



## **The Corporation of the Town of LaSalle**

**To:** Mayor and Members of Council

**Prepared by:** Dale Langlois

**Department:** Finance

**Date of Report:** June 25, 2024

**Report Number:** FIN-13-2024

**Subject:** Windsor Family Credit Union - Financial Services Agreement

### **Recommendation**

That the report of the Director of Finance dated June 18, 2024 (FIN-13-2024) regarding the Windsor Family Credit Union – Financial Services Agreement be received;

And that Council authorizes the renewal of the financial services agreement with the Windsor Family Credit Union based on the continuation of the existing agreement for an additional 5 year term;

And that Council authorizes the Director of Finance & Treasurer to prepare and sign all the necessary agreements.

### **Report**

As Council may be aware the current financial services agreement with the Windsor Family Credit Union (WFCU) expired on May 31<sup>st</sup>, 2024. The WFCU has been the municipality's financial services provider for the past twenty-three (23) years and has been providing investment services to the municipality for over three decades. The WFCU is a community based, community owned credit union. They have a long-standing relationship with the municipality and with many residents. They contribute to a number of local charities, bursaries and causes – including holding a seat on the Vollmer Campaign Cabinet and being further a donor for multiple LaSalle initiatives and events.

In a survey of county municipalities it has become apparent that the financial services agreement with the WFCU provides for additional return on investment (by way of interest) at a lower cost (fee base) compared to other financial services agreements in the region that are not using the WFCU as their primary financial institution. It should be noted that a direct comparison among municipalities is difficult as a result of the differing services provided, service level and available cash balances.

Although service fees are slightly higher in most neighbouring municipalities that use other financial institutions, generally the greatest difference occurs in the investment yield area where LaSalle rates are a standard 75 basis points higher than most other agreements. Further, the LaSalle agreement provides for a mitigation of the interest revenue lost with the sliding minimum interest rate when Prime Rate begins to fall. As is the case in the current economic conditions with Prime Rate at 6.95% (as of the date of this report) the municipality earns an additional 100 basis points more than the comparable agreements in the region that are not using WFCU as their primary financial institution. Based on the municipality's average cash balances this interested rate difference earns approximately \$500,000 to \$700,000 in additional interest – dependent on the Prime Rate.

From a service delivery perspective the WFCU has satisfied every need the municipality has requested at a fee level which is effectively nonexistent. Over the past two decades, the municipality has established an extremely advantageous working relationship with the WFCU in both the financial services and investment fields.

As with many of our specialized services, tender/request for proposal are not often used as experience with the municipality/municipal field and expertise in the field are of increased relative importance. In order to satisfy the concern that the municipality is obtaining best value for money, comparisons are done within the industry as to rates and fees as well as with other municipalities. The Procurement and Purchasing Policy, under Schedule B, provides the ability to award contracts/engagement of service providers without a full tender/request for proposal process. In addition, under Chapter 19-5 of the Comprehensive Economic and Trade Agreement (CETA), and under Article 504, Section 11(h) of the Canadian Free Trade Agreement (CFTA), financial services are exempt from the tendering process requirements of these agreements.

Based on the comparison analysis conducted to date and considering the efforts and costs involved in changing financial institutions, it is Administration's position and recommendation that a request for proposal of the financial services is not required and that the existing terms of the agreement be extended for a further 5 years.

## **Consultations**

All Municipal Treasurers / Directors of Finance in Essex County

## **Financial Implications**

The financial terms of the proposed agreement extension are consistent with the terms of the existing agreement. However, the WFCU is no longer able to reimburse the Town for the POS payment terminals as the WFCU no longer has a relationship with this entity. The financial impact is minimal. The WFCU has also added to the agreement that the Town maintains an exclusive deposit relationship with the WFCU, which has been

the case for the past two decades, besides a minimal investment with the ONE investment fund, which no longer exists.

**Prepared By:**



Director of Finance/Treasurer

Dale Langlois, CPA, CA

**Link to Strategic Goals**

- 1. Enhancing organizational excellence - Not Applicable
- 2. Strengthen the community's engagement with the Town - Not Applicable
- 3. Grow and diversify the local economy - Not Applicable
- 4. Build on our high-quality of life - Not Applicable
- 5. Sustaining strong public services and infrastructure - Not Applicable

**Communications**

None

**Report Approval Details**

Document Title:	FIN-13-2024 Windsor Family Credit Union - Financial Services Agreement.docx
Attachments:	
Final Approval Date:	Jun 25, 2024

This report and all of its attachments were approved and signed as outlined below:



Chief Administrative Officer

Joe Milicia