

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATION COMMITTEE MEETING ON NOVEMBER 16, 2011
FROM:	MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	BANKING SERVICES AGREEMENT

RECOMMENDATION

That, on the recommendation of the City Treasurer, Chief Financial Officer, the attached proposed By-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting of November 21, 2011:

- (a) **TO APPROVE** the Banking Services Agreement and Commercial Card Agreement with The Bank of Nova Scotia, 420 Richmond Street, London, ON N6A 3C9, with respect to monthly banking services, cash management services and commercial card services; and
- (b) **TO AUTHORIZE** the Mayor and City Clerk to execute the Agreements in (a) above; and
- (c) **TO AUTHORIZE** the City Treasurer, Chief Financial Officer or designate undertake all the administrative acts that are necessary in connection with these Agreements, including, without limitation, to designate Commercial Card Co-ordinators under the Commercial Card Agreement.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Finance and Administration Committee – Sept. 19, 2011 – Banking Services Agreement

BACKGROUND

On September 19, 2011, Council approved the following resolution:

That on the recommendation of the City Treasurer, Chief Financial Officer, the following action be taken:

The City Treasurer, Chief Financial Officer BE DIRECTED to bring a Banking Services Agreement, with The Bank of Nova Scotia, 420 Richmond Street, London, ON N6A 3C9, with respect to monthly banking services, cash management services and commercial card to the October 19, 2011 meeting of the Finance and Administration Committee for consideration.

Due to contract negotiations and document review, this report was delayed and is being brought forward to the November 16, 2011 meeting of the Finance and Administration Committee for recommendation.

These agreements would see a reduction on the monthly flat fee for banking services from \$10,000 a month to \$4,000 a month, representing a \$72,000 annual savings. This fee would be in effect, retroactive to November 1, 2011.

The basis points charged for the cash management services are reduced from 26.69 basis points to 22.9 basis points. Based upon our 2010 amount spent on cash management fees, this would approximate a \$23,000 annual savings. We have also received outstanding results through the cash management program of 5.29% return over the past year.

The bank has also included a one-time rebate to the City for the Commercial Credit Card Program of \$100,000 to be paid when the City reaches an accumulated total of \$10,000,000 of dollars spent through the Program. Our 2010 spending through the Program was just over \$3,000,000.

Financial Impact

The estimated annual financial impact of \$179,000 plus applicable taxes is covered in the annual operating budget.

Acknowledgements

This report was prepared with assistance from I. Collins, Manager of Financial Planning and Policy, J. Smout, Solicitor, City Solicitor's Office, M. McErlain, Manager of Accounts Payable and S. Swance, Manager of Accounting.

PREPARED AND SUBMITTED BY:	RECOMMENDED BY:
MIKE TURNER DEPUTY CITY TREASURER	MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER