



Connect Transit

AGENDA

Special Meeting of the Board of Trustees

Saturday, January 12, 2013

9:30 AM

Advocate BroMenn Medical Center
Tower Building – Conference Room 20
1304 Franklin Avenue
Normal, IL

- A. Call to Order
- B. New Business
 - 1. Review and Approve Recommendation to award Banking Services Agreement to Commerce Bank
- C. Working Session – Transit System Goal Setting
- D. Adjournment



Memo

To: Board of Trustees
Connect Transit

From: Andrew Johnson 
General Manager

Date: January 9, 2013

Re: Banking Recommendation

Connect Transit staff recently reviewed the transit system's banking relationship and is recommending changes. The transit system has banked with The Illinois Funds for over ten (10) years. Illinois Funds is a banking investment pool set up by the state. It is not a traditional bank and utilizes local branches of other banks, such as US Bank, in order to perform local transactions for customers. It has recently come to the attention of transit staff that Illinois Funds is increasing fees and does not have the capability to process direct deposit payroll for employees. With Connect Transit now moving to internally-processed payroll, Illinois Funds can no longer meet our needs.

Connect Transit staff met with representatives of Commerce Bank and Heartland Bank. Both banks were given a scope of services that included the transit banking service requirements and current transit system account analysis. Both banks submitted a proposal based on that scope.

Commerce Bank was the winning proposer. They accomplished this by proposing to eliminate fees, provide technical support including processing employee direct deposits, and pay a higher rate interest on transit system funds. The highlights of the proposal are listed below:

- Commerce will waive service charge on operating account for 2 years
 - Connect Transit maintain account activity levels similar to IL Funds
 - Connect Transit keep average balances at or above \$750,000
 - Connect Transit will drop coin at branch for processing in downtime.
- Transition IL Funds accounts to Commerce at 15 basis points (bps)
 - Connect Transit will move approximately \$2MM to Commerce
 - Commerce will pay 0.15% minimum on funds
 - Commerce will adjust if rate goes up
 - Commerce will guarantee rate always greater than or equal to IL funds (1-3 bps)
- Commerce will review relationship at 2 years
- Commerce will pledge for collateralization

In terms of references and experience, the transit system had a successful working relationship with Commerce Bank prior to transferring to Illinois Funds. Transit staff recommends approval of the award of Connect Transit banking services to Commerce Bank.