

ATTACHMENT "A"



City of Sunny Isles Beach
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Norman S. Edelcup, Mayor
Isaac Aelion, Vice Mayor
Jeanette Gatto, Commissioner
Jennifer Levin, Commissioner
George "Bud" Scholl, Commissioner

Christopher J. Russo, City Manager
Hans Ottinot, City Attorney
Jane A. Hines, MMC, City Clerk

MEMORANDUM

TO: Mayor Norman J. Edelcup
City Commission

FROM: Christopher J. Russo, City Manager

DATE: June 4, 2014

RE: **Banking Services RFP Fact Finding Review**

After reviewing the bank proposals from Citibank, TD Bank and SunTrust Bank, we believe the information review supports the selection of TD Bank for banking services. Both Citibank and TD Bank were in close consideration during our review process. SunTrust was not considered a viable option due to higher compensating balances, higher bank fees and a lower interest earnings rate on excess balances. Please see the comparison analysis for each financial institution's fees and rates.

The recommendation to select TD Bank over Citibank is based upon the following:

1. Per the comparison analysis, TD Bank's fees are approximately 36% lower than Citibank. As a result, TD Bank's compensating balance requirement to offset bank fees is also lower than Citibank - \$2.5 million versus \$3.5 million. The primary reason Citibank's fees are higher than TD Bank appears to be the passthrough of the FDIC insurance costs to the City as deposit assessment fees at \$0.1083 per \$1,000 of compensating balance required. TD and SunTrust do not specifically label those fees as separate line items, although they may also be passing them through in some form in their reduced earnings credit interest rates and/or lower interest rates on excess balances. Research indicates rates for FDIC insurance may vary from institution to institution, and the FDIC does not prohibit banks from passing those fees on to their customers. However, the FDIC has stated they do not wish for banks to show those fees as separate line item costs to customers – they prefer to have the fees hidden in lower interest rates or higher fees of other types.
2. While Citibank offers a higher interest rate on excess balances, 0.25% versus 0.20% offered by TD Bank, this is only beneficial to the City if it keeps the majority

of its excess balances (above balances required to pay fees under the earnings credit arrangements being offered) in a Citibank money market account. The breakeven point in which both banks produce the same net interest earnings (gross interest earnings less bank fees) is at \$8.5 million. Finance staff have been investigating other investment vehicles which have the potential to earn more than 0.25%. This would include a mix of certificates of deposit with short terms (i.e. one year or less), bonds, money market-type funds and additional treasuries in accordance with the City's investment policy. It is the intention of the Finance staff to significantly reduce funds remaining on deposit with our banking institution to enable the City to obtain a higher earnings yield than was offered by any of the institutions responding to the RFP.

3. TD Bank has a local presence in South Florida which includes a local branch in Sunny Isles Beach and a local relationship manager. Citibank does not have a local presence (New York based), the relationship manager we believe we will be dealing with is located in Philadelphia, PA, and the closest branch is in Aventura, FL. Based upon this local presence, we believe the City will have an opportunity to partner with TD Bank in order to create a relationship better suited to its needs.
4. TD Bank has several local municipalities as clients which shows they have experience in understanding our City's operations and its complexities. Citibank was not able to provide any local municipalities as references and based upon conversations with colleagues, they do not have a significant client base of municipal governments.
5. TD Bank has several clients that are using Edmunds MCSJ, the new ERP financial software that the City will be implementing October 1, 2014. They have worked with the software since 1994 and have created standard TD Bank file specifications for exporting to the financial system.
6. When comparing the financial strength of the two institutions, both are very large national institutions with strong financial positions. However, historically, it appears TD operates at a more conservative level. Citibank required a large bailout in 2008 from the federal government.

Please let us know if you have any questions.

