

**MEETING DATE:** October 10, 2019

**TITLE:** Selection and Authorization to Establish Banking Services

**RESOLUTION NUMBER:** 19-088

**PREPARED BY:** Cathy Reynolds

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**REVIEWED BY:**  Administrator  Counsel  Program Mgr. (Name): \_\_\_\_\_  
 Board Committee  Engineer  Other:

**WORKSHOP ACTION:**

<input type="checkbox"/> Advance to Board mtg. Consent Agenda.	<input type="checkbox"/> Advance to Board meeting for discussion prior to action.
<input type="checkbox"/> Refer to a future workshop (date): _____	<input type="checkbox"/> Refer to taskforce or committee (date): _____
<input type="checkbox"/> Return to staff for additional work.	<input type="checkbox"/> No further action requested.
<input checked="" type="checkbox"/> Other (specify): <b>Final Action on October 10, 2019</b>	

**PURPOSE or ACTION REQUESTED:**

Staff seeks Board’s selection of a bank for the District banking services and authorization to establish banking services.

**PROJECT/PROGRAM COST:**

None.

**PAST BOARD ACTIONS:**

January 10, 2019: The Board named the 2019 depository for District funds at this meeting and directed staff to complete a RFP for banking services. (19-001)

August 8, 2019: The Board authorized the release of the RFP for Banking Services

**SUMMARY:**

In resolution 17-002, from January 2017, the Board directed that Springsted be retained to complete a RFP for banking services at the end of 2017 and every two years thereafter. The Board again directed that a RFP for banking services be completed in resolution 18-002 in January of 2018. A RFP for banking services was not completed during either of these years.

The Board again directed that a banking RFP be completed with the designation of the depository for District funds in January 2019, resolution 19-001. In accordance with this resolution staff coordinated a RFP for banking services with Baker Tilly (formerly Springsted) and the Board authorized its release on August 8, 2019.

On August 9, 2019 the RFP was sent directly to five banks (Alerus, Bremer, Old National, Wells Fargo and US Bank) and was posted on the District website and on the League of Minnesota Cities website. Responses to

the RFP were due on September 6, 2019. The District received three responses to the RFP (Alerus, Bremer and US Bank).

Staff reviewed the responses and held interviews with all three Banks on September 30 and October 1. The interview team consisted of Doug Green (Baker Tilly), Jean McGann (AEM Financial Services), Deb Johnson and Cathy Reynolds. Through the interviews we discussed the banks products and services, rates, transition processes, customer service and received demonstrations of their online banking.

**Current Bank:**

The District’s current bank is Alerus Bank. Alerus became the District’s Bank when they purchased Beacon Bank (approximately 2016). The District has been with Beacon/Alerus Bank for over 24 years and has not completed a RFP for Banking Services since the purchase of Beacon Bank. The District maintains four accounts with Alerus; 1) ICS (general operating fund); 2) general operating fund checking; 3) surety savings account; and 4) surety checking account.

The District has earned the following rates on the ICS account since 2017. The ICS account serves as the primary account for the District’s operating fund and maintains a balance of approximately \$12 – \$15 million.

<b>Timeline</b>	<b>Rate – ICS Account</b>	<b>Year</b>	<b>Annual Interest Accrued</b>
Jan 2017 – Feb 2018	0.38%	2017	\$49,367
Mar 2018 – Aug 2018	0.40%	2018	\$72,350
Sep 2018 – Jul 2019	0.75%	2019 (through Sep)	\$85,658
Aug 2019 – Present	1.20%		

The District’s surety savings account has a current balance of approximately \$1.9 million. The current interest rate on this account is 1.5%.

**Summary of Proposals/Interviews**

**Alerus**

Rates: Alerus proposed an investment rate of 1.70% and an Earnings Credit Rate of 1.00%. The estimated net annualized earnings based on an average balance of \$15,275,030 is \$254,049.

Customer Service: On the customer service front Alerus brought forward their treasury management team and Market President. Alerus stated they meet annually with clients to review accounts and services and ensure customers are set up to maximize efficiencies and products offered.

Website Banking Services: Alerus provides remote deposit services and positive pay. These services are linked through their online banking portal, but are provided by third party vendors. Alerus indicated that they can provide some CSV report files, but the District’s on-line access currently has no capability to pull or see any reports.

