



Proposal for Banking Services
February 19, 2021

Merchants Bank, N.A.
2835 S Service Drive
Red Wing, MN 55066
651-385-7621



February 19, 2021

Red Wing Public Schools
2451 Eagle Ridge Drive
Red Wing, MN 55066

Dear Red Wing Public Schools and Jackie Paradis:

Thank you for your consideration of Merchants Bank as your core banking provider. You have many options to choose from for a banking relationship, and we know that in order to earn your business, and *to keep you a satisfied customer*, we need to not only show you pricing value, but our servicing needs to be outstanding. As a \$2.4 billion community bank with a long history of banking public entities, we are the right size and type of bank to meet those needs.

We are a stable, well-capitalized, conservative bank that has steadily grown for 146 years starting in 1875 in Winona, MN. We are proud to be an employee-owned ESOP bank, free to operate without additional pressures from Wall Street expectations.

Our banks serve the public sector in all our markets, and our goal in serving the Red Wing Public Schools will be to exceed your expectations by becoming your committed banking partner.

Merchants Bank has a thorough understanding of the banking services outlined in the enclosed proposal. We are committed to performing the services outlined to the satisfaction of the Red Wing Public Schools staff.

Should you have any questions or would like to request additional information, do not hesitate to contact us.

Most Sincerely,
Merchants Bank

Handwritten signature of Dan Massett in black ink.

Dan Massett
Regional President

Handwritten signatures of Lori Eppen and Annette Bleninger in black ink.

Lori Eppen
Deposit Services Officer

Annette Bleninger
Treasury Management Sales Officer

BANKING SERVICES PROPOSAL FORM

Currently, Red Wing Public Schools has six accounts. They are as follows:

- Finance Account
- Payroll Account
- Cafeteria Account
- H.S.A. Account
- Line of credit
- Corporate Credit Card

The Finance account is the main operating account for the school. On a monthly basis, approximately 250 vendor checks are processed through this account in an average amount of \$250,000, and about 50 deposits are made per month into this account averaging +\$5,000. Approximately 450 electronic funds (ACH) transactions are processed through the Payroll account; the average aggregate monthly payroll approximates \$1.2 million. All accounts are expected to be collateralized per Minnesota Statutes, with monthly reporting to the district.

- 1) Attach a schedule of services that are provided at a fee per transaction and per month. Space has been provided for any comments related to the attached fee schedule.

Merchants Bank offers several types of business checking accounts, and we would use a combination of those accounts to best meet your needs. In our Business Checking account, you will have the opportunity to earn earnings credits to offset service charges. We would use this account type for the Finance and the Payroll accounts. Our Small Business Checking account allows for a certain number of items, but does not earn earnings credits or interest. The HSA and Cafeteria accounts may be best suited in that account type. Finally, our ICS checking account would be attached to the Finance account via an automated sweep and would earn interest. Please see more about the ICS option under bullet point 2) below.

Please see the attached product sheet that details the fees of the Business Checking and Small Business Checking account types.

There are also Treasury Management fees related to ACH processing in the Payroll account, and the suggested Zero Balance Account (ZBA) sweep on the Payroll account. The ZBA would be used to keep the payroll account funded at a Zero Balance without needing to make the transfers from other accounts. The fees for these products, and other possible products, are detailed on the attached Treasury Management Fee Schedule. Other possible fees can be found on the Merchants Bank Service Fee Schedule, which is attached.

Please note that for this proposal, we are offering the account related fees (detailed on the Business and Small Business Checking Account product sheet) as well as the ACH and ZBA fees at a 50% discount for a period of 3 years. You will see these discounts reflected on the account comparison sheets that are also attached. In addition to this, we strongly encourage the use of payee positive pay and ACH debit filter, and will offer those at the same 50% discount for a period of 3 years. The fees for these products can be found on the Treasury Management Fee Schedule.

- 2) Interest Rate – Explain, in detail, the current interest being bid on idle cash balances. Example - 100% of the 90 day T-Bill rate.

We are proposing idle funds be kept in an ICS (Insured Cash Sweep) checking account offered through the Promontory Network. This account would be tied to the Finance account via an automated sweep with a target balance of \$250,000. The \$250,000 balance would earn earnings credits, which would be used to offset some of the account fees. The funds that sweep into the ICS checking account would earn interest. Our earnings credit and interest rates are based on Merchants Bank executive review and decision, and not on any indicator such as the 90 day T-Bill.

Our current earnings credits rates are as follows:

<u>Business Earnings Credits</u>	Bus Earnings 0 - \$50,000.00	0.10%	0.10%
	Bus Earnings \$50,000.01 - \$100,000.00	0.15%	0.15%
	Bus Earnings \$100,000.01 & over	0.35%	0.35%
	Business Earnings Credit is that tier rate on 90% of the average collected balance.		

Our current rates for the proposed ICS checking account are as follows:

<u>ICS Checking</u>	0 - \$1,000,000.00	0.10%	0.10%	Daily / Monthly
	\$1,000,000.01 - \$15,000,000.00	0.20%	0.20%	Daily / Monthly
	\$15,000,000.01 & Over	0.15%	0.15%	Daily / Monthly

Please see the attachments for additional information on the ICS accounts offered through the Promontory Network.

