LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE AGENDA

APRIL 27, 2015 - 6:00 P.M.

CITY HALL COUNCIL CHAMBERS
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

PUBLIC COMMENTS ARE WELCOMED ON ANY ITEM AND WILL BE PERMITTED AT APPROPRIATE TIMES. WHEN POSSIBLE, PLEASE NOTIFY THE CITY CLERK (736-7008 OR E-MAIL AT CITYCLERK@DOVER.DE.US) SHOULD YOU WISH TO BE RECOGNIZED.

AGENDA ADDITIONS/DELETIONS

1. **EVALUATION OF PROPOSAL - INVESTMENT BANKING CUSTODY SERVICES**
   (STAFF RECOMMENDS AWARDING THE INVESTMENT BANKING CUSTODY SERVICES TO UNION BANK FOR A THREE (3) YEAR PERIOD TO START THE DATE OF CONTRACT AND MAY BE RENEWED OR EXTENDED FOR TWO (2) ADDITIONAL TWO (2) YEAR PERIODS BY MUTUAL CONSENT AND APPROVAL OF CITY COUNCIL)

2. **DOWNTOWN DOVER BUSINESS IMPROVEMENT DISTRICT (BID) BUDGET AND ASSESSMENT (TAX) RATES FOR FISCAL YEAR 2015-2016**
   (STAFF RECOMMENDS APPROVAL OF THE PROPOSED BUDGET AND ASSESSMENT (TAX) RATE FOR FISCAL YEAR 2015-16)

3. **ADJOURNMENT BY 7:00 P.M.**

/TM
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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

ACTION FORM

PROCEEDING: Legislative, Finance & Administrative Committee	**AGENDA: 04/27/15**
DEPARTMENT OF ORIGIN: Finance	
PREPARED BY: Donna Mitchell, Controller/Treasurer	
SUBJECT: Investment Banking Custody Services – RFP#15-0019FN	
APPROVALS: City Council	
EXHIBITS: Exhibit 1 – Pricing Calculations & Comparisons	
EXPENDITURE REQUIRED: Est. $5,770 (fees will vary based on the number of security transactions) **AMOUNT BUDGETED**: N/A **FUNDING SOURCE**: Interest Earnings are reported net of fees	
TIMETABLE: Transfer of Assets from Union Bank to Custodian selected upon Council approval	
RECOMMENDED ACTION: Staff recommends awarding the Investment Custody Services to Union Bank for a three (3) year period to start the date of contract and may be renewed or extended for two (2) additional two (2) year periods by mutual consent and approval of City Council.	

RFP #15- 0019FN was issued on November 24, 2014 for sealed proposals to be received January 29, 2015. Five proposals were received. The current proposal calls for a three (3) year period to start the date of contract and may be renewed or extended for two (2) additional two (2) year periods by mutual consent and approved by City Council.

The City received five proposals from the following financial institutions.

				Credit Ratings			Captalization	Estimated
Name of Bank	**Headquarters**	**Local Branch**	**Assets**	**Moody's**	**S&P's**	**Fitch**	**Rating**	**Fees**
Wells Fargo	Chicago	3 offices in Dover, DE	$1.687 Trillion	Aa3	AA-	AA-	Well	$ 13,979
Union Bank	New York City	None	$110.9 Billion	A2	A+	A	Well	$ 5,770
Key Bank	Cleveland, OH	None	$90 Billion	A3	A-	A-	Well	$ 12,500
M&T Bank (Parent Company)	Buffalo, NY	M & T offices in Dover	$97.1 Billion	A2	A	A-	Adequate	$ 16,270
Wilmington Trust - Proposal	Wilmington DE							
(Requesting Local Vendor Preference - Reduction of $510 or $16,780)								
TD Wealth	Cherry Hill, N.J	2 offices in Dover, De	$20 Billion	Aa3	AA-	AA-	Well	$ 15,000

(Ratings Guide attached for further reference)

All submissions received were from major financial institutions, of which all are capable of managing the custody of the City's investment assets. Union Bank was the most competitive bank. Fees were calculated based on a review of the past years trade transaction history to include an estimated 118 trades and 20 wires. The attached Exhibit displays the proposed fees from the four other banks. Union Banks fees are significantly less than the other proposals. The staff's recommendation is to award the service contract to Union Bank based on the fee analysis and also considering the City's prior relationship with Union Bank and our satisfaction with services provided in the past several years.

All investment activity is transacted through the internet, email correspondence and phone calls. If a local bank is preferred, staff would recommend TD Bank since they are the lowest cost local bank and have better ratings and capitalization ratios. As stated above, the fees were calculated based on this past year's transaction activity which changes year to year.

Exhibit 1

Summary	
Trades	118
Coupons	134
Wires	20
Average Assets	50,000,000

Key Bank		
Bps Charge	0.020%	10,000.00
DTC Trades	3.00	354.00
Other Trades	7.00	0.00
Wire Transfers	7.00	140.00
Base Account Fee	0.00	0.00
Coupons	0.00	0.00
Hard Copy Statement	0.00	0.00
Annual Minimum	12,500.00	12,500.00
Expected Fees	**0.025%**	**12,500.00**

TD Bank		
Bps Charge	0.030%	15,000.00
DTC Trades	0.00	0.00
Other Trades	0.00	0.00
Wire Transfers	0.00	0.00
Base Account Fee	0.00	0.00
Coupons	0.00	0.00
Hard Copy Statement	0.00	0.00
Annual Minimum	3,000.00	3,000.00
Expected Fees	**0.030%**	**15,000.00**

