

## Memorandum #09-29

**To:** City Commission  
**From:** Finance Officer  
**Date:** 2/18/2009  
**Subject:** Banking Services Proposal Evaluation

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Attached is a comparison of the banking services proposals received by the City of Yankton on January 30<sup>th</sup>, 2009. Five banks responded to the RFP including CorTrust, First National, First Dakota, Home Federal, and Wells Fargo. All of these banks met the minimum requirements in the RFP. Bank 360 did not respond.

The monthly fees were calculated on the City's average activity for each type of service for the calendar year January - December 2008 to come up with a monthly cost:

CorTrust proposes charges that are \$281.20 per month based on an average month.

First National proposes a flat monthly fee of \$410.00.

First Dakota proposes a flat monthly fee of \$425.00.

Home Federal proposes a \$0.00 monthly fee charge if a minimum balance of \$1,500,000.00 is maintained.

Wells Fargo proposes charges that are \$383.00 per month based on an average month.

The RFP asks the banking institutions to use the one month LIBOR (London Inter Bank Offering Rate) variable rate index "assumed at 1.9% for comparison purposes only" to quote the interest rate to be applied to our proposed account:

CorTrust proposes an interest rate that would be 50 basis points above the LIBOR rate.

First National proposes an interest rate that would be 20 basis points above the LIBOR rate.

First Dakota proposes an interest rate that would be 11 basis points above the LIBOR rate.


Home Federal proposes an interest rate that would be 50 points below the LIBOR rate.

Wells Fargo does not use the LIBOR rate to set interest rates but used an example for comparison purposes that was 50 points below the LIBOR. They included a historical table showing their rates compared to LIBOR that was almost always below the LIBOR rate (the only time it was above the LIBOR was when the LIBOR slipped below 1.1%).

Based on the calculations submitted, CorTrust is the proposal with the highest interest earnings potential, and the best net monthly benefit. We have currently been banking with First National for a little over six years and have been very satisfied with the services that they have provided to us in that time period.

It is recommended that the three year agreement for banking services be awarded to CorTrust Bank.

Thank you,

  
 Al Viereck  
 Finance Officer

I concur with the above recommendation

I do not concur with the above recommendation

  
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 Doug Russell, City Manager

## Banking Services Evaluation Form

Item Description	CorTrust	1st National	1st Dakota	Home Federal	Wells Fargo	Bank 360
Personnel Qualifications	√	√	√	√	√	NO RESPONSE
3 References	Upon Request	√	√	√	√	
Local facility open daily	√	√	√	√	√	
Monthly Stmt's by 2nd	√	√	√	√	√	
Night Depository	√	√	√	√	√	
Financial Reports	√	√	√	√	√	
Daily Trans by 9:30 a.m.	√	√	√	√	√	
Deposits proc next day	√	√	√	√	√	
NSF Cks - cash payment	√	√	√	√	√	
Monthly Account Fee/ Main Chk. Account	-\$5.00	See Below ↓	See Below ↓	See Below ↓	-\$15.00	
FDIC Coverage	\$0.00				-\$187.00	
Check Processing (431)	-\$43.10	↓	↓	↓	-\$7.00	
Deposit Processing (100)	-\$10.00				-\$38.00	
Deposit Items (1000)	-\$65.00	↓	↓	↓	-\$52.00	
Check Sorting	\$0.00				\$0.00	
Locking Bags (up to 60)	\$0.00	↓	↓	↓	\$0.00	
Non-Locking Bags (up to 60)	\$0.00				\$0.00	
Stop Payment (5)	-\$100.00	↓	↓	↓	-\$3.00	
ACH Payroll (bi-wk 165)	-\$15.00				-\$30.00	
ACH Utility Pymt (1200)	\$0.00	↓	↓	↓	-\$41.00	
ACH Other (31)	-\$3.10				\$0.00	
		↓	↓	↓		
Returned Items-NSF (10)	-\$40.00				-\$5.00	
Other Fees (specify)	\$0.00	(Fixed)	(Fixed)	(Fixed)	-\$5.00	
<b>Total Cost</b>	<b>(\$281.20)</b>	<b>(\$410.00)</b>	<b>(\$425.00)</b>	<b>\$0.00 *</b>	<b>(\$383.00)</b>	
Interest Rate (based on 1.90%)	2.40% (1)	2.10% (2)	2.01% (3)	1.40% (4)	1.40% (5)	
Monthly Interest Calc. (\$3,500,000)	\$7,134.25	\$6,242.47	\$5,974.93	\$4,161.64	\$4,161.64	
Supply Manual Checks	√	√	√	√	√	
Supply Deposit Slips	√	√	√	√	√	
Payroll Tax Deposits	√	√	√	√	√	
Same Day Wire if 1:00	√	√	√	√	√	
Net Monthly Benefit: (Interest minus Cost)	<b>\$6,853.05</b>	<b>\$5,832.47</b>	<b>\$5,549.93</b>	<b>#VALUE!</b>	<b>\$3,778.64</b>	

All banks were asked to propose interest based on the one month LIBOR Variable Rate index. The LIBOR index is the London Inter Bank Offering Rate (we also used a one month LIBOR of 1.9% for comparison purposes, only). This, of course, would go up or down monthly.

- (1) CorTrust proposes paying interest at 50 basis points above the LIBOR Variable Rate index with a floor of 1% and no ceiling.
- (2) First National proposes paying 20 points above the LIBOR Variable Rate monthly index for comparison rate purposes, but suggests using the 9 month LIBOR instead of the monthly LIBOR. They also propose an interest floor of 1.0% and a ceiling of 4.0%
- (3) First Dakota proposes paying interest at 11 basis points above the LIBOR Variable Rate index with no floor or ceiling.
- (4) Home Federal proposes paying interest at 50 basis points below the LIBOR Variable Rate index and no monthly fees for the account, if a minimum balance of \$1,500,000 is maintained.
- (5) Wells Fargo policy doesn't allow the use of LIBOR to set their interest rates but submitted a estimate of 1.40% for comparison purposes. They also submitted a two year monthly comparison chart that compared their interest rate to the one month LIBOR and they were always below the LIBOR rate with the exception of Dec. of '08, and Jan. of '09 when the LIBOR dropped below 1.1%. They also stated that their monthly FDIC charge is tied to the average balance and would adjust up or down monthly.