We would provide collateralization for balances in the HSA and Cafeteria that exceed \$250,000, and would reach out to you to obtain the agreement for this.

- 3) Please list any on-line services that you are able to offer the school district and indicate the corresponding monthly fees, if any.

We do offer our Commercial Online Banking, which would include access to view your accounts and make internal transfers as needed. The admin user would be able to add as many users as needed, and assign them only the accounts and functions that they need. If Red Wing Public Schools initiates any domestic wires (fees apply for any outgoing or incoming wires), we could turn on that access in Commercial Online Banking as well.

Access to process ACH for the Payroll account would be through Commercial Online Banking, including retrieval of any notification of change or returned ACH items reports.

- 4) Please provide a list of other products and services that you would be able to provide to the school district, ie. check reconciling service, banking program for district employees, corporate credit cards, etc.

- **Fraud Management Products**

We always recommend all customers use our fraud managements products, payee positive pay and ACH filters. These are products that are designed to help you monitor your accounts for unauthorized activity and provide you with the opportunity to refuse those items. Attached is a product sheet that provides additional information on those products, and fees are listed on the Treasury Management fee schedule. We would also extend the offer of a 50% discount on the fees for positive pay and ACH fraud filter for the same 3 year period.

- **Line of Credit**

In the listing of current accounts, you did list line of credit. We do offer this product and would be prepared to offer you a line of credit up to \$500,000 at prime rate variable. If your needs exceed that amount, we would have you visit with a Commercial Loan Officer to determine needs and eligibility.

- **Business Credit Cards**

Merchants Bank offers both Visa Rewards Score Card and Non-Score card Purchasing credit cards. After initial setup, business admins can be setup for access to the online site www.ezbusinesscardmanagement.com. This site allows admins to make changes to card limits, make payments to all cards on one page, set up recurring payments, pull statements, get transaction reports, request to open or close new cards, and more.

Individual card holders can register their cards for viewing at www.mycardstatement.com. This site allows the card holder to look at transactions and statements.

The Visa Scorecard Rewards card earns 1 point per dollar spent. Those points can be used to purchase gifts, travel, or put as credit back to the card using the Redeem2Erase option at www.scorecardrewards.com. The Rewards card has an annual fee of \$45* per card, however it is automatically waived if more than \$20,000 is run through the card. The non-score card has an annual fee of \$25* per card. Points for multiple cards can be directed to one card so all points are in one place.

Payment due date is on the 18th of each month with statements getting cut on the 23rd or 24th of each month. As long as statement balance for each card is paid in full before the statement cuts there will be no interest charges.

Once a business is approved, any number of cards can be ordered and can be set up with a name or title as desired by the business. Example "Joe Smith" or "Office Card 1".

A business can set up cards to have individual limits on cards that equal up to the overall approved limit (5 cards at \$5000 each for a limit of \$25000) or they can be set up as an aggregate (shared) limit (5 cards at \$25,000 each under an overall limit of \$25,000). The aggregate option allows all card holders more access to the overall limit with the understanding that as a group only \$25,000 could be used in total. So if one card uses \$10,000 then the rest would only be able to use the remaining \$15,000.

Please see the attached Visa Business Credit Card sheet for rates and other fees.

The most important thing is the local service. While admins have the option to use the admin site to make changes, payments, etc., They can always send requests directly to the Merchants Bank credit card department via email or by calling in and we will help with whatever is needed.

- **Health Savings Account**

Merchants Bank offers a great Health Savings Account (HSA) product with checking and certificate of deposit choices available. Our accounts have competitive interest rates with no monthly or administrative fees, helping your employees put even more towards healthcare expenses.

If desired, we can put together folders that can be handed out to new HSA contributors that contain all of the paperwork that we would need to get this account opened.

Please see the attached product sheet for more information on HSA accounts.

- **Partnership Banking**

We would like to offer all your employees a special banking package known as Partnership Banking. Partnership Banking will give you value, convenience, special discounts and benefits. You can also count on Merchants Bank for peace of mind. You can be confident that you and your employees will receive the true personalized attention and service that only a community bank can offer.

Please see the attached product sheet for more information on Partnership Banking.

BUSINESS CHECKING ACCOUNTS

We'll work with you to develop a business banking package to fit your unique business situation. We offer free, no obligation analysis services to ensure that you are getting the most value out of your existing business operating account(s).

ALL MERCHANTS BANK CHECKING ACCOUNTS INCLUDE:

 Mobile Banking*
  Online Banking with Bill Pay¹
 eStatements
  Chip Debit Card

	Small Business Checking	Business Checking
Minimum Balance to Open	n/a	n/a
Monthly Maintenance Charge	n/a	\$8
Free Transaction Items per Month	250 total items: Includes checks, deposit slips, deposited items. Unlimited debit card, point-of-sale, ATM ² and ACH transactions	No per transaction charge for debit card, point-of-sale and ATM ² transactions.
Per Transaction Charge	\$.25/item after 250	\$.25/credit, \$.03/Merchants Bank check deposited, \$.08/other item deposited, \$.15/debit, \$.10/ACH debit, \$.20/ACH credit
Chip Debit Card w/ My Mobile Money Fraud App	Available	Available
Borrowed Funds Rate	n/a	Prime + 3%
Estimated Earnings Credit	n/a	Based on average collected balance, applied to service charge
Interest Available		
Overdraft Protection Options ³	Available	Available

Plus, we will help you determine which treasury management and fraud prevention services may make sense based on your business cash flow.

