



April 3, 2000

Government Banking
875 Elm Street
Manchester, NH 03101
800 675-7195

Mr. James Monagle
Assistant Finance Director
City of Cambridge
City Hall
Cambridge, MA 02139

Dear Jim:

Thank you for the opportunity to present, in person, Citizens Bank's Banking and Cash Management Proposal. We are excited about the opportunity to enter into a Banking Partnership with the City of Cambridge, and look forward to future discussions on this possibility.

The following represents Citizens response to the issues at our March 31, 2000 meeting and ask that you contact me should you need further clarification:

1. In an article printed in the February 22, 2000 The Providence Journal, Citizens Bank is portrayed as being a more ambitious player in the U.S. market. It states "Citizens Bank, which generates about 25 percent of the Royal Banks total earnings, will comprise about 12 percent after the Royal-NatWest Merger," says Larry Fish (Chairman and CEO of Citizens Financial Group), giving Citizens considerable headroom to grow. "We are thinking about new geographies...product line expansion...e-commerce" Fish continues "Anything that the [Royal] group does in the U.S. will be led strategically and managerially by Citizens."
2. Citizens Bank of Massachusetts, when acquiring U.S. Trust Co., committed to grandfathering "free checking" accounts in accordance with the Industry definition of "no monthly fee". Citizens communicated this to all U.S. Trust customers as well as how to avoid those service charges...including a letter to every U.S. Trust customer. We are confident that we have honored our commitment.
3. Citizens Bank of Massachusetts committed to offering all U.S. Trust retail staff positions at Citizens and we are pleased to report that we have followed through on that commitment.

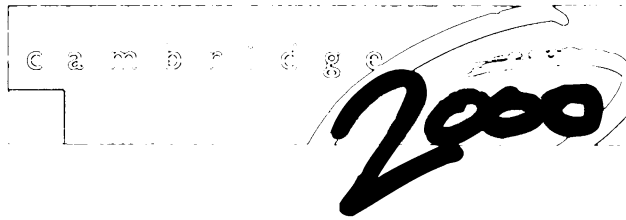
Jim, I trust this satisfactorily addresses all outstanding issues.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Michael J. Gleason'.

Michael J. Gleason
Executive Vice President
Government Banking Division

CC: Andrea Spears, Purchasing Agent
James Maloney, Assistant City Manager for Finance ✓



3.

CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager

Richard C. Rossi, Deputy City Manager

May 1, 2000

To The Honorable, The City Council:

In response to Awaiting Report Item No. 00-14, regarding a report on the feasibility and financial implications of transferring funds deposited by the City in the Fleet Bank to another bank, please be advised that as of the first week in May, the City will be switching its principal banking contract from Fleet Boston to Citizens Bank. The switch in the contract is the result of a competitive Request for Proposals (RFP), begun prior to the City Council order. While both Fleet Boston and Citizens Bank were found to be qualified to handle the City's banking requirements, Citizens was ultimately chosen due to the lower cost of the bid.

One of the criteria of the bid was a review of all respondents Community Reinvestment Act (CRA) scores. Both Fleet and Citizens scored well in the category. Prior to agreeing to contract with Citizens for banking services, officials from Citizens Bank were verbally asked the following questions:

1. Does Citizens Bank have any known intention of a public offering of their company?
2. What is Citizens response to a Boston Globe article regarding complaints about "free checking" accounts at Citizens?
3. Will there be significant reductions in the number of bank employees as a result of Citizens acquisition of U.S. Trust?

While these questions could not be part of the City's formal review process, (they were not included in writing in the original RFP) Citizens offered a written response, a copy of which is enclosed.

Regarding the second part of the Council Order, please be advised that the City reviews CRA records of all banks with which we do business. It should be noted however, that the vast majority of idle City funds are invested through the Massachusetts Municipal Depositing Trust, a pooled investment tool, organized by the State Treasurer's Office.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
Attachment



2000 Things 2 Do in 2000

Consent Agenda #3

108 S

Relative to AW #00-14, regarding
a report on the feasibility and
financial implications of
transferring funds deposited
by the City on the Fleet Bank
to another bank.

S-108

In City Council May 1, 2000

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