

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

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

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: David A. Hulseberg, Village Manager *Dahr*

DATE: January 25, 2011 (COW)(B of T) February 3, 2011

TITLE: Resolution Authorizing Execution of Contract for Banking Services

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

The Village's current contract for banking services expires on April 30, 2011. In October, a request for proposals (RFP) for a new contract was sent to seven area banks. Six of those banks submitted proposals by the December 10, 2010 deadline.

At their January 24, 2011 meeting, the Finance Committee reviewed the proposals and voted unanimously to accept and recommend to the Village Board approval of a contract with Glen Ellyn Bank & Trust for general banking, custodial, and lockbox services. This recommendation is in accordance with the Village's RFP dated October 29, 2010, as modified by Addendum #1 and Glen Ellyn Bank & Trust's response to the RFP.

Staff's report and recommendation to the Finance Committee is attached. The contract is for a three year period with a three year option. The RFP and responses to the RFP, including all supporting documentation are available in my office for review. Due to their size, I have not included this information herein. The response from Glen Ellyn Bank & Trust to the RFP and the supporting documentation submitted by the Bank will serve as the exhibits to the contract.

Review (as necessary):

| | | | |
|--------------------|---------------------------|------|----------------|
| Village Attorney X | _____ | Date | _____ |
| Finance Director X | <i>Timothy Sexton</i> | Date | <u>1/25/11</u> |
| Village Manager X | <i>David A. Hulseberg</i> | Date | <u>1/25/11</u> |

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.



To: Trustee Zachary Wilson, Chairperson
Finance Committee

From: Timothy Sexton, Director of Finance

Date: January 15, 2011

Subject: **Recommendation Regarding Banking Services**

INTRODUCTION

On December 10, 2010, proposals were received in response to our Request for Proposals (RFP) for Banking Services for the Village of Lombard dated October 29, 2010. This is the first time since 2000 that the Village has sought competitive proposals for banking services. Staff was preparing an RFP late in 2008, when the banking crisis occurred due to the collapse of Lehman Brothers. The Finance Committee at that time, voted to approve extending our existing contract for an additional 2 years. The RFP was designed to provide for an analysis of the proposal of each bank so that a side by side comparison of costs could be made. The RFP was prepared to provide:

- An understanding of the Village's current banking relationship and account structures.
- Upfront information regarding the needs and expectations that the Village has in regards to its future banking relationships.
- Competition among service providers.
- Full disclosure of fees, procedures and contractual requirements so that there are no unexpected surprises in the future.

The Village sought proposals for a three-year contract with the option to renew for an additional three years. The services for which proposals were requested are as follows:

Required Services

- **General Banking Services:** Depository and disbursement accounts and additional services such as on-line computer access of account information, electronic funds transfers, business continuity/security, remote deposit, and research services.
- **Lockbox Services:** The lockbox system reduces mail and internal processing time delays thereby converting receipts into usable and available funds more quickly. The cost of such services is generally offset by increased interest income and improved worker productivity and customer service.

Optional Services

- **Custodial Services:** These are services related to safekeeping of Village investments and the processing costs incurred by the bank for these and related services.
- **Merchant Card Services:** Provides over-the counter transactions through terminals including debit cards and online payment services. Staff recommends that the contract for banking services not include this service at this time.
- **Purchasing/Procurement Card:** Issued to employees who are expected to follow Village policies and procedures related to P-Card use, including reviewing and approving transactions. The Village can implement a variety of controls for each P-Card; for example, a single-purchase dollar limit, a monthly limit, and merchant category code (MCC) restrictions. Staff recommends that the contract for banking services not include this service at this time.

The RFP was sent out to seven banks:

- | | |
|-------------------------------|----------------|
| • Amalgamated Bank of Chicago | Chicago, IL |
| • Charter One Bank | Lombard, IL |
| • Cole Taylor Bank | Lombard, IL |
| • Glen Ellyn Bank & Trust | Glen Ellyn, IL |
| • JP Morgan Chase Bank | Chicago, IL |
| • MB Financial Bank | Chicago, IL |
| • West Suburban Bank | Lombard, IL |

A pre-proposal conference was held on November 16, 2010, to respond to any questions raised by the potential vendors. All seven banks sent representatives to this meeting. Cole Taylor Bank did not submit a proposal.

The RFP asked the banks to submit fee proposals on a price per unit (i.e. transaction) basis with a monthly charge based on the Village's current account/depository fees. This structure includes the use of six zero balance accounts for the accounts payable, payroll, water and sewer, insurance, lockbox, and electronic deposit accounts and one concentration account from which funds sweep to cover checks presented. At the close of business each day, any funds remaining in the concentration account sweep to an investment account to earn interest at all times. In addition, the banks were asked to list any additional charges for other services included in their proposal. After receiving the banks' responses to the RFP, staff reviewed the information for completeness and accuracy and prepared a cost analysis.

RECOMMENDATION

General Banking, Custodial, and Lockbox Services

After reviewing the information submitted by the banks, staff recommends award of a contract to Glen Ellyn Bank & Trust for General Banking, Custodial, and Lockbox services. Glen Ellyn Bank & Trust has an excellent reputation among municipal clients and employees with multiple years of banking and public sector experience dedicated to serving the banking needs of Government

clients. This includes Illinois School Districts, Park Districts, libraries and local municipalities, as well as non-profit organizations. All references checked have been favorable.

Glen Ellyn Bank & Trust is one of the 15 bank groups owned by Wintrust Financial Corporation. Wintrust Financial Corporation is a financial services holding company with approximately \$14 billion in assets and over 80 locations in the Chicagoland area. Established in 1996 as a publicly traded company, Wintrust is now the second largest Illinois-based bank group in the Chicago area and expects to add new banks and branches in high opportunity markets.