¹ Small Business Online Banking: \$0.40/payment after 20. Commercial Online Banking: \$9.95 monthly, and \$0.55/item after 20.

² ATM surcharge and foreign fees may apply.

³ Subject to approval

*Data and messaging rates may apply from your wireless carrier.

Member FDIC 02/21



 (800) 944-6285
  www.merchantsbank.com
 To start the process, call or stop in.



MERCHANTS BANK TREASURY MANAGEMENT FEE SCHEDULE

The following schedule of treasury management fees are effective January 1, 2021.

Fraud Management

ACH Blocks, per month		\$10.00
ACH Filters, per month		\$20.00
Positive Pay, per month		
	- Traditional Positive Pay	\$30.00
	- Reverse Positive Pay	\$30.00
	- Payee Positive Pay	\$40.00

ACH Origination

ACH Origination		\$15 per month, plus \$.15 per item, for 3 or fewer ACH files <u>and</u> 50 or fewer total items per month.
		\$30 per month, plus \$.15 per item, for 4 or more ACH files <u>or</u> 51 or more total items per month.
	- Same Day ACH Origination	Same as ACH Origination, plus an additional \$10 per month and an additional \$.35 per item.
	- Emergency Same Day ACH	\$100 at time of transaction, plus \$.15 per item standard transaction fee and additional \$.35 per item Same Day transaction fee.
	- Notification of change	\$2.50
	- Return or rejected item	\$2.50
	- Unauthorized return	Additional \$2.50
ACH File Amendment Authorization		\$25.00

Remote Deposit

Remote Deposit Capture Services, per month, per scanner		
	- Desktop Remote Deposit	\$55.00
	- Mobile Deposit Capture	\$10.00

Sweeps

Loan Sweep, per month		\$130.00
Zero Balance Account, per month		\$25.00
Repurchase Agreement, per month		\$75.00

Other

Commercial Online Banking Bill Pay		\$9.95 per month, plus \$.55 per item over 20 items
Fed EDI Notification, per month		\$10.00
Pledging Fee, per month		\$25.00
Wire Transfer		
	- Incoming	\$10.00
	- Outgoing	\$25.00
	- International	\$45.00

MERCHANTS BANK SERVICE FEE SCHEDULE

The following schedule of miscellaneous fees are effective April 1, 2020.
 These fees may be changed by us at any time after reasonable notice of not less than 30 days.

Automated Teller Machine (ATM), Foreign usage		withdrawal (ATM fee) - \$2.50
		transfer (ATM transfer) - \$1.00
		balance inquiry (ATM inquiry) - \$1.00
		surcharge: (ATM W/D) - \$3.00
Automatic Overdraft Protection from Checking or Savings, per transfer		\$5.00
Bank draft issued in foreign currency		\$25.00
Cashier's check:	- Customer	\$5.00
	- Non-customer	\$12.00
Certified check		\$20.00
Check cashing, non-customer		\$10.00
Coin counting when exchanged for currency, customer		n/c personal
		5% business
Coin counting, non-customer		10% with \$5.00 minimum
Coin deposited		n/c
Collection item		\$30.00
Counter check		\$0.50
Debit Card	- Reissue	\$10.00
	- Overnight reissue	\$55.00
Deposited item returned		\$10.00
Dormant account fee, per month		\$7.00
External Transfer (Consumer), per transfer:		
	- Online Banking	\$0.00
	- Set up by a Merchants employee	\$3.00
Fax requests, per page		\$5.00
Foreign currency	- Customer	\$30.00 plus the cost of the order
	- Non-customer	\$50.00 plus the cost of the order
	- Canadian currency	\$10.00 plus the cost of the order
	- Canadian / foreign checks deposited	\$7.00
Forward address unavailable, per month		\$5.00
Home Equity Line of Credit check reorders		Varies
Indemnity bond		n/c
Interest on Housing Trust Accounts, per month		\$15.00
Interest of Lawyer Trust Accounts, per month		\$15.00
Levy/garnishment		\$100.00
Money order	- Customer	\$3.00
	- Non-customer	\$5.00
New account closed within 180 days		\$30.00
Night depository bags		n/c
Notary service, non-customer		\$1.00
Online Bill Payment service		20/month free
		\$0.40/payment after 20
Overdraft fees	- Insufficient funds: Pd O.D. charge	\$30.00
	- Insufficient funds: Ret O.D. charge	\$30.00
	- Uncollected funds: Pd UCF charge	\$30.00
	- Uncollected funds: Ret UCF charge	\$30.00
Pledging Fee, per month		\$25.00
Printed checks		Varies
Redeposited check		\$7.00
Repurchase Agreement, per month		\$75.00
Research fee, per hour		\$50.00
Rolled coin, per roll		\$0.15
Safe deposit box drilling		\$200.00
Signature guarantee, customers only		\$10.00
Stop payment		\$30.00
Visa Gift Card		\$3.50
Visa Travel Card		\$9.95
Wire transfer:	- Incoming	\$10.00
	- Outgoing	\$25.00
	- International	
	• Personal	\$45.00
	• Personal surcharge	\$30.00
	• Business	\$45.00

