payments shall be made in writing and may be given by personal delivery or by mail. Notices, bills and payments sent by mail should be addressed as follows:

TO CITY: FINANCE DIRECTOR
CITY OF INDIAN WELLS
44-950 ELDORADO DRIVE
INDIAN WELLS, CA 92210

TO BANK: TAY FRIED, CHIEF FINANCIAL OFFICER
FIRST COMMUNITY BANK OF THE DESERT
74-750 HIGHWAY 111
INDIAN WELLS, CA 92210

and when so addressed, shall be deemed given upon deposit in the United States mail, postage prepaid. In all other instances, notices, bills and payments shall be deemed given at the time of actual delivery. Changes may be made in the names and address of the person to whom notices, bills and payments are to be given by giving notice pursuant to this Paragraph.

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date above written.

CITY OF INDIAN WELLS

Dated: 10/27/97

By: _____

APPROVED AS TO FORM:

John L. Cook

John L. Cook, City Attorney

BANK:

Dated: 11/3/97

By: _____

Tay Fried, Senior Vice President

ATTACHMENTS:

EXHIBIT "A" Proposal
EXHIBIT "B" Request for Proposal
EXHIBIT "C" Schedule of Fees

EXHIBIT "A"
PROPOSAL

EXHIBIT "B"
REQUEST FOR PROPOSAL

EXHIBIT "C"
SCHEDULE OF FEES