Tips and Tools for Evaluating Banking Services

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Keys to a Strong Relationship

• RM is dedicated to the Public Sector
  – Understands your industry
  – Expertise in Treasury Management

• Commitment
  – Willing to work through unique situations
  – Steps up when others are not willing

• Communication
  – Regular and effective
  – Open and honest
Keys to a Strong Relationship

• Confidence
  – RM is a trusted advisor
  – Shares your common values
  – Provides feedback on operating procedures
  – Provides strategic advice on cost-cutting and/or time-saving measures

• Collaboration
  – Mutually beneficial
  – Productive and profitable
Why Issue a Formal RFP?

• GFOA recommended practice – periodic evaluation of banking services
• Evaluates current banking relationship
• Evaluates current banking/TM services
• Initiates competitive bidding and negotiation
RFP Basics – Preparation Questions

• Are you willing to change providers?

• What are your goals?
  – Improvement of efficiencies
  – Implementing new technology
  – Lowering costs
  – Learning about new industry trends

• Important end results
  – New structure
  – New (or renewed) banking relationship
  – Best value vs. low cost

• Bundled vs. Unbundled services/providers?
Consideration: Fees

• Hard charges, compensating balances or a combination
• Collateral charges
• Bundled suite of products vs. modules
• Discounts for online/automated service
RFP Basics – Preparation Steps

• Understand current contract, services, fees and bank relationship
• Determine minimum qualifications for proposers & list of banks to be included
• Determine team members to be involved
• Will any ancillary services be included?
  – ATM
  – Armored Car
  – Purchasing and/or Student Card Program
  – Merchant Processing
RFP Basics - Format

• Cover letter
• Principal Officers / Bank Background
• Scope of Services
• Implementation Schedule
• References
• Concluding Remarks
• Cost Proposal
• Proposal Format Requirements
RFP Basics – Section I - Introduction

• General information about District
• Evaluation criteria
• Contract specification (duration, renewal & termination clause)
• Timeline & due dates
• Required qualifications of vendors
• Questions & response instructions
RFP Basics – Section II – Scope of Services

• Question/Response Format (standardized)
  – Detail your account structure
  – Rate requirements
  – Core service requirements
    • Collections, Disbursements, Information Reporting
  – Account Executive (RM) requirements
  – Other services required
  – Bank recommendations for additional and/or new services
RFP Basics – Section III – Cost Proposal

• Standardize format
• Provide accurate activity volumes
  – Mirror your account analysis statement
• Specify annual or monthly volumes
• Allow space for misc. charges and new services
• Include “compensating balance” option (if desired)
Final Steps: Evaluating Proposals

• Low Cost vs. Best Value
  – Lowest compensating balance, lowest fees, best interest/earnings credit rate, individual price points
• Ability to meet service requirements
• Creative suggestions for enhancements
• Industry experience of Bank & RM
• References
• Finalist Interviews
• Bank location
• Price guarantee
Multiple Banking Relationships

• Possible roles for multiple banks
  – Operating account(s)
  – Foundation accounts
  – Card programs
  – Merchant processing
Preparation Reminders: *Help Bidders and Yourself*

- Be specific: facilitates understanding of your needs
- Allow for clarification question submission & host pre-bidder meeting
- Provide a copy of Investment Policy and Collateral Requirements
- Provide electronic form of RFP and attachments
- Goal is “apples to apples” comparison
Questions?

Thank you!