Merchants Bank, NA
Analysis of Business Checking Accounts
Red Wing Public Schools Finance Account
As of 02/19/2021

INFO

Average Book Balance:	\$	250,000.00	Wire Transfer Out (Foreign):	0
Average Bank Collected Balance:	\$	250,000.00	Rolled Coin:	0
Average Uncollected Balance:	\$	-	Deposit items returned:	0
Service Charge Debits/Checks/Withdrawals:		250	Deposit on Demand (# of sites):	0
Service Charge Credits/Deposits:		50	Positive Pay (# of accounts):	0
ACH Debits: (not originated by customer):		10	ACH Filters (# of accounts):	0
ACH Credits: (not originated by customer):		10	ACH Blocks (# of accounts):	0
On Us items deposited:		50	ACH Origination (# of files):	0
Foreign items deposited:		150	Number of ACH Items per Month:	0
Wire Transfers In:		0	Pledging Fee	1
Wire Transfers Out (Domestic):		0		
# of accounts in calculation		1		

ASSUMPTIONS

COST BREAK DOWN

	Business DDA Plan 65		Small Business Checking Plan 70					
	\$/ per	Total Amount	\$/ per	Total Amount	\$/ per	Total Amount	\$/ per	Total Amount
Average Earnings Credit or Interest Earned:*		64.73		0.00		0.00		0.00
Total Items (Sm Bus Checking only):			0.25	62.50				
Service Charge Debits:	0.08	18.75				0.00		0.00
Service Charge Credits:	0.13	6.25				0.00		0.00
ACH Debits: (not originated by customer):	0.05	0.50				0.00		0.00
ACH Credits: (not originated by customer):	0.10	1.00				0.00		0.00
On Us items deposited:	0.02	0.75				0.00		0.00
Foreign items deposited:	0.04	6.00				0.00		0.00
Uncollected Funds Charge		0.00		0.00		0.00		0.00
Wire Transfers In:	10.00	0.00	10.00	0.00		0.00		0.00
Wire Transfers Out (Domestic):	25.00	0.00	25.00	0.00		0.00		0.00
Wire Transfer Out (Foreign):	45.00	0.00	45.00	0.00		0.00		0.00
Rolled Coin:	0.15	0.00	0.15	0.00		0.00		0.00
Deposit items returned:	10.00	0.00	10.00	0.00		0.00		0.00
Deposit on Demand:	55.00	0.00	55.00	0.00		0.00		0.00
Positive Pay:	30.00	0.00	30.00	0.00		0.00		0.00
ACH Filters:	20.00	0.00	20.00	0.00		0.00		0.00
ACH Blocks:	10.00	0.00	10.00	0.00		0.00		0.00
ACH Origination (# of files):	15.00	0.00	15.00	0.00		0.00		0.00
Number of ACH Items per Month:	0.08	0.00	0.08	0.00		0.00		0.00
Monthly Maintenance Service Charge:	4.00	0.00	4.00	0.00		0.00		0.00
Pledging Fee	0.00	0.00	25.00	25.00				
Total Estimated Chargeable Items:		37.25		87.50		0.00		0.00
Net Service Charge Estimate:		0.00		87.50		0.00		0.00
Net Earned Income:		N/A		N/A		0.00		0.00
Minimum Balance to Avoid Service Charge:		141,910.00		N/A		#DIV/0!		#DIV/0!

* The difference between an earning credit and interest earned is, an earnings credit can be applied against service charges for a month, but any excess will not be paid to the customer. Interest earned is the customers earnings and is applied to their account as income.

Please Note: Debit Card transactions do not have a charge.

Merchants Bank, NA
Analysis of Business Checking Accounts
Red Wing Public Schools Payroll Account

As of 02/19/2021

INFO

Average Book Balance:	\$ -	Wire Transfer Out (Foreign):	0
Average Bank Collected Balance:	\$ -	Rolled Coin:	0
Average Uncollected Balance:	\$ -	Deposit items returned:	0
Service Charge Debits/Checks/Withdrawals:	0	Deposit on Demand (# of sites):	0
Service Charge Credits/Deposits:	0	Positive Pay (# of accounts):	0
ACH Debits: (not originated by customer):	0	ACH Filters (# of accounts):	0
ACH Credits: (not originated by customer):	4	ACH Blocks (# of accounts):	0
On Us items deposited:	0	ACH Origination (# of files):	4
Foreign items deposited:	0	Number of ACH Items per Month:	450
Wire Transfers In:	0	Zero Balance Account	1
Wire Transfers Out (Domestic):	0		
# of accounts in calculation	1		

