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**CITY COUNCIL AGENDA SUBMISSION**  
**March 14, 2023**

**Agenda Item:**

Selection of Depository Institution

**Description:**

The attached memo discusses selection process and recommendation of selection of Enterprise Bank & Trust as the city's continued depository institution for a 5 year term. Interest rates will increase as a result of this recommendation with no expected increases in fees.

**Recommended Action:**

Approve City Manager to enter into a five-year agreement with Enterprise Bank and Trust to provide banking and depository services for the City of Olivette.

**Attachments:**

Selection of Depository Institution 2023  
Bank RFP – January 2023

**Funding Request:**

None

**Submitted by:**

*Darren Mann, CPA*  
**DEPARTMENT HEAD**



## Memorandum

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To: City Council  
From: Darren Mann, Finance Director  
Subject: Selection of Depository Institution  
Date: March 9, 2023

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The current five year term of approval with Enterprise Bank and Trust is approaching an end. The City of Olivette issued a Request for Proposal (RFP) seeking another five year agreement for treasury services to begin April 30, 2023. The RFP was sent to several area banks and published on the City website for the duration of the RFP period and three responses were received.

The proposals were evaluated based on the criteria and requirements as set forth in the RFP. Since the last institution selection, the City invested in a new finance software and technological advances in the payable realm have improved. Therefore, interviews of responding banks were held with a focus on gaining efficiency while still maintaining our control process. Baseline RFP evaluation of the responses' annual earnings and fees are as follows:

	<u>Commerce Bank</u>	<u>Carrollton Trust</u>	<u>Enterprise Bank and Trust</u>
Est. Earnings	\$46,400	\$43,207	\$38,438
Est. Fees	\$7,338	\$7,419	\$8,527

There were slight decreases in overall fees because of changes in city activities but overall no notable differences between fee amounts from the responses received five years ago. However, the City will be enjoying an increase in the interest rates earned on idle funds reflecting market conditions.

### Recommendation

Based on the combination of cost, proximity, and perceived quality of service demonstrated in the RFP responses and interviews, it is our recommendation to continue our relationship with Enterprise Bank and Trust and award them the depository contract for additional 5 year term.

**Request for Proposal  
Treasury Services for City Funds  
City of Olivette, Missouri**

**General Information**

The City of Olivette invites financial institutions in proximity of the corporate limits of Olivette, Missouri and which possess the capability of handling the City accounts and services requested, to submit proposal for providing treasury and central depository services of City funds. The proposal must meet the following specifications and be based upon the following information.

**Period**

The selected institution will be designated as the City's depository for a five-year period, commencing on or around April 30th, 2023. The City, however, reserves the right to cancel this agreement if the financial institution receiving the service contract is consolidated with or acquired by a different entity.

**Scope of Services**

The central depository shall provide services and accounts as may be necessary for the City of Olivette to transact its financial activity as a governmental institution. Qualifying institutions are invited to offer a selection of services which they feel may be advantageous to the City, provided the cost and conditions associated with these services are fully and clearly stated in the proposal. The objective of this request is to identify the banking institution that can offer the highest quality service at the lowest cost and best yield to the taxpayers of Olivette over a five year contract.

The FY2023 operating budget for the City is \$11,200,000. Total annual activity for City operating account is approximately 250 deposits, 2,000 incoming ACH/EFT transactions, 2,000 checks/debits, 100 outgoing ACH/EFT transactions, 80 wire transfers, and 100 account transfers.

The City currently maintains 15 accounts, one of which is a pooled cash account used for the majority of activity including deposits and check writing functions. This account is linked to a REPO account bearing interest at 1.0% and used to maintain collateralization. The remaining accounts have under 10 transactions per month per account with most carrying small and stable balances. More detail about the respective accounts is included as Exhibit A.

If the City needs additional accounts or services during the life of the banking services agreement, these accounts or services shall be provided under the same conditions that apply to existing accounts. If the Federal Reserve or other such regulatory bodies provide for the establishment of new services that may be favorable to the City, the bank shall make those new services available to the City.

## Specifications for Proposal

### Services Desired

The City requires the services listed in Exhibit B. Please specify any and all charges for services listed there with additional charges for the required items listed on additional pages or at the bottom of the page.

