

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

080712

_____ Resolution or Ordinance (Blue) _____ *Waiver of First Requested*
_____ Recommendations of Boards, Commissions & Committees (Green)
X Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES
FROM: David A. Hulseberg, Village Manager
DATE: November 13, 2008 (COW)(B of T) November 20, 2008
TITLE: A Motion Authorizing a Two-Year Extension of Banking Service Agreement with MB Financial
SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

Staff presented the attached memo to the Finance Committee on October 29, 2008 regarding a one-year extension of the contract with MB Financial for banking services.

The Finance Committee reviewed the staff report and unanimously recommended Village Board approval for a two-year contract extension with MB Financial for banking services, provided there were no increases in current fees. The two-year contract extension was recommended by the Finance Committee due to the uncertainty involved in the timeframe of the current financial crisis in the banking industry.

A Letter of Agreement from MB Financial is attached extending our contract with no price increase on existing services through April 2011. Staff requests that the Village Board authorize the extension of the Village of Lombard's Banking Service Agreement with MB Financial.

Review (as necessary):

Village Attorney	X	_____	Date	_____
Finance Director	X	<i>Timothy Sexton</i>	Date	11/13/08
Village Manager	X	<i>David A. Hulseberg</i>	Date	11/13/08

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.



VILLAGE OF LOMBARD

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To: Finance Committee
From: Timothy Sexton, Director of Finance
Date: October 17, 2008
Subject: **Banking Services**

In February 2006, the Village Board approved the Finance Committee's recommendation to extend the contract with Oak Brook Bank for three years through April 2009. In late 2006, Oak Brook Bank merged with MB Financial, and they have continued to provide banking services for the Village under the name MB Financial. Staff has been satisfied with the level of service we have received since the merger.

Finance staff had been preparing to issue a Request for Proposals for banking services at the end of October. We planned on starting this process six months prior to the end of our current contract due to the extensive computer programming and transition that needs to take place when we switch banks.

However, due to the current financial crisis in the banking industry, I believe that we should not attempt to switch banks at this time. There is a significant likelihood that any of the banks we would select will be closed, bought or merged with another bank some time during the next year. Therefore, staff is requesting that we negotiate a one-year extension with our current banking provider, MB Financial.

Staff is requesting the Finance Committee's approval of the recommendation to negotiate a one-year extension with our current banking provider, MB Financial. If approved, this recommendation will be presented to the Village Board of Trustees for their consideration at the November 20, 2008 meeting. After Board approval, staff will begin negotiating a one-year extension with MB Financial and bring this extension back to the Village Board for approval in early 2009.

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November 7, 2008

Mr. Timothy Sexton
Finance Director
Village of Lombard
255 East Wilson Avenue
Lombard, IL 60148

Dear Tim:

MB Financial Bank is pleased to have the opportunity to extend the current agreement with the Village of Lombard for an additional two years. In consideration for our longstanding relationship, this letter serves to formally offer to extend the contract with no price increases on existing services through April 2011. Please note that this agreement does not cover vehicle sticker fulfillment services.

If you have any questions on this, do not hesitate to contact me at any time. Thank you again for the opportunity to continue our relationship with the Village.

Sincerely,

A handwritten signature in cursive script that reads "Marie St. Jean".

Marie St. Jean
Commercial Banking Officer
MB Financial Bank
(847) 653 1030
mst.jean@mbfinancial.com

AGREED & ACCEPTED BY:

Timothy Sexton
Finance Director