

RESOLUTION NO. 2922

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BONNEY LAKE, PIERCE COUNTY, WASHINGTON, AUTHORIZING THE MAYOR TO SIGN AN AGREEMENT TO EXTEND CONTRACT WITH COLUMBIA BANK TO PROVIDE THE CITY'S BANKING SERVICES.

WHEREAS, the current contract with Columbia Bank for banking service (Resolution 2365) will expire on July 1, 2021; and

WHEREAS, Columbia Bank has provided a renewed contract commencing on July 1, 2021; and

WHEREAS, the City is desirous of continuing to utilized the services of Columbia Bank.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Bonney Lake, Washington, does hereby authorize the Mayor to sign the attached Agreement with Columbia Bank

PASSED by the City Council this 11th day of May, 2021.

DocuSigned by:
Neil Johnson, Jr.
20583FB9C281400...
NEIL JOHNSON JR., Mayor

AUTHENTICATED:

DocuSigned by:
Harwood T. Edvalson
F46A10AD29884A1...
HARWOOD T. EDVALSON, City Clerk

City of Bonney Lake, Washington
City Council Agenda Bill (AB)

Department/Staff Contact: Finance/Cherie Reiersen	Meeting/Workshop Date: 5/11/21	Agenda Bill Number: AB21-49
Agenda Item Type: Resolution	Ordinance/Resolution Number: 2922	Sponsor:

Agenda Subject: Authorize the Mayor to Sign an Agreement to Extend Contract with Columbia Bank to Provide the City's Banking Services

Full Title/Motion: A Resolution Of The City Of Bonney Lake, Pierce County, Washington, Authorizing The Mayor To Sign An Agreement To Extend Contract With Columbia Bank To Provide The City's Banking Services.

Administrative Recommendation: Approve

Background Summary: Columbia Bank entered into a contract with the City originally in 2014 with two (2) year extensions after a lengthy RFP process. The current agreement is going to expire in July 2021. During the past 7 years the city has been pleased with the service provided and requests to renew this contract with the same term agreements as the original three year contract with two (2) year extensions.
Attachments: Resolution 2922 & Banking Proposal with Columbia Bank

BUDGET INFORMATION				
Budget Amount	Current Balance	Required Expenditure	Budget Balance	Fund Source
				<input type="checkbox"/> General <input type="checkbox"/> Utilities <input type="checkbox"/> Other
Budget Explanation:				

COMMITTEE, BOARD & COMMISSION REVIEW				
Council Committee Review:	Finance Committee Date: 4/27/2021	<i>Approvals:</i> Chair/Deputy Mayor Evans Councilmember Carter Councilmember Watson	Yes	No
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
Forward to:		Consent Agenda: <input type="checkbox"/> Yes <input type="checkbox"/> No		
Commission/Board Review:				
Hearing Examiner Review:				

COUNCIL ACTION	
Workshop Date(s):	Public Hearing Date(s):
Meeting Date(s):	Tabled to Date:

APPROVALS		
Director:	Mayor:	Date Reviewed by City Attorney: (if applicable)

Banking Proposal



Presented to: The City of Bonney Lake

February 2021

Jim Reed

AVP, Bonney Lake Branch Manager

19925 State Route 410 E

Bonney Lake, WA 98391

253-863-8500

jreed@columbiabank.com

David Ragan

VP, Treasury Management Officer

1301 A St. Suite 700

Tacoma, WA 98402

253-396-6975

dragan@columbiabank.com

City of Bonney Lake
9002 Main Street E
Bonney Lake, WA 98391

Dear Cherie:

It is with great pleasure to provide you with this expression of Columbia Bank's qualifications and capabilities for continuing the servicing needs of The City of Bonney Lake.

Columbia Bank is a state-chartered, full-service bank headquartered in the Pacific Northwest, with assets of over \$16 Billion. Columbia Bank serves small and medium sized businesses, public sector, non-profits, professionals and individuals through over 140 banking offices located in Oregon, Washington and Idaho. Columbia Bank is proud to be a local bank, strongly committed to its customers and the communities it serves.

