Banking Services RFP Follow-Up for May BMA Meeting

Recap

Renasant Bank was chosen as the Town's new banking services partner including merchant card services and credit card services.

General Banking Services

This month I will begin setting up a new account with Renasant Bank. Once the account is set up, I will begin closing both the Town's operating account with Pinnacle Bank and the community room rental account with CBBC. These will both be combined into a single account to save on fees.

Based on the board's response, I will open the account up as an Insured Cash Sweep account which is currently offering a 3% variable rate return.

Merchant Card Services – (accepting credit cards and some cash apps from residents)

The board will need to decide between the following three fee structure options.

- **Traditional –** Depending on the card presented, the rates will range from 1.50% to 3.00% all depending on what card is being presented & Town pays all fees.
- **Surcharge –** Customer would pay a flat rate of 3% on all credit cards and merchant (Town) would pay the cheaper debit card fees only.
- **Cash Discount –** The provider passes the fee of 3.00% to cover debit or credit cards fees to the customer and the Town will not be charged the credit or debit card fees. This model is what most government entities select.

Notes: By going with either the Traditional or Surcharge options, the Town would need to include these estimated expense amounts in the annual budget.

Credit Card Services

The board will need to decide between the following two options.

- **Community Card –** This is a free option with no rewards.
- **Community Rewards Card –** The annual fee for this card type is $99. This card type earns 1 point on every dollar spent on eligible purchases.

Notes: With the Town's current credit card usage, the community rewards card would pay for itself within two months. The Town's current credit card account is set up similarly to the Community Rewards Card.

Additional Item

As mentioned in April's BMA meeting, Vice Mayor Franklin would like the Board to consider moving to Cashless. As discussed in the meeting, the pros and cons are as follows:

- Pro's –Accepting cash is a leading fraud risk and involves having extra internal controls in place to prevent fraud, which with limited staff members is nearly impossible. By being able to deposit checks online and no longer accepting cash, Town staff would rarely have to use the Town's time and vehicle to go to the bank. Office staff currently make at least two trips a week to the bank to deposit funds. Additionally, this would help the Town comply with the State's 3-day deposit rule as funds could be deposited each business day from the Town's office.
- Con's – Citizens that prefer paying in cash would no longer have that as an option. This could potentially limit sales such as T-Shirt sales at the Fall Festival. The way the Town is paid for classes at Town Hall would need to be restructured as this is currently done on a cash basis.