ASSUMPTIONS

COST BREAK DOWN

	Business DDA Plan 65		Small Business Checking Plan 70					
	\$/ per	Total Amount	\$/ per	Total Amount	\$/ per	Total Amount	\$/ per	Total Amount
Average Earnings Credit or Interest Earned:*		0.00		0.00		0.00		0.00
Total Items (Sm Bus Checking only):			0.25	0.00				
Service Charge Debits:	0.08	0.00				0.00		0.00
Service Charge Credits:	0.13	0.00				0.00		0.00
ACH Debits: (not originated by customer):	0.05	0.00				0.00		0.00
ACH Credits: (not originated by customer):	0.10	0.40				0.00		0.00
On Us items deposited:	0.02	0.00				0.00		0.00
Foreign items deposited:	0.04	0.00				0.00		0.00
Uncollected Funds Charge		0.00		0.00		0.00		0.00
Wire Transfers In:	10.00	0.00	10.00	0.00		0.00		0.00
Wire Transfers Out (Domestic):	25.00	0.00	25.00	0.00		0.00		0.00
Wire Transfer Out (Foreign):	45.00	0.00	45.00	0.00		0.00		0.00
Rolled Coin:	0.15	0.00	0.15	0.00		0.00		0.00
Deposit items returned:	10.00	0.00	10.00	0.00		0.00		0.00
Deposit on Demand:	55.00	0.00	55.00	0.00		0.00		0.00
Positive Pay:	30.00	0.00	30.00	0.00		0.00		0.00
ACH Filters:	20.00	0.00	20.00	0.00		0.00		0.00
ACH Blocks:	10.00	0.00	10.00	0.00		0.00		0.00
ACH Origination (# of files):	15.00	15.00	15.00	15.00		0.00		0.00
Number of ACH Items per Month:	0.08	33.75	0.08	33.75		0.00		0.00
Monthly Maintenance Service Charge:	4.00	4.00	0.00	0.00		0.00		0.00
Zero Balance Account	12.50	12.50						
Total Estimated Chargeable Items:		65.65		48.75		0.00		0.00
Net Service Charge Estimate:		65.65		48.75		0.00		0.00
Net Earned Income:		N/A		N/A		0.00		0.00
Minimum Balance to Avoid Service Charge:		250,100.00		N/A				0.00

* The difference between an earning credit and interest earned is, an earnings credit can be applied against service charges for a month, but any excess will not be paid to the customer. Interest earned is the customers earnings and is applied to their account as income.

Please Note: Debit Card transactions do not have a charge.



Safety. Return. Freedom.

Through ICS[®], the Insured Cash Sweep[®] service, many public depositors can access multi-million-dollar FDIC insurance on funds placed into demand deposit accounts (using the ICS demand option), money market deposit accounts (using the ICS savings option), or both.

Through the ICS service, you can:

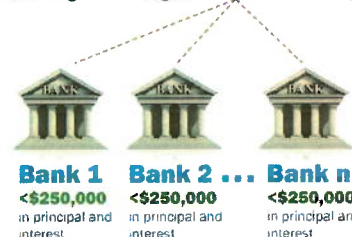
- Enjoy peace of mind**
 ICS funds are eligible for multi-million-dollar FDIC insurance that's backed by the full faith and credit of the United States government.
- Earn interest**
 Put excess cash balances to work in demand deposit accounts, money market deposit accounts, or both.
- Save time**
 By providing access to FDIC insurance through a single bank relationship, ICS can help your public unit comply with investment policy mandates.
- Access funds**
 Enjoy unlimited program withdrawals using the ICS demand option or up to six program withdrawals per month using the ICS savings option.
- Support your community**
 Feel good knowing that the full amount of your funds placed through ICS can stay local to support lending opportunities that build a stronger community.¹

How does ICS work?

Work directly with just us—an institution you already know and trust—to access coverage from many, receive just one regular statement, and know that your confidential information remains protected.



Your public unit has or sets up a transaction account with our bank, signs the agreements, and deposits funds.²



Deposits are sent to deposit accounts at other member institutions in amounts under the standard FDIC insurance maximum of \$250,000.³

Simply put, with ICS, you can have it all.

Contact us today!



Merchants Bank, Member FDIC

Visit us online at www.merchantsbank.com

[1] When deposited funds are exchanged on a dollar-for-dollar basis with other banks in the ICS Network, the relationship institution can use the full amount of a deposit placed through ICS for local lending, satisfying some depositors' local investment goals or mandates. In certain states, and with a depositor's consent, the relationship institution may choose to receive fee income instead of deposits from other Network members. Under these circumstances, deposited funds would not be available for local lending.

[2] If a depositor chooses both the savings and demand options, it will need to have a separate transaction account for each.

[3] Based on triggering events as set forth in the ICS Deposit Placement Agreement the depositor enters into with the relationship institution. Funds are sent to money market deposit accounts when using the ICS savings option and to demand deposit accounts when using the ICS demand option.