Our strong commitment to highly personalized service, varied products and long-standing community presence attracts experienced, talented bankers. We work closely with our customers, emphasizing personalized, local decision-making in each of the markets we serve. Columbia Bank offers the varied menu of relationship banking products and sophistication of a regional bank, while retaining the appeal and service level of a community bank.

We are committed to the community. We proudly support each community we are a part of and consider it a privilege to support and volunteer in the communities we serve. We believe supporting the events, and serving the greater good alongside our customers, ensure successful community partnerships.

If you have any questions about the following proposal, please contact me at 253-396-6975 or email dragan@columbiabank.com.

Sincerely,

David Ragan
VP, Treasury Management Officer

Organizational Overview

Financial Institution (history & scope)

Columbia Bank is a full-service commercial bank headquartered in Tacoma, Washington with assets of over \$16.58 billion. We proudly serve local communities with over 147 banking locations across Washington, Oregon, and Idaho. The foundation of Columbia's success is our commitment to community engagement, coupled with our dedication to its clients' financial success through the delivery of exemplary expertise and customer service. More information can be found on our website at www.columbiabank.com

Columbia Banking System, Inc., the holding company of Columbia Bank, is publicly traded on the NASDAQ with the symbol COLB.

Financial Performance (ratings)

Columbia Bank is very well capitalized, with a ratio that well exceeds the minimum of 10 percent required by the FDIC to be considered 'well capitalized' - the highest rating. This additional capital gives Columbia the flexibility to respond quickly and effectively to business opportunities as they arise. We have an exceptional core deposit level, reflecting the strength of the relationships we have built with our customers. Columbia's liquidity ratio translates into funding for our general operations and to meet our customer's loan and deposit needs. With a strong core deposit, diversified loan and deposit portfolio, Columbia remains positioned for a bright future. Fourth quarter 2020 earnings release highlights:

- Full year 2020 net income of \$154.2 million and diluted earnings per share of \$2.17
- Record fourth quarter net income of \$58.3 million and diluted earnings per share of \$0.82
- Deposits increased \$269.6 million, or 2%, during the fourth quarter of 2020 and \$3.19 billion, or 30%, compared to December 31, 2019
- Net interest margin of 3.52%, an increase of 5 basis points from the linked quarter
- Nonperforming assets to period-end assets ratio decreased to 0.21%
- Loan balances subject to deferral were down 91% from June 30, 2020
- J.D. Power Award Highest in Customer Satisfaction with Retail Banking in the Northwest
- Forbes 2020 Best Banks in America Ranked #1 among Northwest banks
- Regular cash dividend declared of \$0.28 per share

Treasury Management Products & Services

Commercial Connect-Online Banking (current subscriber)

The City of Bonney Lake currently subscribes to Columbia Bank's Business Online Banking. Commercial Connect is an Internet-based system that provides the ability to manage account funds with security, ease and convenience. The system allows you to control multiple accounts and users securely. You determine which accounts and functionality each user is to have through the advanced administration feature. The following required functionalities are available:

- Account balances and transfer funds between accounts in real time.
- Builds up to 13 months of transaction history; search paid check history by check number, amount and/or date range.
- Seven years archive of electronic images of paid checks, deposits tickets and deposited items; check images searchable by check number or amount within 90-day search ranges.
- Rolling 18 months of checking and bank statements online, available by the 3rd of the following month; provide statements to various auditors upon request.
- Previous day information reporting including beginning and ending balance, float information, debit and credit details and category totals by 7:00 AM each day; data exportable in comma delimited, tab delimited, Excel, and BAI formats. Previous day reporting includes 45 days of transaction history.
- Current day reporting on incoming ACH debits and credits, wires and checks; exportable to Excel for sorting, by 7:00 AM each day.
- Access fraud prevention systems (check and ACH positive pay) and manage exceptions online making pay/return decisions.
- Originate online stop payments; view stop payment list.
- Administration functionality provides self-service maintenance on user profiles and permissions.
- Mobile app through the App Store or Google Play.
- Business Mobile Deposit will be available December 2020 through our Business Online Banking app.

