

**Board of Directors Meeting –
Banking Services Contract
April 24, 2019**

Cara Fitzpatrick
Director, Financial Services

The Need for a Competitive RFP...

- **TriMet's current banking relationship has been in place for approximately 10 years**
- **Prudent procurement practices recommend reevaluation of banking services**
- **To achieve cost-effective banking services, stay current with changes in technology and treasury services**

TriMet's Banking Services Represent...

- **Collections (Depository Services, Lockbox)**
- **Disbursements (Positive Pay, Electronic Funds Transfer – wires, ACH)**
- **Electronic Banking & Reporting (Internet banking services, account reconciliation, security fraud filters)**

Overview of RFP for Banking Services...

- **RFP posted on December 14, 2018**
- **Pre-bid meeting held on January 4, 2019**
- **Proposals due on January 14, 2019**
- **Four Proposals Submitted By:**
 - Wells Fargo, JP Morgan Chase, MUFG, US Bank
- **Eval Committee Selected Wells Fargo**

Contract Award to Wells Fargo...

- **Most favorable pricing & fees schedule**
- **Improved Earnings Credit Rate (lower fees)**
- **Retention incentive of \$30,000**
- **Met TriMet's treasury services & banking business needs**
- **Relationship Manager & team commitment to provide excellent service to TriMet**

Summary of Contract with Wells Fargo

Contract Term	Contract Fees	Total Savings	Other Advantages
<ul style="list-style-type: none">• 5 year contract• Optional additional one-year terms	<ul style="list-style-type: none">• \$87,238 per year or \$436,191 for 5 years• \$872,382 for 10 years	<ul style="list-style-type: none">• Overall banking fees reduced by approx. 25%• Retention Credit of \$30K and overall better pricing	<ul style="list-style-type: none">• Core team at Wells Fargo dedicated to serve TriMet• More favorable contract terms

Questions?

**Board of Directors Meeting –
Merchant Services Contract
April 24, 2019**

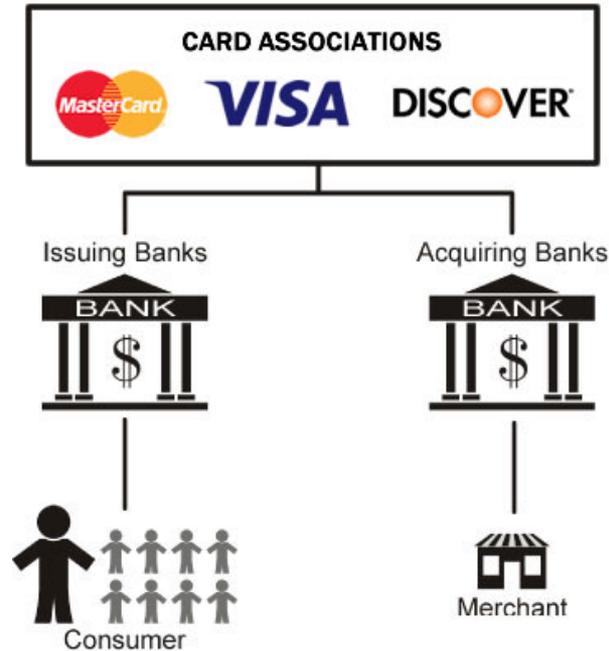
Rhyan Schaub

Director, Fare Revenue & Administrative Services

What is Merchant Bankcard Services?

Merchant Bankcard Services (or Merchant Services) refers processing services that allow a Merchant (TriMet) to accept bankcards (debit and credit cards).

Who are the players?



What are the costs involved?

Fee Type	Collected By	Ultimately Paid To	% of total fees
Pass Thru Fees (Interchange & Assessments)	Acquirer (provider of merchant bankcard services)	Card Associations & Issuing Banks	85%
Processing Fees	Acquirer	Acquirer	15%