Placement of funds through the ICS service is subject to the terms, conditions, and disclosures in the service agreements, including the Deposit Placement Agreement ("DPA"). Limits and customer eligibility criteria apply. In the ICS savings option, program withdrawals are limited to six per month. Although funds are placed at destination banks in amounts that do not exceed the FDIC standard maximum deposit insurance amount ("SMDIA"), a depositor's balances at the relationship institution that places the funds may exceed the SMDIA (e.g., before ICS settlement for a deposit or after ICS settlement for a withdrawal) or be ineligible for FDIC insurance (if the relationship institution is not a bank). As stated in the DPA, the depositor is responsible for making any necessary arrangements to protect such balances consistent with applicable law. If the depositor is subject to restrictions on placement of its funds, the depositor is responsible for determining whether its use of ICS satisfies those restrictions. ICS and Insured Cash Sweep are registered service marks of Promontory Interfinancial Network, LLC.



Using ICS® for Public Funds In the State of Minnesota

Minnesota Statutes

Counties, County Officers, Regional Authorities

Chapter 385. County Treasurer

385.07 FUNDS, WHERE DEPOSITED OR INVESTED

* * *

b) In addition to the authority for deposit of county funds pursuant to paragraph (a), the county treasurer may deposit county funds in a designated depository in accordance with the following conditions:

- 1) The designated depository is authorized by the county treasurer to (i) arrange for the redeposit of the funds into deposit accounts in one or more banks, savings and loan associations, or credit unions that are located in the United States, and (ii) serve as custodian for the county with respect to the funds redeposited into such accounts.
- 2) The full amount of the redeposited county funds, plus accrued interest, if any, must be insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund. Any entity serving as sub-custodian for the designated depository shall have had at least five years of general custodial experience.

[A virtually identical amendment was enacted for:

school district money in section 123B.14, subdivision 3;
town money in section 366.91, subdivision 4; and
city money in section 427.06.]

PROTECT YOUR DEPOSITS WITH ICS

Using the Insured Cash Sweep®, or ICS®, service (ICS) is an easy way to protect your deposits over \$250,000. But how does it work? Learn this and more with these five frequently asked questions.

HOW DOES INSURED CASH SWEEP WORK?

If you want to protect deposits of more than \$250,000 (the standard FDIC insurance coverage amount), you can use ICS to access multi-million-dollar FDIC insurance. With ICS your funds are sent to other ICS Network member banks in amounts under \$250,000 and placed into demand deposit accounts using the ICS demand option and/or money market deposit accounts using the ICS savings option. You can enjoy unlimited withdrawals with the ICS demand option or up to six program withdrawals per month with ICS savings option.

WHY WOULD USING ICS BE BETTER THAN USING MULTIPLE BANKS?

Skip the running around and excess paperwork. With the ICS service, you only work directly with Merchants to take advantage of access to additional FDIC insurance coverage through the ICS Network of banks. Plus, you'll only have one statement to review.

WHO HAS CUSTODY OF MY FUNDS?

Funds placed through the Insured Cash Sweep service are deposited only in FDIC-insured banks. Merchants Bank acts as custodian for your ICS deposits.

HOW SAFE IS MY INFORMATION AND THE ICS SERVICE?

As always, Merchants Bank takes protecting your information seriously. Your confidential information remains protected. With ICS, you can enjoy the confidence of knowing that ICS funds are eligible for multi-million-dollar FDIC insurance that is backed by the full faith and credit of the United States government.

ARE THERE OTHER SERVICES SIMILAR TO ICS?

Merchants Bank also offers CDARS®, through the Certificate of Deposit Account Registry Service®. This service provides additional FDIC insurance protection on funds placed into certificates of deposits issued by CDARS Network banks – instead of demand deposit accounts and money market accounts. You can choose from a variety of terms to fit your needs.

Protect your large deposits and enjoy the convenience of working directly with just one bank to access multi-million-dollar FDIC insurance. Want to learn more about how you can benefit from Insured Cash Sweep? Contact a Customer Service Representative at your local Merchants Bank.

References:

*<http://www.insuredcashsweep.com/home/faqs/>

Member FDIC. Placement of funds through the ICS or CDARS service is subject to the terms, conditions, and disclosures in the service agreements, including the Deposit Placement Agreement ("DPA"). Limits apply and customer eligibility criteria may apply. In the ICS savings option, program withdrawals are limited to six per month. Although funds are placed at destination banks in amounts that do not exceed the FDIC standard maximum deposit insurance amount ("SMDIA"), a depositor's balances at the relationship institution that places the funds may exceed the SMDIA (e.g., before ICS or CDARS settlement for a deposit or after ICS or CDARS settlement for a withdrawal) or be ineligible for FDIC insurance (if the relationship institution is not a bank). As stated in the DPA, the depositor is responsible for making any necessary arrangements to protect such balances consistent with applicable law. If the depositor is subject to restrictions on placement of its funds, the depositor is responsible for determining whether its use of ICS or CDARS satisfies those restrictions. ICS, Insured Cash Sweep, CDARS, and Certificate of Deposit Account Registry Service are registered service marks of Promontory Interfinancial Network, LLC. 0517



FRAUD MANAGEMENT

Our Fraud Management system offers two tools, Positive Pay and ACH Blocks and Filters, to help protect your business accounts.