System Compatibility

All of Columbia Bank's online systems are compatible with any currently supported operating system and browser.

Balance and Information Reporting

Detailed information for all transactions posted to the accounts the previous day is available by 6:00 AM each day. Standard reports can be saved and scheduled. The customization can include specific accounts, dates, summary, and sorting based on date, amount, serial number and transaction type.

- Account Balance Report – beneficial for viewing one, multiple or all accounts at a time up to a 13-month history. Opening and closing balances and float information are shown.
- Cash Position Report – beneficial for forecasting cash flow by showing closing balance, float information and “unreported” credits and debits (current day pending transactions).
- Previous Day Reports – beneficial for viewing all transactions, only checks paid, and only debits and credits up to a 13-month history, or, in summary format including beginning balance, debit and credit presentments, and ending balance.
- Current Day Reports – beneficial for viewing transactions that are presenting for that day’s posting. Transactions shown are in real time and include checks, deposits made at the branch, wires, and ACH transactions.

*Data is exportable in comma delimited, tab delimited, Excel, and BAI formats. Please see the Exhibit Section for samples of online reports.

Technical Support

Columbia Bank’s Treasury Management Services Team is a central but local group of treasury professionals that can provide real time assistance for online users on system support needs. The bank maintains a team in Lakewood, WA and Eugene, OR for business continuity reasons. Customer calls will roll between the two sites in the event of heavy call volumes. The two call centers are available M-F from 7AM to 6PM.

System Security

Columbia Bank’s business online banking has state-of-the-art security technology with multiple layers of protection.

- Encryption - 128-bit Secure Sockets Layer (SSL) encryption to protect the data that travels between your computers and our computer system.
- SecureSmart Access - this software is used to learn the habits of users, help recognize unusual activity, and challenge those users’ entry into the system.

Access Security

Columbia Bank’s online banking provides multiple layers of security to adequately control user access and achieve the desired dual control and separation of duties.

- *User* – you can designate very specific access for each user. Such as, viewing specific accounts only, funds transfer permission, ACH or wire system access and file enter or release authority, check and ACH positive pay access and exception management.

ACH Origination (current subscriber)

The City currently utilizes Columbia Bank's ability to create and send ACH transactions. ACH files may also be uploaded via Online Banking with the use of a NACHA Formatted file.

- ACH files may be created within onboard templates via data export process, or uploading a payroll accounting software created ACH File.
- The cut-off time to transmit ACH files is 4 PM, for next day availability (received and deposited in the employee's account) NOTE: The bank can accept files by 4 PM the prior business day to payday, however, some smaller financial institutions may not be able to reflect the credit until after 8 AM on payday.
- The cut-off time for Same-Day ACH files is 11 AM.

Wire Origination (current subscriber)

Columbia Bank's Online Banking system provides customized modules with the capability to originate outgoing transfers for both domestic and international wires, as well as wire templates that can be saved for future/repetitive transmissions. The deadline for releasing same day outgoing domestic and international wire transfers is 2:00pm. Multiple security levels can be established to ensure dual control and dollar limits. Access and security levels are established at the user level, providing customization and flexibility to meet the client's specific needs. The Bank also utilizes One Time Passcode (OTP) technology for authentication.

Check Positive Pay (current subscriber)

With each check run, you upload a checks issued file to the bank via online banking. As checks present against your account, they are compared to your checks issued file according to check number and amount. Items not matching your checks issued file become exceptions that are presented to you in online banking for a "pay" or "return" decision. Checks presented over our teller counters are also monitored by Positive Pay.