**US Bank**

Rates: US Bank provided rates and fees for a US Bank only option and an option utilizing US Bank and the 4M Fund. The US Bank only option was the stronger proposal with a 1.85% rate and a 1.25% earnings credit rate. US Bank also offered a transition bonus and new service bonus which could be used to offset some transition costs and fees. The estimated net annualized earnings based on an average balance of \$15,275,030 is \$274,240.

Customer Service: US Bank brought a strong multi-focused team to the interview. This team works with government customers and provides support for the transition and moving forward with the relationship. In

addition, US Bank has a dedicated customer service call center team in the Metro area to assist customers between 7 am and 7 pm.

Website: US Bank has a robust online banking platform. They provide remote deposit and positive pay in addition to detailed report generating capabilities in multiple formats to best integrate with customers accounting systems to streamline and improve efficiencies and accuracy of data. US Bank also offers added security features providing additional control and separation of duties to improve security and accountability of the District's funds. While the website has multiple tools and appears easy to navigate the setup did not appear to be as user friendly as Bremer's site.

Transition: US Bank has a detailed transition matrix they prepare for each transition. The transition starts with a kick-off meeting to finalize account and service options. The estimated timeline to transition would be 60 days.

### Bremer

Rates: Bremer proposed an investment rate of 2.07% and an Earnings Credit Rate of 0.70%. The estimated net annualized earnings based on an average balance of \$15,275,030 is \$307,209.

Customer Service: Bremer brought the entire customer service team to the interview. In addition to the Treasury Management personnel that would work with the District to establish and set up online platforms and services, they have a dedicated treasury management trainer that is not only available for the transition training but for ongoing training and technical support throughout the banking relationship. This dedicated training and support person is what stands out and made Bremer's customer service top the other banks interviewed.

Website: Like US Bank, Bremer has a robust online banking platform. They provide remote deposit and positive pay in addition to detailed report generating capabilities in multiple formats to best integrate with customers accounting systems to streamline and improve efficiencies and accuracy of data. Bremer also offers added security features providing additional control and separation of duties to improve security and accountability of the District's funds. Bremer also provides an additional security feature with an audit capability to track all activities conducted by an individual while logged into the online banking system. The navigation of Bremer's online banking platform provided easy maneuverability and they provide all technical support without having to call third party vendors.

Transition: Bremer recommends a 60 day transition period. The transition starts with a kick-off meeting to finalize account selection and options.

### Recommendation

Staff's recommendation based on review of the proposals and the interviews is to select Bremer Bank as the new depository of District Funds. The rates as proposed provide the greatest estimated net annualized earnings, the website provides ease of maneuverability and enhanced security features, and the customer service stood out above the others with the treasury management personnel dedicated to training and technical support.

**RESOLUTION**

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WHEREAS, the District names a depository for District funds on an annual basis; and

WHEREAS, with the naming of the depository of district funds the Board directed staff to complete a Request for Proposals (RFP) for banking services in 2017, 2018 and 2019; and

WHEREAS, staff worked with Baker Tilly to prepare a RFP for banking services; and

WHEREAS, on August 8, 2019 the Board authorized the release of the RFP for banking services; and

WHEREAS, staff posted the RFP and sent it directly to five different banks; and

WHEREAS, three banks responded to the RFP; and

WHEREAS, staff has evaluated the proposals and interviewed the responding banks; and

WHEREAS, based on the evaluations and interviews, staff recommends the selection of Bremer Bank as the new depository for District Funds

NOW, THEREFORE, BE IT RESOLVED, the Minnehaha Creek Watershed District, Board of Managers hereby selects Bremer Bank as the new depository for District Funds.

BE IT FURTHER RESOLVED, the Minnehaha Creek Watershed District, Board of Managers hereby directs staff to work with the bank to complete all necessary paperwork to establish and transition banking services.

Resolution Number 19-088 was moved by Manager \_\_\_\_\_, seconded by Manager \_\_\_\_\_.  
Motion to adopt the resolution \_\_\_ ayes, \_\_\_ nays, \_\_\_ abstentions. Date: \_\_\_\_\_.

\_\_\_\_\_  
Secretary Date: \_\_\_\_\_