POSITIVE PAY

Businesses of all sizes, regardless of check volume, can benefit from Positive Pay, especially those who want the added assurance of knowing only approved checks will post to their account.

How does Positive Pay work?

Positive Pay helps you detect fraudulent checks that are presented on your account. Only checks that match a pre-approved list, which you provide to the bank, are automatically paid. All other checks presented for payment must receive authorization or may be rejected by you.

Benefits:

- Minimize the risk of fraudulent checks posting to your account
- Monitor and control payment of stale dated checks

ACH BLOCKS AND FILTERS

Our ACH Blocks and Filters services offer an affordable way to ensure your business checking account is not used for unauthorized ACH transactions.

How do ACH Blocks and Filters Work?

ACH Blocks allow you the ability to prohibit all ACH debits and/or credits from posting to your business account. ACH Filters give you the ability to set parameters that allow certain ACH debits and/or credits to post to your account, while at the same time, excluding other debits and/or credits.

Benefits:

- Save time, money and reduce the risk of fraud
- No more worry about having to manage unauthorized transactions that have posted to your company's checking account
- You control the list of permitted ACH transactions to your company's checking account

For more information, contact a Commercial Banker or Treasury Management Sales Officer. Discover the Merchants Bank difference.



Member FDIC 03/20

 (833) 694-2374  www.merchantsbank.com  To start the process, call or stop in.



VISA BUSINESS CREDIT CARD

A Merchants Bank business credit card or purchasing card gives you greater convenience in making purchases for your business.

In addition to the world-wide acceptance of Visa, your business credit card account is serviced locally, so all of your payments and questions can be handled by Merchants Bank employees you know and trust. You'll also enjoy these benefits:

- Enhanced record-keeping – You can have multiple cards for your staff to use for business travel and purchases, making individual expense reconciliation easy.
- Online account access and purchasing card program management - Through EZ Business Card Management, you can monitor card usage and balance information as well as open/close cards, set spending limits and restrictions, make payments and use the Expense Management tool.
- Monthly payment flexibility – Our Business card program allows you to pay the entire balance of your card account each month, or you can pay as little as 3% of your balance to match the cash flow needs of your business.
- Local Service – All of your questions are answered by local bankers you know and trust, and we provide quick issue of new cards.

SUMMARY OF VISA ACCOUNT TERMS:

Annual Percentage Rate (APR) for retail purchases and balance transfers	Prime plus 4% variable rate ^(1, 3)
Cash Advance Rate	Prime plus 7% variable rate ^(1, 3)
Penalty Rate	21.75% ⁽²⁾
Method of Computing Balance for Purchases	Average daily balance, including new purchases
Grace Period for Purchases	25 days
Minimum Finance Charge	None
Annual Membership Fee	VISA Business: \$25 per card VISA Business ScoreCard: \$45 per card, waived with annual retail purchases totaling \$20,000 or more per account.
Cash Advance Fee	\$3.00
Other Fees	Late Payment Fee: \$25 Over The Limit Fee: \$25. Fee will be assessed each month that you exceed the line of credit Returned Check Fee: \$30 Balance Transfer Fee: None Replacement Card Fee: \$10 if card is replaced more than once in any 12 month period Foreign Currency fee: 1% of the converted transaction amount

These Account Terms are true as of 05/01/17. Terms are subject to change after the date of printing. Should you have any questions regarding changes after printing date, please contact us at 1-800-944-6285.

(1) Based on U.S. Bank, N.A. prime rate.

(2) If your minimum monthly payment is not received and your account becomes past due (30 days late) 2 times within a 12-month period, all rates will be increased to the Penalty APR. All rate changes effective as of your last statement closing date.

(3) WHEN INTEREST RATES BEGIN TO ACCRUE. All cash advances are subject to a FINANCE CHARGE from the date of the cash advance. The annual percentage rate (APR) may vary on your account. The rate is determined by adding a margin to the U.S. Prime Rate. The annual percentage rate may vary monthly. Merchants Bank reserves the right to change the APRs in accordance with the Bank Credit Card Agreement and the laws of the State of Minnesota and the Federal Truth in Lending Act.

APPLICATION PROCESS

Each merchant must complete a Visa Business Card Application and include two years of financials with the application. After review, applicant will be contacted with a credit decision. Each merchant must agree to the terms Merchants Bank has set forth, by signing a Visa Business Credit Card Agreement.



Member FDIC Subject to approval. 11/20



(833) 694-2374 www.merchantsbank.com To start the process, call or stop in.



HEALTH SAVINGS ACCOUNT OPTIONS

Whatever your situation, our Health Savings Account (HSA) options are flexible to accommodate your needs, and the best part... there's never a monthly or annual administrative fee.

At Merchants Bank, we understand that some customers will access their HSA dollars for current health care expenses and may look to the convenience of an interest-bearing checking account to access those funds. Some will choose to include HSA funds as part of their overall retirement plan and save them for future health expenses, and may select a certificate of deposit as their preferred savings vehicle.