Pass Thru Fees

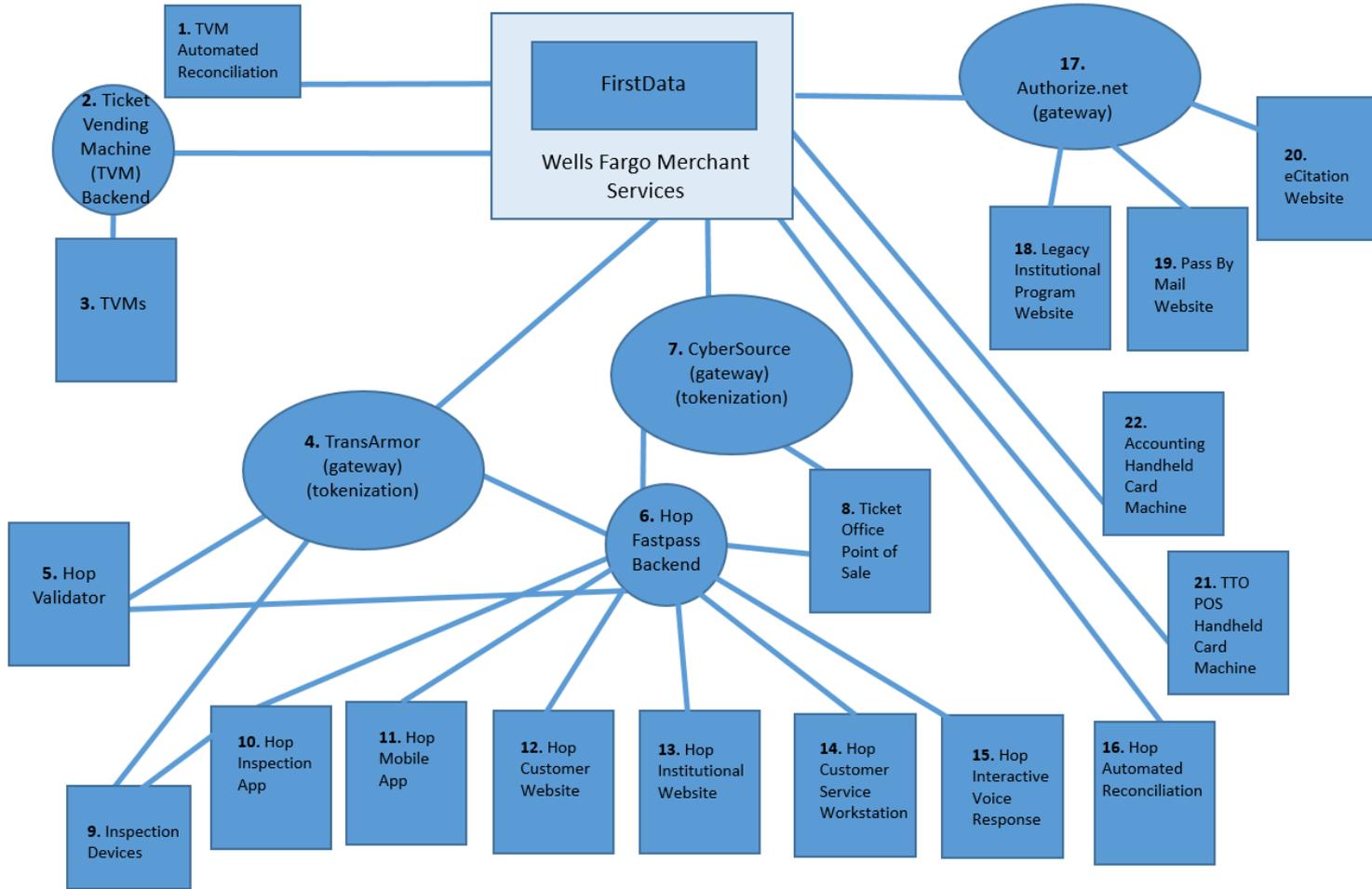
- **These fees are the same for every merchant.**
- **They are non-negotiable and are set by the card associations.**
- **They are charged for each transaction, and vary based on its characteristics such as:**
 - the type of merchant
 - how the transaction is processed
 - type of card presented
- **The card associations can change these fees at any time.**

Processing Fees

- **Negotiable**
- **Charged per transaction**
- **Vary based on services rendered**
 - Gateways, tokenization, refunds, etc.

