

# Banking RFA Project Recap for



Presented by Tim Pinon

# Objective

- Select a primary depository financial institution
- Initial agreement begins July 1, 2023
- Ends June 30, 2025
- Prosper may extend contract for three additional one-year periods through June 30, 2028

# Governing Codes

- Chapter 105 Municipal Depository Act
- Chapter 176 Conflict of Interest Act
- Chapter 2256 Public Funds Investment Act, and
- Chapter 2257 Public Funds Collateral Act

# Project Steps

1. Analyzed historical bank service usage and balances
2. Reviewed the required banking services and potential additional services
3. Developed a list of eligible financial institutions within Town boundaries

Totaled 8 institutions

4. Contacted representatives from each financial institution
5. Drafted RFA for Town

# Project Steps Continued

6. Advertised as required
7. Distributed the RFA to all eligible banks via email
8. Held a non-mandatory pre-application video conference

Attended by:

- Farmers Bank & Trust
- Independent Financial (Incumbent)
- JPMorgan Chase Bank, N.A.
- Wells Fargo Bank, N.A.

# Applications Received

1. Independent Financial (Incumbent)
2. Wells Fargo Bank, N.A.

# Evaluation Criteria

1. Ability to perform and provide the required and requested services.
2. References provided and quality of services
3. Cost of services;
4. Transition cost, retention and transition offers and incentives;
5. Funds availability;
6. Interest paid on interest bearing accounts and deposits;
7. Earnings credit calculation on compensating balances;
8. Completeness of application and agreement to points outlined in the RFA;
9. Applicants physical location as defined in the RFA and the convenience of location(s);
10. Previous service relationship with the Town; and
11. Financial strength and stability of the institution.

# Bank Fees

	Independent Financial (Incumbent)	Wells Fargo
<b>FEE ANALYSIS OF DEPOSITORY SERVICES</b>		
<b>Proposed Fees - Banking Services</b>		
Projected Bank Balance	\$33,400,000	\$33,400,000
<b>Current Services Fee Estimate</b>	(1,521)	(1,489)
Number of months of <b>TOTAL</b> fee waiver	3	6
Amount of <b>TOTAL</b> Fees Waived	4,563	10,000
<b>Fees for Two Year Term</b>	(31,939)	(25,740)
<b>Fees for Five Year Term</b>	(86,693)	(79,351)



# RFA Analysis – Earnings Credit

	Independent Financial (Incumbent)	Wells Fargo
<b>Earnings Credit</b>		
Rate	4.50%	1.65%
<b>Rate Basis</b>	Upper end of FED Target Rate	Bank Managed
Target DDA Compensating Balance	405,580	5,000
Monthly Earnings Credit less Reserve	1,521	7
Earnings Credit for Two Year Term	31,939	(9,835)
Earnings Credit for Five Year Term	86,693	(9,588)
<b>Net Fees for Two Year Term</b>	<b>0</b>	<b>(35,575)</b>
<b>Net Fees for Five Year Term</b>	<b>0</b>	<b>(88,938)</b>

# RFA Analysis – Interest Earnings

	Independent Financial (Incumbent)	Wells Fargo
<b>Interest Income Estimate</b>		
<b>Investment Option</b>	IB DDA/Sweep	Non IB DDA/MMMF Sweep
<b>Rate Basis</b>	Upper end of FED Target Rate	MMMF Rate
Interest Rate (1/24/23)	4.50%	4.09%
Investment Balance Available During Waiver Period	33,400,000	33,395,000
Number of months	3	
Monthly Investment fees if applicable	Waived	360
"Bonus Interest" earned during waiver period	375,750	
Investment Balance	32,994,420	33,395,000
Monthly Investment Income	123,729	113,821
Two Year Investment Income	2,974,061	2,731,711
Five Year Investment Income	7,428,307	6,829,278
<b>Two Year Income/(Cost)</b>	<b>2,974,061</b>	<b>2,696,136</b>
<b>Five Year Income/(Cost)</b>	<b>7,428,307</b>	<b>6,740,339</b>

# Contract Incentives

	Independent Financial (Incumbent)	Wells Fargo
<b>Contract Incentives</b>		
Tamperproof Deposit Bags at No Cost		\$5,000
Endorsement Stamps & Other Supplies at No Cost		
Remote Deposit Scanners		
Cash Transition Allowance		
<b>Two Year Income/(Cost) with Contract Incentives</b>	<b>2,974,061</b>	<b>2,701,136</b>
<b>Five Year Income/(Cost) with Contract Incentives</b>	<b>7,428,307</b>	<b>6,745,339</b>

# Staff recommendation

The Staff recommends, and Valley View Consulting concurs with accepting the application from Independent Financial based on the following:

1. Offered the most favorable terms and conditions of the two applications received.
2. Proven track record of performance as the current depository.
3. Staying with incumbent eliminates work of changing banks

# Valley View Consulting Banking Team

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