1. Ability to complete all required services contained in Exhibit B.
2. Disclosure of all intended use of joint ventures, consortiums, or contract service providers to complete any required, optional, or suggested services within proposal.
3. Wire transfer service guaranteeing immediate credit on all incoming wires.
4. Online access to all accounts with the following services required. In addition to providing cost with Exhibit B, please provide example of services offered including demonstration URL's or printed media specifically identifying:
  - a. Electronic historic transaction reporting (view and extraction)
  - b. Statement example
  - c. Check imaging and cleared status
  - d. Dual approval on account and wire transfers
  - e. Current day transaction and balance reporting
  - f. Notification and alerting systems
5. Other Services: The City is looking for ways to reduce costs associated with banking in both bank fees and staff time. Based on the information in this proposal in addition to the account summary in Exhibit A and the services required in Exhibit B, please provide any suggestions or services that might be helpful in achieving this goal. If the bank suggests any additional services, please provide them on a separate sheet with the fee, if any, for such services. The City is specifically looking for improvements in vendor/invoice payment processing and anticipates changing operations and the increase in volume of incoming ACH transactions as a result of the opening of a new and expanded community center.
6. Provide information regarding your community reinvestment and community involvement within Olivette including CRA rating.
7. Provide a list of a minimum of three names and addresses, phone numbers and e-mail addresses of contact individuals for customers of similar size and complexity to the City's requirements with special request for other municipalities.

In addition, the following written documentation must be included with the proposal of the financial institution to support:

Deposits placed in the City central depository will be 102% collateralized with securities that are in accordance with Missouri Statute, Chapter 30, and evidenced in writing bi-annually and within 3 business days upon request. Please provide a copy of collateral agreement intended to be used with this proposal.

Membership of the Federal Deposit Insurance Corporation.

Verification that the institution will maintain records for the City for the term of seven years after the completion of the contract per retention policies of the City of Olivette.

**Criteria for Selection –**

All proposals submitted will be evaluated using the following criteria:

1. Compliance with the RFP
2. Understanding of the services required and offered
3. Experience with similar service contracts
4. Depth and breadth of experience and qualifications for personnel assigned
5. Cost

**Proposal Instructions**

For consideration to be given to any proposal submitted pursuant to this RFP provide:

A sealed package containing 2 hard, unbound copies of response must be received by **2:00p.m. on Thursday, February 16th, 2023** at the following address:

City of Olivette  
Bid Documents – Banking Services Proposal  
1140 Dielman Road  
Olivette, MO 63132

No faxed, emailed, or late proposals will be accepted. The City will not be responsible for proposals placed in the mail which do not arrive by the deadline. Proposals received before the time of opening will be kept by the City Clerk securely and unopened. Proposals received by the deadline will be opened publicly at 2pm on Thursday February 16<sup>th</sup>, 2023 in the Olivette Council Chambers at 1140 Dielman Rd, Olivette, MO 63132. Proposals received after the deadline will not be considered.

**Contact with City Personnel**

While this request is active, at no time shall the Applicant, its agent, representatives or contracted personnel contact or otherwise communicate with City personnel. All questions relating to the RFP are to be addressed to Darren Mann, Finance Director at Olivette City Hall, 314-993-0444 x5230 or [dmann@olivettemo.com](mailto:dmann@olivettemo.com). Questions and any requested addenda information shall be shared, as necessary, to all participants on February 7<sup>th</sup>.

**If you wish to be included in an email where all questions and clarifications are aggregated and sent out, please contact Darren Mann ([dmann@olivettemo.com](mailto:dmann@olivettemo.com)) and provide an email address.**

**Probable Schedule:**

- RFP issued on 01/27/2023
- Additional requests and clarification questions due 02/03/2023
- Question and clarification email sent 02/07/2023
- RFP responses due (2:00 PM) – public opening 02/16/2023
- Review and selection of firms to be interviewed 02/16-03/10/2023
- Interviews with firms (required for consideration) 02/17 -03/08/2023
- Recommendation to Council 03/14/2023
- Contract completion and signing by 04/07/2023
- Completion of setup and transfer of funds 04/28/2023

**Disposition and Disclosure of Proposals**

All proposals submitted in response to this RFP will become the property of the City and a matter of public record. The Applicant must identify, in writing, all copyrighted material, trade secrets, or other proprietary information that it claims is exempt from disclosure. Any Applicant claiming such an exemption must also state in this proposal that the applicant agrees to hold harmless, indemnify and defend the City and its agents, officials, and employees in any action or claim brought against the City for its refusal to disclose such materials, trade secrets or other proprietary information to any party making a request therefore. Any Applicant failing to include such a statement shall be deemed to have waived its right to an exemption from disclosure.