Glen Ellyn has submitted a proposal with an account structure that complies with the requirements of the RFP and has agreed to 110% collateralization of our funds in accordance with our financial policy.

Attachment A compares the proposed fees for the three banks that provided pricing for general banking, lockbox, and custody services. Staff estimates that Glen Ellyn's annual rate for general banking and lockbox services is \$33,951, based on current activity. Fiscal Year 2010 actual expenses for general banking and lockbox services were \$47,499.

Glen Ellyn is able to provide custodial services to accommodate the delivery, storage, payments and pledged collateral of investment securities. Glen Ellyn's proposal for custodial services is 3 basis points (.03%) on the total market value of the account.

In comparing the proposed monthly fees, the RFP also requested a projected interest earnings allowance using a sweep account that earns interest on overnight repurchase agreements. Glen Ellyn has proposed an Earnings Credit Rate with a floor of .45%. We are currently receiving a rate of .40% from our current provider.

The total annual cost for general banking, lockbox, and custody services with Glen Ellyn is approximately \$38,596. This is \$11,895 less than fiscal year 2010 banking service fees, \$9,872 less than MB Bank's estimated proposal, and \$29,936 less than Charter One's estimated proposal.

SUMMARY

Staff will be in attendance at the meeting on Monday to review this recommendation with the Committee. The Banking Services RFP and the responses to the RFP are available in my office for review. Due to their size, I have not included this information herein.

I am requesting at this time that the Finance Committee concur in our recommendation to award a contract to Glen Ellyn Bank & Trust, beginning May 1, 2011, to provide banking services for the Village of Lombard for the next three years, with an option for three additional years at the Village's request. Upon committee approval, this recommendation will be presented to the Village Board for their consideration and approval at the meeting on February 3, 2011.

- c. David A. Hulseberg, Village Manager
Jamie Cunningham, Assistant Finance Director
Anne Fairbairn, Accounting Supervisor
Sharon Myers, Customer Service Supervisor
Brian Koehler, Accountant

VILLAGE OF LOMBARD
 TOTAL ESTIMATED ANNUAL COST COMPARISON
 FISCAL YEAR 2010 ACTUAL VS PROPOSALS

| | FY 10 actual exps | MB Finc'l | Charter One | Glen Ellyn |
|--|-------------------|------------------|------------------|------------------|
| Service | | | | |
| Gen'l Banking, Pos Pay and Remote Dep | \$ 29,861 | 28,021 | 24,950 | 18,527 |
| Lockbox | \$ 17,638 | 17,947 | 14,358 | 15,424 |
| Total Est Annual Exps (without Custody) | \$ 47,499 | \$ 45,968 | \$ 39,307 | \$ 33,951 |
| Custody Services | 2,992 | 2,500 | 29,225 | 4,645 |
| Grand Total | \$ 50,491 | \$ 48,468 | \$ 68,532 | \$ 38,596 |

RESOLUTION
R _____ 11

A RESOLUTION AUTHORIZING SIGNATURE OF
PRESIDENT AND CLERK ON A CONTRACT

WHEREAS, the Corporate Authorities of the Village of Lombard have received a Proposal between the Village of Lombard and Glen Ellyn Bank & Trust; and

WHEREAS, the Corporate Authorities deem it to be in the best interest of the Village of Lombard to approve such proposal.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS as follows:

Section 1: That the Village President be and hereby is authorized to sign on behalf of the Village of Lombard said contract as attached hereto.

Section 2: That the Village Clerk be and hereby is authorized to attest said contract as attached hereto.

Adopted this ____ day of _____, 2011

Ayes: _____

Nays: _____

Absent: _____

Approved this ____ day of _____, 2011

William J. Mueller
Village President

ATTEST:

Brigitte O'Brien
Village Clerk

APPROVAL AS TO FORM:

Thomas P. Bayer
Village Attorney

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BANKING SERVICES AGREEMENT

This agreement is made and entered into this ___ day of February, 2011, between the Village of Lombard, an Illinois Municipal Corporation, with offices at 255 East Wilson Avenue, Lombard, Illinois 60148 (hereinafter referred to as the "Village") and Glen Ellyn Bank & Trust, with offices located at 500 Roosevelt Road, Glen Ellyn, IL 60137, and licensed to do business in the State of Illinois (hereinafter to as the "Bank").

The Bank, having submitted a proposal for providing certain banking services for the Village pursuant to the specifications set forth within the Banking Services Request for Proposal (RFP) dated October 29, 2010 and modified by RFP Addendum #1 dated November 16, 2010 and responded to on behalf of the Bank on December 10, 2010 by William Peterson, Senior Vice President and Aimee Briles, Vice President, and as also modified per Bank proposal Addendum #1 dated January 11, 2011, hereby accepts and agrees to comply with the specifications. The parties therefore agree that the Proposal(s) constitute the "Agreement" between the parties.

IN WITNESS WHEREOF, the Village of Lombard, Illinois by William J. Mueller, Village President, and the Contractor have hereunto set their hands this ___ day of _____, 2011.

If an individual or partnership, all individual names of each partner shall be signed or if a corporation, an officer duly authorized shall sign here:

Accepted this ___ day of _____, 2011.

Individual or Partnership _____ Corporation _____

By Position/Title

By Position/Title

Print Company Name

THE VILLAGE OF LOMBARD, ILLINOIS

Accepted this ___ day of _____, 2011.

William J. Mueller
Village President

Attest:

Brigitte O'Brien
Village Clerk