CITY OF CAMBRIDGE

INTEROFFICE CORRESPONDENCE

To	Robert W. Healy, City Manager	**Date**	January 25, 1991
From	James P. Maloney, Assistant City Manager/Fiscal Affairs	**Reference**	Council Order #7
Subject	Community Reinvestment Act		

The Finance Department issued a Request For Proposal for banking services in December. The purpose of the RFP was to select a principal depository bank that would provide a full range of services including concentration/zero balance deposit and disbursement accounts, wire transfers, automated reconciliation of all disbursement accounts, federal and state payroll tax payments, coin processing for parking meter collections, etc. Because of both the current economic climate and stringent bid requirements established by Massachusetts General Laws Chapter 30B, the RFP was an extensive document (13 pages) which included 10 minimum evaluation criteria and seven comparative evaluation criteria.

The minimum evaluation criteria and comparative evaluation criteria were developed to insure that the banking institution that is selected complies with Massachusetts General Laws dealing with municipal banking relations, is financially sound, offers the full range of cash management and banking services that are required, and provides sufficient yield on idle funds. The region's economy and the health of the financial industry in the Commonwealth is a cause of great concern for the City; therefore, I regard safety to be the most important factor in selecting a banking institution as our principal bank.

I am very aware of the Council's desire to link City deposits with a bank's participation in the community, and in particular to use the information made available by the Community Reinvestment Act (CRA) rating system as a criterion for where City funds will be deposited. In response to this, the Finance Department has begun to develop an investment policy that will include the CRA ratings as one of the criteria that determine where the City invests its cash. It is the investment of cash, not depository banking, that the CRA will be of greatest value to the City. I anticipate that this policy will be ready for your review in the spring and will be implemented in fiscal 1992.

39

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139
TEL. 349-4300
FAX. 349-4307

January 28, 1991

To The Honorable, The City Council:

Please find attached a response to Awaiting Report Item No. 46, regarding Community Reinvestment Act, received from James P. Maloney, Assistant City Manager for Fiscal Affairs, concerning this matter.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev
attachment

Agenda # 29

5-187

Response to Awaiting Report Item Number
46 regarding Community Reinvestment Act.

In City Council,

January 28, 1991

Placed on file