When there are exceptions, email alerts are sent to designated online banking users so decisions can be made. Exception checks and their images may be viewed in online banking no later than 9:00 AM with decisions needed by 1:00 PM. In cases where you are unable to decision an exception, you have the ability to set a default decision, "pay" or "return".

Positive Pay also generates reports that assist in account reconciliation, including:

Exception items processed
Checks paid
Outstanding checks

Stale dated checks
Stop payments

Remote Deposit Capture (optional recommendation)

Columbia Bank offers Deposit Express for the same-day deposit of checks from your desk top using a check scanner provided by the bank. Only the scanner driver is installed locally as the scanning software is web-based. When you transmit the check image files, your deposits are electronically presented to the bank and deposited into any of your Columbia Bank accounts.

- In addition to the onboard confirmation status of your deposit, e-mail confirmations are sent to designated recipients.
- To help with data flow and reconciling, multiple people can view the deposit online.
- Deposits transmitted by 7:00 PM Pacific on a banking day are credited to your account that day.
- Rolling 45-day check image archive; image files may be downloaded as PDF for permanent archive.
- Note fields can also be used and exported to a file to explain how to account for individual deposited items.

ACH Positive Pay Fraud Prevention (optional recommendation)

ACH Filter gives you control over what ACH transaction posts to your accounts. Each ACH originator has a unique company ID number embedded in their ACH files. You tell us which company ID numbers are authorized to post against your account and all other transactions become exceptions that are presented to you in online banking for a “pay” or “return” decision.

You can further filter authorized transactions according to debit or credit as well as establishing a maximum transaction amount. Email alerts are sent to designated users when there are exceptions so they can login and manage them. Exceptions may be viewed in online banking no later than 9 AM with decisions needed by 1:00 PM. In cases where you are unable to decision an exception, you have the ability to set a default decision, “pay” or “return”. In addition, you have the ability to manage this approved list of ACH originators to add or remove companies from the list.

Proposed Renewal Pricing

Columbia Bank will continue to honor The City's existing exception pricing, with no changes. As outlined in the below side by side comparison (Jan '21 activity) and based on the volume & balances, this results in an excess earnings vs. net charge for services.

ACTIVITY CHARGES:

Item	Basis	Rate	Volume
Account Maintenance	Per Month	\$ 15.000	2
Deposit Assessment	Per Unit	\$ 0.130	6745.38
CD Rom Check Imaging	Per Month	\$ 20.000	1
Deposits	Per item	\$ 0.350	38
Cash Deposited	Per \$100	\$ 0.100	2500
Deposited Items	Per item	\$ 0.100	300
ACH Credits Received	Per item	\$ 0.140	147
Checks Paid	Per item	\$ 0.180	233
ACH Debits Received	Per item	\$ 0.140	28
Commercial Connect	Per Month	\$ 50.000	1
ACH File Import Monthly Fee	Per Month	\$100.000	1
ACH Batch Fee	Per item	\$ 7.500	7
ACH Originated Item Fee	Per item	\$ 0.140	2194
ACH Items Returned	Per item	\$ 6.000	12
Online Domestic Wire Module	Per Month	\$ 35.000	1
Online Domestic Wires	Per item	\$ 12.000	2
Check Positive Pay	Per Month	\$ 50.000	1

Total Activity Charges
Average Ledger Balance
Average Available Balance
Less: 10% Reserve Requirement
Balance Available for Earnings Credit
Earnings Credit Rate
Estimated Earnings Credit for the Sample Month
Less: Total Activity Charges
Estimated Net Service Charges
Standard Pricing

\$ 30.00
\$ 876.90
\$ 20.00
\$ 13.30
\$ 2.50
\$ 30.00
\$ 20.58
\$ 41.94
\$ 3.92
\$ 50.00
\$ 100.00
\$ 52.50
\$ 307.16
\$ 72.00
\$ 35.00
\$ 24.00
\$ 50.00
\$ 1,729.80

