LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held on August 13, 2012 at 6:03 p.m. with Chairman Lynn presiding. Members present were Mr. Anderson, Mr. Hare, Mr. Rushe, and Mr. Shevock. Members of Council present were Mr. Bonar, Mrs. Williams, Mr. Hutchison, and Council President Leary. Mayor Carey was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Lynn requested that Agenda Item #2, Salary and Benefits Compensation Comparison Committee Report, be deleted from the agenda due to the absence of Councilman Perza, Committee Chair.

Mr. Hare moved for approval of the agenda as amended, seconded by Mr. Anderson and unanimously carried.

Request for Proposals - Banking Services

Members were advised that the City solicited proposals for bank services and received proposals from four (4) banks. The proposals were evaluated by a team selected from the Finance, Administrative Services, and Information Technology Departments. A considerable amount of information was requested in the Request for Proposals (RFP) and additional information was submitted to the City in response to three (3) addendums. The RFP required each bank to submit their current audited financial statement, including footnotes and the auditor's opinion. It also required each bank to submit their current Securities and Exchange Commission Form 10K or Form 10Q. The submission and review of these statements are imperative to the City of Dover's due diligence to ensure the security of the City's assets. The RFP requested a copy of each bank's SAS 70 [Statement on Auditing Standards No. 70]. This statement is prepared by independent auditors and attests to the bank's internal controls in regard to their online banking tools, which will be utilized by the City of Dover. This last piece of due diligence ensures the City of Dover's funds are safeguarded while being transferred using the bank's online software.

A mix of responses were received in regard to the City's requirement to submit the above reports, and were reflected in a Summary Scoring Sheet. In today's economy, especially with all of the changes occurring in the banking industry, it is critical the City of Dover perform as much due diligence as possible before selecting a bank.

Each bank was also given the opportunity to meet with the City's banking RFP selection team to present their proposal. This provided each potential bank the opportunity to share additional information that could be helpful in the analysis process. It also gave the team an opportunity to finalize any outstanding questions.

All of the proposals were scored on several factors that included quality, reputation, location of branches, ability to meet the City's cash management requirements, completeness of the proposal, record of performance, technology, future enhancements, government banking experience, and the qualifications of the team assigned to the City of Dover. The pricing score was based on a calculation that included the proposed net earnings using each bank's net service fees and interest rates applied to Calendar Year 2011's average balance and transaction activity. All four (4) banks provided earnings credits or interest, but only one (1) bank guaranteed the interest rate over the life of the contract. One (1) of the banks agreed to waive all monthly bank service fees except for the lockbox fee.

Two (2) ratios taken from each bank's 2011 Annual Report, Tier 1 Capital Ratio and Total Risk Based Capital Ratio were also included. Risk-based capital requirements exist to protect the bank, their investors and customers, and the economy as a whole. Placement of risk-based capital requirements ensures that each financial institution has enough capital to sustain operating losses while maintaining a safe and efficient market.

References were checked for the recommended bank, with good results.

The Finance Department recommended selecting WSFS Bank as the City's banking services provider.

In response to Mr. Shevock, Mrs. Donna Mitchell, Finance Director/Comptroller, stated that the institution selected would replace the City's current provider, Citizens Bank. She indicated the RFP was prompted by receipt of notification from Citizens Bank that they were getting out of government banking services. Mrs. Mitchell explained that all of the banks that submitted proposals charge lockbox fees and offer earnings credit or interest. Based on the City's average balances, WSFS Bank would waive all fees (other than lockbox fees) and still offer an earnings credit. She stated that when the earnings credit was netted against the fees, including the lockbox fees, the rates were as follows: Citizens Bank - $63,641; M & T Bank - $101,861; Wells Fargo - $488,297; WSFS - $4,201. She explained that the waiver of fees and earnings credit offered by WSFS helped to reduce the lockbox fees.

Mr. Hare moved to recommend acceptance of staff's recommendation to select WSFS Bank as the City's banking services provider, seconded by Mr. Shevock and unanimously carried.

Mr. Hare moved for adjournment, seconded by Mr. Shevock and unanimously carried.

Meeting adjourned at 6:06 P.M.

Sean M. Lynn
Chairman

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