



VILLAGE OF LOMBARD

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www.villageoflombard.org

Registar # 190466

To: Finance and Administration Committee

From: Timothy Sexton, Director of Finance

Date: November 13, 2019

Subject: **Banking Services Contract Extension**

In December 2010, the Village Board approved the Finance and Administration Committee's recommendation to award the banking services contract to Wheaton Bank & Trust Company (Wintrust) and the contract was renewed for an additional three years in 2016. Wheaton Bank quoted 30% less than the next competitive bank for the 2010 RFP. Services provided by MB Bank in 2010 totaled \$47,499.00. Actual expenses for general banking and lockbox services based on current volume from October 2018 to September 2019 were **\$37,664.62 (average \$3,138 per month)**. These fees were offset completely by the Earnings Credit Allowance (ECA). The ECA, used to offset bank fees, is currently IL Funds minus 10 bps (example: September 2.097%). Staff reviewed recently completed RFPs by other municipalities and the fees listed in the responses are similar to our current fees.

Wheaton Bank provided a letter to offer an updated account structure that will minimize idle balances and maximize interest earnings. In addition, Wheaton Bank has offered to extend our contract for another three years through April 30, 2023 with no increase in fees through 2023. Staff has been very satisfied with the level of service we have received over the past nine years. Wheaton Bank & Trust (Wintrust) has provided high quality service, strong security against fraud, created efficiencies, and takes advantage of new applicable technologies. We receive responsive service by Wheaton Bank personnel and support/technology that is provided by Wintrust which is a large banking institution.

Shopping for a bank involves issuing an RFP and several months of review to make a recommendation. If a new bank is chosen, there will be several more months of integration with systems, agencies, staff, residents and businesses. We have become very integrated between the bank and our financial software system, utility billing, payroll, automated vendor payments, and third party contracts. The estimated cost to switch to another bank would be \$6,500 to \$8,500 plus significant staff time.

Staff is requesting the Finance and Administration Committee's recommendation for a three-year extension, through April 30, 2023, with our current banking provider, Wheaton Bank & Trust Company. If approved, this recommendation will be presented to the Village Board of Trustees for their consideration.

WHEATON BANK & TRUST COMPANY®

November 7, 2019

Mr. Tim Sexton
Finance Director
Village of Lombard
222 E. Wilson Avenue
Lombard, IL 60148

Dear Tim:

Following up on our letter of November 1, and our discussions about excess balances, please review our updated terms and suggestions.

Based on the current services used and balances maintained, Wheaton Bank & Trust will extend the pricing at the current terms through April 30, 2023. Additionally, we would like to offer an updated account structure that will minimize idle balances and maximize interest earnings. Balances held in the Village's Government Checking Accounts will earn an earnings credit equal to the previous month Illinois Funds rate (October 2019 = 1.92%). Wheaton Bank & Trust will retroactively calculate the Village's required compensating balance based on the monthly activity in the account and the ECR stated above. All fees will be offset by the compensating balance.

All balances in excess of this amount will earn interest without leaving the checking account, at a rate equal to the previous month average Illinois Funds rate minus 25 basis points. This eliminates the need for the Village to monitor or change a "target balance" as account activity levels, balances and monthly earnings credit rates change. If account balances do not cover the monthly activity charges, the account will be debited according to the account analysis schedule.

Wheaton Bank & Trust recommends that any funds in excess of those needed for daily cash flow purposes to be invested in a **MaxSafe™ Public Fund Money Market Account**. The interest rate on the **MaxSafe™ Public Fund Money Market Account** is tiered and based on the average daily balance in the account. **MaxSafe™ Public Fund Money Market Account** rates are reviewed monthly and are subject to change. The current rates are:

< \$2,500,000.00 = 1.92%

> \$2,500,000.00 = 1.97%

A WINTRUST COMMUNITY BANK

100 North Wheaton Avenue, Wheaton, Illinois 60187 | 630-690-1800 | www.wheatonbank.com



All funds held in **MaxSafe™ Public Fund Money Market Account** would be spread across the fifteen separately chartered, affiliated Wintrust banks, all of which are fully FDIC insured and deemed "well capitalized" by regulatory agencies. This allows for FDIC coverage of \$250,000 at each of the banks, ultimately providing up to \$3.75 million in FDIC insurance. The Village would be able to set a peg balance in the operating account to automatically transfer excess funds to the **MaxSafe™ Public Fund Money Market Account**. Funds can be withdrawn from the account up to six times per month. If you have questions, or need further clarification on any of the above, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Sharar-Stoppel', written in a cursive style.

Pamela Sharar-Stoppel
President & CEO
Wheaton Bank & Trust Co., N.A.
630-588-4077

Draft Changing Banks Checklist

(*fee to reformat file)

1. Banking agreement forms and signature cards
2. Set up user security and authorization forms with new bank and complete forms to close old accounts
3. Payroll vendors: AFSCME, Discovery Benefits, ICMA, IMRF, Nationwide, Vanco
4. Change all NWS system maintenance files with bank information
5. Change check numbers in NWS
6. Tyler NWS File Import/Export Changes (estimated 3 months for NWS developers to complete changes)
 - a. *AP EFT
 - b. *Vendor Checks
 - c. *Payroll Checks
 - d. *Payroll Direct Deposit
 - e. *Lockbox Import
 - f. *Water Bill export to bill printer
 - g. *Vanco import
 - h. *Waterbilling auto withdraw
7. *Bill printer reconfigure scan bar and lockbox address on all bill types
8. Set up with new bank Positive Pay, EFT templates, bank drafts, wire templates
9. Submit changes to IMET, IL Funds, GATA, SAM, all grants
10. Set up new procurement cards with staff and cancel current cards (do not cancel until all charges cleared)
11. Change all automated payments
12. Notify all waterbilling customers of new lockbox address (forward lockbox to new address)
13. Notify all credit card merchant processors for daily deposits
14. Federal and State tax websites update with new account information
15. Ensure all outstanding checks are deposited prior to closing old accounts