\$ 6,745,383.03
\$ 6,739,163.03
\$ (673,916.30)
\$ 6,065,246.73
0.20%
\$ 1,030.26
\$ (1,729.80)
\$ (699.54)

Debit

Current/Proposed Pricing

\$ 12.500	\$ 25.00
\$ 0.130	\$ 876.90
\$ 20.000	\$ 20.00
\$ 0.300	\$ 11.40
\$ 0.080	\$ 2.00
\$ 0.100	\$ 30.00
\$ 0.120	\$ 17.64
\$ 0.170	\$ 39.61
\$ 0.120	\$ 3.36
\$ 25.000	\$ 25.00
\$ 35.000	\$ 35.00
\$ 5.000	\$ 35.00
\$ 0.140	\$ 307.16
\$ 2.000	\$ 24.00
\$ 35.000	\$ 35.00
\$ 8.000	\$ 16.00
\$ 50.000	\$ 50.00
\$ 1,553.07	

\$ 6,745,383.03
\$ 6,739,163.03
\$ (673,916.30)
\$ 6,065,246.73
0.35%
\$ 1,802.96
\$ (1,553.07)
\$ 249.89

Excess Earnings

Treasury Management Fee Schedule

Account Services	Account Maintenance	\$15.00 per account
	Deposit Assessment	\$0.013 per \$100
	Uncollected Funds Usage	Prime + 5%
	Credits Posted	\$0.35 each
	Debits Posted	\$0.18 each
	Deposited Items	\$0.10 each
	ACH Item Posted	\$0.14 each
Coin Purchases, Deposit or Exchanges <small>Coin bag is defined as: pennies \$50, nickels \$200, and dimes and quarters \$500</small>	Cash Deposited/Sold	\$0.001 per \$1
	Rolled Coin Purchased	\$0.10 per roll
	Loose Unsorted Coin Deposited	\$20.00 per coin bag
	Loose Coin Deposited (same denomination)	\$10.00 per coin bag
Stop Payment Fees	6-Month Stop Payment	\$35.00 each
	12-Month Stop Payment	\$45.00 each
	Online 6-Month Stop Payment	\$25.00 each
	Online 12-Month Stop Payment	Unavailable online
Deposited Item Return Fees	Item returned to the original deposit account	\$10.00 each
	Item returned to an alternate account or with special handling instructions (including fax, phone, additional copies and/or cash exchange)	\$15.00 each
	Returned deposited item is re-presented	\$2.00 each
Wire Transfers Fees	Incoming Wire: Domestic	\$15.00 each
	Incoming Wire: International	\$20.00 each
	Outgoing Wire: Domestic	\$25.00 each
	Outgoing Wire: International	\$45.00 each
	Outgoing Wire: Internal	\$3.00 each
Special Statement Cycle Fees	Weekly Statement	\$25.00 monthly
	Monthly Statement	\$10.00 monthly
CD Rom Imaging Services	Setup Fee*	\$150.00 one-time
	Monthly CD	\$20.00 monthly
Business Online Banking Services	Biz Connect Basic: Up to 5 accounts & 3 users	No Monthly Charge
	Biz Connect Premium: Up to 15 accounts & unlimited users	\$25.00 monthly
	Commercial Connect Unlimited: Unlimited accounts, users and previous day reports	\$50.00 monthly
	Additional Accounts and/or Users: Applies to Biz Connect Basic and Biz Connect Premium	\$2.00 each**
	Business Mobile Banking	No Monthly Charge
Information Services	EDI Setup*	\$50.00 one-time
	EDI Reporting	\$5.00 per account
	BAI Export	\$25.00 monthly
	BAI Direct	\$250.00 monthly
Business Bill Pay Services	Business Bill Pay	\$5.95 monthly
	Business Bill Pay with Payroll	\$15.95 monthly

