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**CITY OF OCALA**  
**CITY COUNCIL REPORT****Council Meeting Date: 09/14/21**

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Subject: ITN# FIN/200254 Turn-Key Banking Services contract through June 1, 2022

Submitted By: Emory Roberts

Department: Business &amp; Financial Services

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**STAFF RECOMMENDATION** (Motion Ready): Approve Agenda Item (ID # 16041) the short-term agreement through June 1, 2022 with Truist Financial Corporation f/k/a SunTrust Bank for banking services

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**OCALA'S RELEVANT STRATEGIC GOALS:** Fiscally Sustainable

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**PROOF OF PUBLICATION:** ITN released to the public: 4/23/2020

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**BACKGROUND:**

The City issued an Invitation to Negotiate (ITN)# FIN/200254 seeking proposals from qualified public depository (QPD) institutions for a turn-key and innovative, full-service banking services solution to award a 5-year contract.

On May 22, 2020, the City received proposals from the following banks:

<b>Proposer Name</b>	<b>Location</b>
<b>Sun Trust now Truist</b>	Atlanta, GA
<b>TD Bank, NA</b>	Jacksonville, FL
<b>JPMorgan Chase Bank, NA</b>	Orlando, FL
<b>First Federal Bank</b>	Ocala, FL

After considerable negotiations, Truist and TD Bank were selected as finalists. Truist was determined by the Finance Department to be best for the City. Truist (SunTrust) has satisfactorily provided banking services to the City for over 20 years. Truist was formed in December 2019 when Suntrust started a merger process with BB&T and the process is scheduled for completion in February 2022.

Truist is providing an earnings credit rate (ECR) of 30 basis points (.30%) on the minimum balance required to offset all fees. Additionally, for excess balances over the compensating balance, Truist proposed an initial interest rate of 10 basis points or (.10%). Please note the ECR and excess balance interest rate were reduced by Truist since their May 2020 initial proposal.

The current federal funds rate is 0.25 and is expected to remain there through 2022. If the federal funds target rate increases during the life of the contract, the City would request comparable increases to both the ECR and interest rate as applicable.

In order to maximize interest earnings, the City will plan to invest excess funds with our current investment trusts options, which provide higher returns and same-day liquidity for our funds.

The earnings rate and interest will generate an overall interest benefit to the City in the estimated amount

of \$5 thousand during the initial term to June 1, 2022 if rates stay the same for the entire period.

**FINDINGS AND CONCLUSIONS:**

The Finance Department recommends Truist as the awarded vendor. The Truist merger of SunTrust and BB&T is scheduled to be completed in February 2022. After significant contact discussion and negotiation, the City and Truist mutually agree a shorter term contract through June 1, 2022 is in our best interests. If after the merger, Truist is willing to provide competitive interest acceptable to the City, the City will consider entering into a further, four year contract.

The agreement and fee schedule, which includes the Treasury Management Master Agreement and the Treasury Management Terms and Conditions are attached.

**FISCAL IMPACT:**

Any fees for these banking services will be deducted from interest earnings based on a compensating balance calculation. The interest earnings will be greater than any fees during this period.

**PROCUREMENT REVIEW:**

The solicitation was reviewed for compliance with the City's procurement policies.

**LEGAL REVIEW:**

The contract has been reviewed and approved for form and legality by the City Attorney, Robert W. Batsel, Jr.

**ALTERNATIVE:**

Do not approve the contract, and re-bid the service.

**SUPPORT MATERIALS:**

FINAL\_TRUIST\_Banking\_Services\_Contract\_9-2-2021 (DOCX)

Exhibit B - Treasury Management Master Agreement (DOCX)

Exhibit C Contract Price List and Service Glossary (PDF)

Exhibit D - Treasury Management Terms and Conditions (PDF)

Finalists' Term Sheet (PDF)

ITN FIN 200254 Banking Services (PDF)