Wilmington Trust		
Bps Charge	0.030%	15,000.00
DTC Trades	10.00	1,180.00
Other Trades	10.00	0.00
Wire Transfers	15.00	300.00
Base Account Fee	300.00	300.00
Coupons	0.00	0.00
Hard Copy Statement	0.00	0.00
Annual Minimum	3,000.00	3,000.00
Expected Fees	**0.034%**	**16,780.00**

Wells Fargo		
Bps Charge	0.025%	12,500.00
DTC Trades	8.00	944.00
Other Trades	0.00	0.00
Wire Transfers	10.00	200.00
Base Account Fee	0.00	0.00
Coupons	2.50	335.00
Hard Copy Statement	0.00	0.00
Annual Minimum	10,000.00	10,000.00
Expected Fees	**0.028%**	**13,979.00**

UnionBank		
Bps Charge	0.000%	0.00
DTC Trades	15.00	1,770.00
Other Trades	15.00	0.00
Wire Transfers	10.00	200.00
Base Account Fee	3,500.00	3,500.00
Coupons	0.00	0.00
Hard Copy Statement	25.00	300.00
Annual Minimum	0.00	0.00
Expected Fees	**0.012%**	**5,770.00**

RATINGS GUIDE

(from "An Elected Official's Guide to Rating Agency Presentations")

RATING	DESCRIPTION
Fitch IBCA	
AAA	Highest credit quality
AA (+ or -)*	Very high credit quality
A (+ or -)	High credit quality
BBB (+ or -)	Good credit quality
BB (+ or -)	Speculative
B (+ or -)	Highly speculative
CCC,CC,C (+ or -)	High default risk
D	In default
Moody's	
Aaa	Best quality
Aa1, Aa2, Aa3	High quality by all standards
A1, A2, A3	Upper medium grade
Baa1,Baa2, Baa3	Medium grade
Ba1, Ba2, Ba3	Has speculative elements
B1, B2, B3	Generally lacks characteristics of a desirable investment
Caa	Poor standing; may be in default
Ca	Speculative in a high degree; often in default
C	Lowest rated class of bonds; extremely poor prospects
Standard & Poor's	
AAA	Highest quality; extremely strong capacity to pay
AA (+ or -)	High quality; very strong capacity to pay
A (+ or -)	Strong capacity to pay principal and interest
BBB (+ or -)	Adequate capacity to pay principal and interest
BB (+ or -)	Low speculative
B (+ or -)	Speculative
CCC & CC (+ or -)	High speculation
C	Income bonds on which no interest is being paid
D	In default

* "+" or "-" may be added to Fitch IBCA and Standard & Poor's ratings to indicate the relative position of a credit within a rating category. The digits 1-3 appended to Moody's ratings perform the same function.

CITY OF DOVER
LEGISLATIVE FINANCE AND ADMINISTRATION COMMITTEE
April 27, 2015

BUSINESS IMPROVEMENT DISTRICT -
ASSESSMENT (TAX) RATES FOR FISCAL YEAR 2015-2016

Submitted by: Cheryl A. Bundek, AAS

INTRODUCTION

The Business Improvement District (BID) Ordinance adopted by City Council requires that Council must adopt a BID budget and assessment every year. This report presents the proposed budget and assessment for fiscal year 2015-16.

ORDINANCE REQUIREMENT AND BUDGET

(A) Appendix D, Article III, Section 9(f) requires that a budget be submitted to City Council for consideration and approval.

For your consideration, we have attached the FY 2015-2016 budget showing BID tax revenue and the expenses charged against this revenue (Attachment A).

(B) For your consideration, we have also provided the tax calculation worksheet with recommended rates (Attachment B).

REQUEST FOR ACTION

We request Council to approve the following budget for fiscal year 2015-16 Attachment A, and Assessment (Tax) Rate for 2015-16 - Attachment B.

ATTACHMENT A

BUSINESS IMPROVEMENT DISTRICT

CASH RECEIPTS BUDGET FOR 2015-16

BID TAX REVENUE AND EXPENSES CHARGED AGAINST THIS REVENUE ADMINISTERED THROUGH CITY OF DOVER

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

1. The amount hereinafter named aggregating Fifty thousand dollars, (49,600) or so much thereof as may be necessary is hereby appropriated from current revenues and other funds for economic development purposes for the fiscal year beginning July 1, 2015, and ending June 30, 2016:

REVENUE	PROPOSED
Tax Revenue	$49,600
EXPENSES	
Personnel & Administration Expenses	$49,600

ATTACHMENT B

CITY OF DOVER
LEGISLATIVE FINANCE AND ADMINISTRATION COMMITTEE
April 27, 2015
BUSINESS IMPROVEMENT DISTRICT -
ASSESSMENT (TAX) RATES FOR FISCAL YEAR 2015-2016

BUSINESS IMPROVEMENT DISTRICT

TAX CALCULATION WORKSHEET

JULY 1, 2015 TO JUNE 30, 2016

	ZONE 1	ZONE 2	ZONE 3	TOTAL
Aggregate Assessments	$38,489,300	$61,080,200	$38,670,200	$138,239,700
Assessment Tax Rate per $100	0.0624	0.0335	0.0132	---
Revenue Raised	$24,000	$20,500	$5,100	$49,600
% Revenue Raised	48%	41%	10%	100%
Number of Parcels	113	105	42	260
Average Assessment	$212	$195	$121	$529

NOTE: These figures were estimated per the 2015 reassessed values. The revenue percentages by Zone are per the City of Dover Code Appendix D-Article III, Section 9(e).