Treasury Management Fee Schedule (continued)

ACH Origination Services¹	Setup Fee*	\$80.00 one-time
	ACH Batch	\$7.50 each
	ACH Per Item	\$0.14 each
	Same Day ACH	\$2.00 each
	ACH Nacha File Import	\$100.00 monthly
	ACH Direct: SFTP File Delivery	\$250.00 monthly
	ACH Originated Item Returned	\$6.00 each
	ACH Originated Item Returned as Unauthorized	\$10.00 each
Wire Origination Services¹	Setup Fee*	\$80.00 one-time
	Wire Module: Domestic	\$35.00 monthly
	Wire Module: Domestic and International	\$50.00 monthly
	Online Outgoing Wire: Domestic	\$12.00 each
	Online Outgoing Wire: International	\$45.00 each
	No Dual Control	\$25.00 monthly
Deposit Express Services	Setup Fee*	\$250.00 one-time
	Per Scanner	\$50.00 monthly
	Coupon Capture Configuration	Varies ²
	Coupon Capture	\$150.00 monthly
	Deposit Express Direct: Tier 1: 0-250 items	\$100.00 monthly
	Deposit Express Direct: Tier 2: 250-1,000 items	\$200.00 monthly
	Deposit Express Direct: Tier 3: 1,000 or more items	\$300.00 monthly
Fraud Prevention Services	Setup Fee*	\$80.00 one-time
	Check Positive Pay	\$50.00 monthly/per account
	Check Positive Pay with Payee Match	\$0.035 per item
	Reverse Positive Pay	\$20.00 monthly/per account
	Positive Pay Direct	\$250.00 monthly
	ACH Positive Pay/Blocks and Filters	\$5.00 per account
Sweep Services	Setup Fee*	\$80.00 one-time
	Commercial Sweep	\$50.00 monthly
	DDM Sweep	\$25.00 monthly
	DDM Premium Sweep	\$50.00 monthly
	Line of Credit Sweep	\$150.00 monthly
	Dual Sweep	\$175.00 monthly
	ABL Sweep	\$150.00 monthly
	ABL Dual Sweep	\$175.00 monthly
Zero Balance Account Services	Setup Fee*	\$50.00 one-time
	ZBA Master	\$20.00 monthly
	ZBA Sub Account	\$15.00 monthly
SafePoint Depository³	Provisional Credit Fee	\$100.00 monthly/per location
Miscellaneous Fees	Due Diligence Fee: Money Service Business or ATM Operator	\$100.00 monthly
Additional Services <small>Please contact Treasury Management Sales for customized quotes on these additional services</small>	Commercial Cards	By Quote
	Lockbox Services	By Quote
	Merchant Services	By Quote

AGREEMENT TO EXTEND CONTRACT FOR BANKING SERVICES

THIS AGREEMENT made this 11th day of May, 2021 by and between City of Bonney Lake, hereinafter called "City" and COLUMBIA BANK, a corporation, hereinafter called "Bank" to modify that certain Agreement for Banking Services dated July 1, 2014. All other terms and conditions of the Contract shall remain in force, except for the following agreed upon conditions.

That for and in consideration of payments and agreements hereinafter mentioned:

1. The Bank will continue to provide depository and banking services for the City through July 31, 2024. The City shall have 2, two year options to renew the Agreement.
2. Financial Institution shall continue the increased Account Analysis Earnings Credit rate of 0.15% over the standard rate.

This agreement may be terminated by either party upon ninety (90) days written notice.

The parties hereto have execute this agreement, or caused to be executed by their fully authorized officials.

CITY OF BONNEY LAKE

DocuSigned by:
X Neil Johnson, Jr.
By. 20583FB9C281400...

Neil Johnson, Jr.

Name

Mayor

Title

COLUMBIA BANK

DocuSigned by:
David Ragan
By. 7D7885B602E543E...

David Ragan

Name

VP, Treasury Management Officer

Title