



Managing Your Depository Contract in 2017

Presented by BBVA Compass

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Agenda

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1. Changing Environment
2. Solving the Issues with Technology
3. Making the Most of Your RFP or Extension

The Changing Environment

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1. Projected interest rate hikes
2. Texas Education Agency changes
 - New format for 2017
 - Changes on extension guidelines
 - Timing is important
3. Issues impacting districts-cost containment, process efficiencies, revenue enhancement and fraud.

Solving the Issues with Technology

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Efficiency and Cost Containment

- Payables outsourcing—paper, electronic and wire
- Paper to electronic conversion
- Vendor payments via commercial card
- e Invoicing

Enhancing Receivables

- Internet payments with merchant processing
- 21st century lockbox
- Check image processing

Fighting Fraud

- ACH blocks and positive pay
- Payables outsourcing

Prioritize and Define

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- **Must Have's!**
 - Keeping what works
 - Improving what doesn't work
 - Meeting regulatory requirements
- **Wants**
 - Improving what works
 - Preparing for the future
- **We're Exploring**
 - Adding new technology
 - Changing processes

Stay focused on the possible!

Help Your Banks Prepare Better Responses

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More information = better, more accurate pricing!

- Provide volumes wherever possible
 - “Blind” account analysis statements
 - Historical transaction volume and balance data
 - Listing of all services

- Share balance information
 - Interest bearing vs. non-interest bearing
 - Use average balances vs. one point in time

- Share your account structure, “must haves” and “wants”

- Share strategic plans and what you are “exploring” that might impact your depository relationship

- Provide your most recently approved Investment Policy

Evaluating the Responses

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➤ Develop criteria such as:

Expertise

Safety and Soundness

Range of Products

Market Presence

Dedicated Team

Rates/Pricing

➤ Research bank ratings

- Fitch
- Moody's
- S&P
- Bauer Financial (www.bauerfinancial.com), IDC Financial Publishing

➤ Include your criteria in the RFP

➤ Ask for references

➤ Consider presentations by finalists

- Include product demonstrations
- Especially important for new products and services

Keep Your Consultants

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You may receive several good bid responses, but you can only pick one...

- Keep the next best 1 or 2 on your “consultant” list
- Meet with each several times a year for new ideas
- Explore other business investments (certificates of deposit, money market account), merchant, and/or card to initiate secondary relationship.
- You need to have at least two to three good banking relationships before your next RFP is due.