**Expiration of the Proposal**

By submitting a proposal, the applicant offers to enter into the Contract, the form and content of which shall be agreed upon by both parties. The applicant's proposal shall not be revocable for ninety (90) days following the response deadline indicated above. The City reserves the right to waive any defects in the offer of any vendor, to reject any or all offers, and to request additional information from any and all vendors.

**City of Olivette Banking RFP – January 2023**  
**-Exhibit A – Account Summary and Information Links-**

**Pooled Cash Account (Operating Account):**

This is the primary account for all City receipts and disbursements. City departments currently prepare approximately 5-6 counter deposits that include currency and checks per week with an average of 250 items per month and monthly totals ranging from \$150,000 to \$200,000 per month. Other credits to this account include approximately 700 ACH credits per year from various other governmental organizations, medical transport vendors, and credit card transactions. There are on average 175 new positive pay items per month and 1 exception item per month. This account is used for all City invoice payments with approximately 2,000 checks annually with an expectation of this count decreasing in favor of ACH transactions. This account will handle around 56 cash transfers annually between City accounts for payroll and specific items. All checks are computer generated on prenumbered checks. This account is linked to the REPO account below for collateralization and therefore maintains a daily balance of \$250,000.

**REPO Sweep Account:**

This account is used to maintain required collateralization and currently generates interest at 1.0%. Funds are transferred daily to maintain \$250,000 balance in Pooled Cash account with approximately 200 transfers per year and 200 credits per year. Through the 2021 and 2022 calendar years this account maintained an average balance of \$2,000,000.

**Payroll Account:**

The City currently pays on a biweekly basis with an average of 72 full-time and 5 part-time employees each pay period. An outside vendor is used to process the City's payroll with net payroll cost of \$235,000 per pay period. There is expected to be 52 incoming transfers and 104 ACH transactions within this account annually.

**Municipal Court Bond Accounts:**

Three accounts in this cluster are used to accumulate and disburse fines, court costs, bonds and associated court operations of the City for violations of municipal and traffic codes. Deposits are made 2-3 times weekly and checks are disbursed manually from the account. There are approximately 70 deposits and 100 checks paid annually.

**Flexible Spending Account:**

The City utilizes this account to segregate funds deducted from employee paychecks for flexible spending accounts. Checks and ACH transactions are issued in this account by a third party vendor to reimburse employees for cafeteria plan eligible expenses incurred. Funds are transferred during payroll processing with approximately 30 transfers per year and 200 debits per year.

**Series 2014 Dielman NID Debt Service Account:**

The City utilizes this account to segregate special assessments billed and collected to payoff outstanding bonds. No checks are issued on the account. Once established, this account is not expected to have any activity through the life of the contract.

**Police Grant Account:**

The City utilizes this account to facilitate the reception of grant revenue generated by the City. No checks are issued on the account. Once established, little activity is expected within this account with 2-3 incoming ACH transactions and 2-3 cash transfers per year.

**Series 2020 GO Bond – Rebate Fund Account:**

The City utilizes this account to deposit funds in excess of allowed interested earnings established by the Internal Revenue Service arbitrage rules in accordance with general obligation bond documents. This account is not expected to have any activity through the life of the contract.

**GO Bond – Debt Service Account:**

The City utilizes this account to pay off outstanding bonds. No checks are issued on the account. Two wires per year are initiated out and 2 transfers are made per year into this account.

**Series 2017 Bond Reserve – North Price NID:**

The City utilizes this account to segregate special assessments billed and collected to payoff outstanding bonds. No checks are issued on the account. Two wires per year are initiated out and 2 transfers are made per year into this account.

Summary of accounts:

	Segregated Balance	Interest Bearing
Pooled Cash	NO	YES
REPO Sweep	NO	YES
Payroll Account	NO	NO
Court Operations	NO	NO
Flex Spending	NO	NO
2014 Dielman NID Rsv	NO	NO
2014 GO Const	YES	NO
Police Grant	NO	NO
2020 GO Const	YES	NO
2020 GO Rebate	YES	NO
2020 GO Debt Svc	YES	NO
2017 N. Price NID Rsv	YES	NO

Current and Past Financial Documents are available at:  
<https://www.olivettemo.com/Archive.aspx?AMID=40>

Current investment policy is available at:  
<http://www.olivettemo.com/DocumentCenter/View/2594>



