

# Banking RFA Project Recap for



Presented by Tim Pinon

# Key Elements of the Applications

- Monthly service fees
- Earnings Credit Rate Offered
- Interest Paid on balances
- Contract Incentives
- Banking Capabilities

# Project Steps

1. Council expanded eligibility boundaries for banks
2. Twenty eligible banks
3. Five banks responded

# Summary Financial Comparison

<b>Based on \$10M in balances</b>	<b>Two Year Income/<b>(Cost)</b> with Contract Incentives</b>	<b>Five Year Income/<b>(Cost)</b> with Contract Incentives</b>
<b>Independent Financial</b>	<b>14,648</b>	<b>20,121</b>
<b>Southside Bank</b>	<b>8,297</b>	<b>19,993</b>
<b>Wells Fargo Bank, N.A.</b>	<b>11,193</b>	<b>18,982</b>
<b>PlainsCapital Bank</b>	<b>980</b>	<b>2,449</b>
<b>JPMorgan Chase Bank, N.A.</b>	<b>(1,969)</b>	<b>(32,372)</b>

# Demos and References

- **Three banks invited as finalists:**
  - Independent Financial
  - JPMorgan Chase
  - Wells Fargo

# Demos and References result: Wells Fargo

- Bank fees/interest earnings analysis
- Dedicated and engaged bank staff
- Online portal and training\*\*
- Enhanced ability to accept e-payments for Utility Billing
- Onsite process mapping & improvements at no additional charge

# Demos and References result: Wells Fargo

- Bank location within 10-15 minutes from office
- Strong commitment to community service
- Support of daily processes
- Industry leading security & fraud protection
- Remote deposit
- Strong references: excellent customer service

# Result of change

- Based on projected rates, balances, and service usage:
- City enhances their banking capabilities
- Will save an estimated \$30,000 per year in fees
- Plus earn approximately \$2,500 per year in interest



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# Fees and Earnings Credit

(Current fees average \$2,500 / month with no ECR)

Summary Financial Comparison					
Based on \$10M in balances	Independent Financial	JPMorgan Chase Bank, N.A.	PlainsCapital Bank	Southside Bank	Wells Fargo Bank, N.A.
Projected Bank Balance	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
<b>Proposed Fees - Banking Services</b>					
Monthly Fee Estimate	(1,931)	(2,761)	(1,981)	(2,415)	(2,792)
Fees for Two Year Term	(46,352)	(66,269)	(47,551)	(57,965)	(67,018)
Fees for Five Year Term	(115,879)	(165,672)	(118,877)	(144,912)	(167,546)
<b>Earnings Credit</b>					
Earnings Credit Rate	N/A	0.23%	0.25%	0.40%	0.40%
Target DDA Compensating Balance	0	10,000,000	9,510,180	8,050,660	8,377,308
Net Fees for Two Year Term	(46,352)	(43,269)	0	0	0
Net Fees for Five Year Term	(115,879)	(73,672)	0	0	0

# Interest Income – Rates 0.10% to 0.25%

Summary Financial Comparison					
Based on \$10M in balances	Independent Financial	JPMorgan Chase Bank, N.A.	PlainsCapital Bank	Southside Bank	Wells Fargo Bank, N.A.
<b>Interest Income Estimate</b>					
<b>Interest Rate</b>	0.25%	0.18%	0.10%	0.20%	0.16%
Investment Balance	10,000,000	10,000,000	489,820	1,949,340	1,622,692
Two Year Investment Income	60,000	18,000	980	7,797	5,193
Five Year Investment Income	135,000	18,000	2,449	19,493	12,982
<b>Two Year Income/(Cost)</b>	<b>13,648</b>	<b>(25,269)</b>	<b>980</b>	<b>7,797</b>	<b>5,193</b>
<b>Five Year Income/(Cost)</b>	<b>19,121</b>	<b>(55,672)</b>	<b>2,449</b>	<b>19,493</b>	<b>12,982</b>

# Contract Incentives – Bottom Line

Summary Financial Comparison					
Based on \$10M in balances	Independent Financial	JPMorgan Chase Bank, N.A.	PlainsCapital Bank	Southside Bank	Wells Fargo Bank, N.A.
<b>Contract Incentives</b>					
Estimated Waived Fees	0	21,000	0	0	
Transition/Retention Allowance	1,000	800	0	0	5,000
Scanners	0	1,500	0	500	1,000
<b>Two Year Income/(Cost) with Contract</b>	<b>14,648</b>	<b>(1,969)</b>	<b>980</b>	<b>8,297</b>	<b>11,193</b>
<b>Five Year Income/(Cost) with</b>	<b>20,121</b>	<b>(32,372)</b>	<b>2,449</b>	<b>19,993</b>	<b>18,982</b>