

Council Agenda Report

Date: April 25, 2016
Prepared by: Ginger Heatwole, Finance Director
Submitted by: Sandra Tripp-Jones, City Manager
SUBJECT: Banking Services

Recommendation: That Council:

- A. Accept the proposal from 1880 Bank for banking services as the City's primary bank;
- B. Authorize the Finance Director to negotiate with 1880 Bank to maximize interest income from cash deposits and an agreement with 1880 Bank for banking services; and
- C. Agree to the City maintaining banking relationships with Provident State Bank, Hebron Savings Bank, Talbot Bank, and PNC (MLGIP).

Discussion:

The Finance Committee solicited banking service proposals from banks. 1880 Bank, Talbot Bank, Provident Bank, M&T Bank, and BB&T Bank all responded to the proposals. The Finance Committee narrowed the proposals to Provident Bank, Talbot Bank, and 1880Bank and discussed these banks more in-depth about their services.

Banking services cannot be decided only on a financial basis. The City must consider past relationships, future relationships, other services, and other intangibles. The Finance Committee is recommending we maintain 1880 Bank as our primary banking services because of our prior relationship with them, because they are offering their services to the City without fees, and because they will work with the City to maximize their investment.

New banking services with 1880 Bank will include sweep accounts, positive pay, and online banking reconciliation. Sweep accounts transfer funds overnight from non-interest bearing accounts into interest bearing accounts. Positive pay offers the City a way to monitor all checks clearing their accounts to reduce the risk of fraudulent check activity. Online account reconciliation enables the City to download the check information into the financial software to facilitate bank reconciliations.

The Finance Committee is also recommending that the City maintain our existing relationships with other banks.

Fiscal Impact:

Based on the anticipated services the City will use with 1880Bank, we will not pay the related \$945 annual service fees as they will be waived. The anticipated additional interest will be determined once the bank and Finance Director determine how to maximize investments.