Background

- **TriMet first began processing bankcards at TVMs in the 90's.**
- **We have not changed Acquirers since at least this time.**
- **Why?**



Benefits of Competitive Process

Merchant Services	Current	Proposed		
	<u>Wells Fargo</u>	<u>JP Morgan</u>	<u>Wells Fargo</u>	<u>Worldpay</u>
Total Transaction Fees	\$0.035	\$0.015	\$0.0175	\$0.0250
Open Payment Transaction Fees	\$0.0085	\$0.030	\$0.0085	\$0.02
Hop Transaction (Not Open Payment) Fees	\$0.07	\$0.030	\$0.04	\$0.020

Benefits of Competitive Process

		Current WF	New, Tiered WF	JP Morgan	Wells Fargo	Worldpay
Y1	1.00	\$313,701	\$172,463	\$142,837	\$172,463	\$142,597
Y2	1.25	\$392,127	\$215,185	\$178,546	\$215,579	\$178,246
Y3	1.07	\$419,576	\$230,021	\$191,044	\$230,669	\$190,723
Y4	1.07	\$448,946	\$245,871	\$204,417	\$246,816	\$204,074
Y5	1.25	\$561,183	\$306,442	\$255,522	\$308,520	\$255,092
Y6	1.10	\$617,301	\$336,727	\$281,074	\$339,372	\$280,602
Y7	1.07	\$660,512	\$360,046	\$300,749	\$363,128	\$300,244
Y8	1.07	\$706,748	\$384,998	\$321,801	\$388,547	\$321,261
Y9	1.07	\$756,220	\$411,697	\$344,327	\$415,745	\$343,749
Y10	1.07	\$809,155	\$440,264	\$368,430	\$444,847	\$367,811
	Total	\$5,685,468	\$3,103,714	\$2,588,748	\$3,125,685	\$2,584,398
	One-Time Incentives	\$0	-\$35,000	-\$7,500	-\$35,000	\$0
	One-Time Costs	\$0	0	\$1,800,000	\$0	\$1,800,000
	Grand Total	\$5,685,468	\$3,068,714	\$4,381,248	\$3,090,685	\$4,384,398
	Savings over current contract:		\$2,616,755	\$1,304,220	\$2,594,784	\$1,301,070

Benefits of Competitive Process

Current Annual Fees	Estimated Future Annual Fees	Estimated Savings over 10 years	One time negotiated retention bonus
\$313,701	\$172,463	\$2,616,755	\$35,000

Next Steps

- **Resolution at April board meeting**
- **5 year contract with 5 one year extension options***
- **Then another competitive process.**

Questions?

**Board of Directors Meeting –
Bank Line of Credit (LOC)
April 24, 2019**

Cara Fitzpatrick
Director, Financial Services

Why do we need a LOC?

- **To offset funding shortfalls due to uncertainty in the current Federal environment (i.e. Federal Shutdown)**
- **To bridge financial gaps due to the timing of receipt of seasonable revenues**
 - **HB2017 or Payroll Tax Revenues**
- **A LOC is included as a key aspect of overall liquidity**

Bank LOC Amount & Usage

- **Revolving \$60 million – based on history, experience and evaluation of our cash flow needs**
- **Difficult to predict utilization...it depends**
- **In place to provide a readily available backstop for fluctuations in our cash position**

Overview of RFP for LOC

- **RFP posted on February 8, 2019**
- **Proposals due and received on February 22, 2019**
- **Six Proposals Submitted:**
 - Bank of America, Bank of the West, Citibank, Wells Fargo, JP Morgan Chase, US Bank
- **Evaluation Committee selected Bank of the West after Best And Final Offer process**

Contract Award to Bank of the West...

- **Most favorable pricing & terms**
- **Low fees on unused line of credit**
- **Additional incentives and fee reductions if TriMet holds a deposit balance with Bank of the West**
- **Reasonable attorney/bank counsel costs**

Contract Summary with Bank of the West

Contract	Term	LOC Rates	Other Advantages
<ul style="list-style-type: none">• 3 year contract for \$60 million line of credit	<ul style="list-style-type: none">• Minimum draws of \$1.0 million• In \$200,000 increments• TriMet's audited financials due within 6 months of year-end	<ul style="list-style-type: none">• LIBOR/SOFR + 0.30%• Most favorable rates & fees on used and unused draws on the line	<ul style="list-style-type: none">• Experienced in municipal market• Met TriMet's request with the Best And Final Offer

Questions?