

TOWNSHIP OF LOWER MERION
Finance Committee

Issue Briefing

Topic: Authorized List of Banking Services Providers

Prepared By: Eric Traub, Chief Financial Officer

Date: March 15, 2019

I. Action To Be Considered By The Board:

Adoption of a resolution affirming the list of banking services providers for the Township.

II. Why This Issue Requires Board Consideration:

In accordance with the First Class Township Code the Board of Commissioners shall have the power to provide for the investment of moneys.

III. Current Policy Or Practice (If Applicable):

The Township has long maintained a policy of periodically bringing new banks forward to the Board of Commissioners to consider for investing Township funds. The Township last did this in March 2011 when Meridian Bank was added to this list. Given the length of time since this was last brought before the Board, staff felt it was best to bring forward this issue again to reaffirm all banks eligible to provide services to the Township. The current banks include the following:

1. Bryn Mawr Trust
2. Firsttrust
3. Citizens
4. Santander
5. TD
6. Wilmington Savings Fund Society (WSFS)
7. Wells Fargo
8. Pennsylvania Local Government Investment Trust (PLGIT)
9. Meridian

Currently, the Township uses TD Bank as its local depository and PLGIT as its main operational bank. Both banks also provide investment services as well, however, the Township retains the option to use any of the approved banks to provide investment services.

IV. Other Relevant Background Information:

In addition to the current group of financial institutions, staff has recently met with Univest Bank to discuss its investment services. Univest has recently begun offering a liquid money market account at an attractive interest rate with no restrictions, costs, or fees once a minimum balance requirement has been met.

At the March 6th Finance Committee meeting two additional banks were suggested for inclusion, Citadel Federal Credit Union and Pennsylvania State Employees Credit Union. In addition, other Commissioners inquired about a larger list that would provide as much flexibility as possible. In response to the various feedback there are two resolutions for consideration.

The first is similar to what was presented on March 6th but includes the additions of Univest Bank, Citadel Federal Credit Union, Pennsylvania State Employees Credit Union (PSECU), Republic Bank and Pennsylvania School District Liquid Asset Fund (PSDLAF). Republic Bank had approached the Township previously on investment matters and is located in the Township. PSDLAF is another quasi-governmental entity similar to PLGIT that provides investment services. The second resolution provides more latitude and states the Township may do business with all banks licensed to do business in Pennsylvania that meet the collateral requirements of Pennsylvania Act 72. This would provide increased flexibility for staff to conduct banking business.

V. Impact On Township Finances:

The approved resolution itself has no impact on the Township's finances. The eligible banks will allow the Township to maintain healthy competition for investments of Township funds which may lead to increased interest income over time.

VI. Staff Recommendation:

Staff recommends that the Board of Commissioners adopt the resolution that provides the Township broad latitude to use any banking service provider that meets the requirements of Pennsylvania Act 72 in order to enable staff to maximize earnings and minimize fees.