FREE HSA CHECKING ACCOUNT

- No minimum balance
- No monthly or annual fee
- Free Online and Mobile Banking
- A tiered interest rate structure rewards higher balances

Contributions Made Easy

- Employer or employee contributions accepted through payroll direct deposit
- Online transfer from another account through Merchants Online Banking
- Personal deposits accepted at any Merchants Bank location

Convenient Withdrawals With Your

- Free Merchants Bank Debit Card with My Mobile Money fraud app
- Free custom HSA checks
- Online transfer to another account or access to Bill Pay service through Merchants Online Banking

HSA CERTIFICATE OF DEPOSIT ACCOUNT*

- Available in terms of 12 months or longer
- Minimum opening deposit of just \$500
- One deposit is allowed each calendar year... perfect for those who make an annual HSA contribution
- One withdrawal up to 25% of the principal balance is allowed, without bank penalty, during the term of the CD... perfect for those who don't plan to use the funds but encounter an unexpected medical expense

OTHER IMPORTANT INFORMATION

- All contributions and distributions from your HSA will be reported by Merchants Bank to the IRS at the end of each tax year, free of charge.
- Can I have both an HSA Checking and an HSA CD at Merchants Bank? Absolutely, as long as the total annual contribution is within IRS guidelines. So, for example, a checking account may provide convenience for regular deposits and easy access to funds, and a certificate of deposit may provide a longer-term savings option.



Member FDIC. *If funds are withdrawn within 6 days of initial deposit, 7 days interest will be assessed as a penalty. Merchants Bank does not provide tax related services, nor do we provide tax advice. If you desire such planning, please contact a tax professional. 06/19

(800) 944-6285 www.merchantsbank.com To start the process, call or stop in.







PARTNERSHIP BANKING

Partnership Banking is a special checking package available only to the employees of our best business customers.

WHY OFFER PARTNERSHIP BANKING?

Our goal is to be a true financial partner in our business clients' success, and we know that it's the valuable employees, such as yourselves, who are the drivers behind that financial success. We want to say "Thank You" and we are truly honored to be a part of your success.

ALL MERCHANTS BANK PARTNERSHIP BANKING ACCOUNTS INCLUDE FREE:

 Mobile Banking¹  Online Banking with Bill Pay²  Chip Debit Card with Fraud App¹  eStatements

FEATURES AND BENEFITS:

To receive these benefits, a qualifying employee must be an owner on all accounts.

- **Membership Checking account bonuses³**
 - Payroll Direct Deposit required
 - No monthly service charge
 - Interest paid on the entire account balance
 - Fee Free Cash at more than 450 Merchants Bank and Kwik Trip and Kwik Star ATM locations
 - Free Merchants signature duplicate custom checks
 - Free Safe Deposit Box for the first year
 - Free Cashier's Checks and Money Orders
- **Membership Savings account bonuses**
 - \$10 bonus for opening a new Basic or Advantage Savings account (\$10 limit per customer)
 - \$5 bonus for opening a new Kid's Savers Club account (\$5 limit per child)
 - \$5 bonus for opening a new Summer FUNd or Winter FUNd account (\$10 limit per customer)
- **Borrow Wisely**
 - First year annual fee waived on a new Overdraft Line of Credit^{4,5}
 - 2,500 bonus points when activating a new Merchants Bank Visa ScoreCard Credit Card⁴
 - \$300 discount on closing costs on a new residential mortgage loan for new construction, purchasing a home or refinancing an existing mortgage⁴
 - First year annual fee waived on a new Home Equity Line of Credit of \$10,000 or more^{4,6}

¹Data and messaging rates may apply from your wireless carrier.

²\$0.40/payment after 20/month.

³A \$50 minimum deposit is required when opening any Merchants Bank checking account.

⁴Subject to credit approval.

⁵15.59% Annual Percentage Rate. Following the first year, there will be an annual fee of \$30.

⁶Subject to credit approval. As of March 16, 2020, the Annual Percentage Rate on a home equity line of credit with an 80% or less loan-to-value and a credit score greater than or equal to 700 was 4.00%. This special offer has fixed-rate pricing as low as 2.9% APR for the first six months, based on relationship reward discounts. Following that six-month period, the rate will become variable, subject to change, based on U.S. Bank, N.A., prime rate plus a margin that is determined based on the loan-to-value in your home and your credit score at the time of application. Current rates vary from 4.00% to 5.75% APR. Maximum possible APR is 18%. Minimum possible APR is 4.00%. An origination fee may apply, in addition, you are responsible for certain fees to third parties, such as appraisers, credit reporting firms and government agencies, which are generally from \$100-\$1,000. Following the first year, there will be an annual fee of \$25. Offer available on new home equity lines of \$10,000 or more only or on existing lines of credit with an increase of at least \$10,000. Consult your tax advisor regarding the deductibility of interest expense. Property insurance will be required. Limited time offer.



Member FDIC 03/20



 (800) 944-6285  www.merchantsbank.com  To open an account, call or stop in, or apply online.

