

VILLAGE OF DOWNERS GROVE
Report for the Village
4/9/2019

SUBJECT:	SUBMITTED BY:
Amendment and Extension of Banking Services Agreement with MB Financial	Judy Buttny Finance Director

SYNOPSIS

A resolution has been prepared to authorize an amendment and two-year extension to an agreement with MB Financial for banking services.

STRATEGIC PLAN ALIGNMENT

The Goals for 2017-2019 include *Exceptional Municipal Services*.

FISCAL IMPACT

MB has agreed to extend the original contract with the same pricing for banking services. Banking fees have been averaging approximately \$30,000 per year. For the past several years, since interest rates have been so low, bank fees have been waived by leaving compensating balances at the bank. The interest earnings credit on those compensating balances has been higher than what could be earned on the funds if invested. Interest rates have been rising, and staff prepared an analysis which shows that the Village could make enough to cover the bank fees plus an additional \$15,000 if the funds are invested by the Village and the Village pays for the bank fees in cash. Although the \$30,000 expense was not budgeted, the General Fund will be ahead by about \$15,000 if this change is implemented.

RECOMMENDATION

Approval on the April 9, 2019 Consent Agenda.

BACKGROUND

In July 2012, the Village entered into a banking services agreement with Cole Taylor after an RFP process. In 2013, Cole Taylor merged with MB Financial. The original agreement was for three years, with the option of two year extensions. Staff has discussed renewal of the contact with MB Financial for an additional two year term. MB Financial has agreed to extend the contract at the same pricing. The Village has been very pleased with the customer service provided by MB Financial.

ATTACHMENTS

Resolution
Contract Extension

RESOLUTION NO. ____

**A RESOLUTION AUTHORIZING EXECUTION OF
AN AMENDMENT AND EXTENSION TO THE AGREEMENT
BETWEEN THE VILLAGE OF DOWNERS GROVE AND
MB FINANCIAL BANK, N.A.**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the form and substance of an Amendment and Extension (the "Agreement"), between the Village of Downers Grove ("Village") and MB Financial Bank, N.A. ("MB Financial"), for banking services, as set forth in the form of the Agreement submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Village Manager and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Agreement.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:

Attest: _____

Village Clerk

**AMENDMENT AND EXTENSION TO THE AGREEMENT
BETWEEN THE VILLAGE OF DOWNERS GROVE
AND MB FINANCIAL BANK, N.A.**

The Village of Downers Grove, Illinois and MB Financial Bank, N.A. (formerly Cole Taylor Bank) entered into numerous agreements for Banking Services in July 2012. Pursuant to the terms stated therein, the parties desire to amend and extend that contract for a two-year period under the following terms:

1. Section IV.D. shall be amended by deleting it in its entirety and replacing it with the following:

D. Account Structure

The Village's accounts shall be set up as interest bearing checking accounts. Interest will be credited monthly based upon the weighted average daily balance of these accounts. The interest rate paid on all accounts will be 1.60%.

2. Section IV.E. shall be amended by deleting it in its entirety and replacing it with the following:

E. Compensating Balances and Monthly Account Analysis

The Village shall pay for banking services it receives on a direct fee per item method with monthly payments for services rendered. However, the Village has the option to transition to a compensating balance arrangement if the interest earnings option becomes less favorable for the Village.

When the direct fee per item method is utilized, all charges for banking services shall be reported on a monthly account analysis statement. The monthly account analysis statement shall be made available electronically to the Village within ten (10) business days of the last day of each month and shall contain a detailed itemization of charges of types and volume.

When the compensating balance method is utilized, all charges for banking services shall be reported on a monthly account analysis statement. The monthly account analysis statement shall be made available electronically to the Village within ten (10) business days of the last day of each month and shall contain a detailed itemization of charges of types and volume. Total charges will then be compared to total accumulated earnings credit to determine the total net debit (due to bank) or credit (due to Village). The net debit or credit in the account will continue to accumulate in the analysis account from month to month and a "true up" will occur at December 31 of each year. The Village will monitor the compensating balance on a periodic basis and adjust up or down with the objective at arriving at a net balance due to or from the Village of zero.

3. All other terms from the 2012 Banking Services Agreement shall remain in full force and effect.
4. MB Financial further agrees to continue to provide Treasury Management Services pursuant to the below referenced Agreements:
- Master Treasury Management Services Agreement
 - Remote Deposit Service Agreement
 - Funds Transfer Service Agreement
 - ACH Origination Service Agreement
 - On-Line Reporter Service Agreement
 - CD-Rom Service Agreement
 - ACH/Check Positive Pay Service Agreement
 - Addendum/Side Letter dated 8/6/12
5. All terms and conditions from all of the above agreements will remain in full force and effect.
6. This extension shall continue for a two-year period ending July 31, 2021.

VILLAGE OF DOWNERS GROVE

MB FINANCIAL BANK, N.A.

By: _____

By: Ju Hagan

Title: Village Manager

Title: SVP, Division Manager, Government Banking

Date: _____

Date: 3-27-19