



City of Eustis

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TO: EUSTIS CITY COMMISSION

FROM: Thomas Carrino, City Manager

Date: July 18, 2024

RE: Resolution Number 24-47: Extending the cash management and banking services contract with TD Bank for an additional 5-year term through June 30, 2028

Introduction:

On July 2, 2015, the City entered into a contract with TD Bank to provide cash management and banking services. On October 21, 2021 the contract was extended for an additional two years through June 30, 2023. The City's current agreement with TD Bank is now expired. TD Bank has offered to extend the contract for an additional five years upon mutual consent of both parties. This would extend the agreement through June 30, 2028. The terms of the contract for services will remain the same as the original agreement.

Recommended Action:

Staff recommends approval of Resolution Number 24-47 extending the cash management and banking services contract with TD Bank for an additional five years through June 30, 2028.

Background:

On April 27, 2015, the City issued an RFP to determine optimum cash management and banking options. TD Bank was the most responsive and responsible bidder and was awarded the contract based upon the following criteria of the RFP: the bank must be a Qualified Public Depository (QOD), the cost of services, interest rate guaranteed on available balances, and responsiveness to the customer. The contract was renewed on October 21, 2021 for a two-year term ending June 30, 2023.

Since 2015, TD Bank has successfully fulfilled the commitments in its proposal and has exceeded the City's expectations in all material aspects. TD Bank maintains its status as a QPD and has maintained rates as presented in the 2015 proposal. In June 2023, with the assistance of Tryon Clear View Group, the City renegotiated the terms of the interest rate. Instead of earning an interest rate of 3.35% based on the compensating balance (non-interest-bearing funds required to offset the cost of monthly fees), the City now pays monthly fees and earns an interest rate of 3.65% on the entire balance. Since June 2023, the average interest received has increased in excess of \$47,000 per month while fees have remained the same.

Recently, the City purchased several CD's with TD Bank. These investments have laddered maturity dates, have interest rates varying from 5.03% to 5.24% and are very safe. The CD rates are comparable to US Treasury rates and funds are invested locally.

FS 280 addresses Security for Public Deposits. A QPD may not accept or retain any public deposits required to be secured unless it deposits with the Chief Financial Officer of the State of Florida eligible collateral. This protects the City under the State of Florida. Each year the City files a QPD Annual Report to the Chief Financial Officer. TD Bank remains in compliance with FS 280.

With regard to customer service, TD Bank has been extremely helpful and responsive and has provided exemplary service across the board. TD Bank also collaborated with the City to significantly increase account security and continues to implement more stringent security protocols.

Members of both the Government Banking team and local office have kept in contact and are accessible when needed and are proactive in notifying the City of any issues.

Alternatives:

- 1) Approve Resolution Number 24-47 and extend the contract with TD Bank for five more years.
- 2) Reject Resolution Number 24-47 and provide further direction to staff.

Discussion of Alternatives:

- 1) Alternative 1 extends the contract now in place with TD Bank for cash management and banking services through June 30, 2028.

Advantages:

- The City continues with the same rates offered in 2015;
- City benefits from valuable continuity with a quality, proven, and trusted banking institution;
- The City will continue to benefit from increased interest earnings as a result of the newly implemented interest rate structure;
- The City will continue to benefit from exceptional customer service and a banking partner that is committed to security of the City's assets. TD Bank has proven to be proactive in notifying the City of any unusual transactions;
- The City will not experience a disruption in the day-to-day operations of the City's finance and banking functions;
- The cost and personnel efforts associated with changing banks can cause potential disruptions keeping two accounts going for Operations;
- The contract with TD Bank has lapsed. TD Bank is willing to continue with 2015 pricing;
- Staying with TD Bank keeps funds at a local bank.

Disadvantages:

- None

2) Alternative 2 does not extend the contract now in place with TD Bank.

Advantages:

- The City may receive lower banking fees however, that is unlikely given that the rates being offered are the same as in the original 2015 agreement.

Disadvantages:

- The contract with TD Bank has lapsed and, at some point, the TD Bank may no longer offer the existing favorable terms, programs, and security measures it currently offers;
- The City may receive less favorable banking fee terms should we go out to bid;
- Interest rates may come in lower thereby decreasing interest revenue;
- A new bank may not offer the same interest rate program;
- Funds may not be kept locally at a new bank.

Budget Impact:

There is no budget impact that would result from this action.

Prepared by:

Lori Carr, Finance Director