Services Requested		CitiBank		TD Bank		SunTrust	
Fees are waived (Day's)		90		90			
Proximity to Government Center (miles)		1.5		0.2		3.0	
Average Balance to Offset Fees			\$3,500,000.00		\$2,530,000.00		\$3,940,328.06
ECR Rate			0.50%		0.45%		0.50%
Excess Balance NOW & MM Rate			0.25%		0.20%		0.15%
Fees are waived (Day's)			90		90		
Proximity to Government Center (miles)			1.5		0.2		3.0
FDIC Charges			NO FDIC Insurance No 10% Reserve Requirement Deposit Assessment Fee \$0.1083 per \$1000		TD Bank will NOT charge the City of SIB any FDIC Charges providing the city an additional cost savings		
		Unit Price		Unit Price		Unit Price	
FDIC Insurance Charge	\$ 37,870,000.00	\$0.1083	\$379.05				
General Banking Services							
Deposits and Other Credits	86	\$0.10	\$8.60	\$0.41	\$35.26	\$0.80	\$68.80
Items deposited - BB&T	81	\$0.10	\$8.10	\$0.06	\$4.86	\$0.12	\$9.72
Items deposited In State	577	\$0.10	\$57.70	\$0.06	\$34.62	\$0.12	\$69.24
Items Deposited - Other	275	\$0.10	\$27.50	\$0.06	\$16.50	\$0.12	\$33.00
Checks Paid and Other Debits	357	\$0.10	\$35.70	\$0.10	\$35.70	\$0.19	\$67.83
Branch Check Image Access	1	-	-	\$0.00	-	-	-
Coin and Currency Deposited	36528	\$0.15	\$54.79	\$0.00	-	\$0.002	\$73.06
Deposit Corrections	0	-	-	\$0.00	-	\$6.00	-
Night Depository Services	50	-	-	\$0.00	-	\$2.00	\$100.00
Easy Image Statement	1	-	-	\$0.00	-	-	-
Returned Deposit/Cash Item	3	\$10.00	\$30.00	\$5.50	\$16.50	\$10.00	\$30.00
	Total		\$222.39		\$143.44		\$451.65
Wire Transfer Services							
CMOL Outgoing Repetitive Wires	14	\$7.00	\$98.00	\$6.60	\$92.40	\$9.00	\$126.00
CMOL Outgoing Non-Repetitive Wires	0	\$7.00	-	\$6.60	-	\$10.00	-
Incoming Wires	1	\$7.00	\$7.00	\$7.15	\$7.15	\$13.00	\$13.00
	Total		\$105.00		\$99.55		\$139.00
ACH Services							
ACH Received Credit	82	\$0.10	\$8.20	\$0.12	\$9.84	\$0.25	\$20.50
ACH Received Debit	21	\$0.10	\$2.10	\$0.12	\$2.52	\$0.19	\$3.99
ACH Monthly Maintenance	1	\$35.00	\$35.00	\$27.50	\$27.50	\$45.00	\$45.00
Total ACH Originated Items	Citi - 585 TD - 2 Suntrust - 615	\$0.10	\$58.50	\$0.09	\$0.18	\$0.14	\$86.10
ACH Acct Block Filter Service	1	\$10.00	\$10.00	\$2.75	\$2.75	\$30.00	\$30.00
ACH Acct Block Reports	1	-	-	\$11.00	\$11.00	\$3.00	\$3.00
CMOL ACH File	Citi Proposing 10	\$5.00	\$50.00	\$8.80	\$88.00	\$35.00	\$350.00
	Total		\$163.80		\$141.79		\$538.59
Reconciliation Services							
CD -Rom Maintenance	1	-	-	\$19.25	\$19.25	\$30.00	\$30.00
CD-Rom Items	304	\$0.05	\$15.20	\$0.03	\$9.12	\$0.06	\$18.24
CD-Rom Disk	1	\$30.00	\$30.00	\$2.75	\$2.75	-	-
CD-Rom Multiple Acct Fee	2	-	-	\$0.00	\$0.00	-	-
	Total		\$45.20		\$31.12		\$48.24
Information Services (Cash Manager Online)							
CMOL CD Acct Maintenance	1	\$0.00	\$0.00	\$0.00	\$0.00	\$20.00	\$20.00
CMOL Business Banking	4	-	-	\$6.60	\$26.40	\$12.00	\$48.00
CMOL CD Acct Maintenance	1	-	-	\$0.00	\$0.00	\$15.00	\$15.00
CMOL - CD Loaded Items	84	-	-	\$0.00	\$0.00	\$0.12	\$10.08
CMOL Business Banking	1	\$80.00	\$80.00	\$49.50	\$49.50	\$12.00	\$12.00
CMOL BusBank - PD Loaded Items (Fee for AP acct)	88	-	-	\$0.00	\$0.00	\$0.10	\$8.80
CMOL BusBank - PD Loaded Items (No fee for Op/Payroll/Merch acct)	527	-	-	\$0.00	\$0.00	\$0.10	\$52.70
CMOL BusBank - Image Retrieved (Fee for Operating acct)	3	-	-	\$0.00	\$0.00	\$0.50	\$1.50

Services Requested		CitiBank		TD Bank		SunTrust	
CMOL BusBank - Image Retrieved (No fee for AP/Payroll/Merch acct)	8	-	-	\$0.00	\$0.00	\$0.50	\$4.00
CMOL BusBank - Stop Pay 6 mth	2	-	-	\$13.75	\$27.50	\$15.00	\$30.00
Total			\$80.00		\$103.40		\$202.08
Cash Management Services							
ZBA + Master	1	\$25.00	\$25.00	\$40.00	\$40.00	\$50.00	\$50.00
ZBA + Sub	2	\$10.00	\$20.00	\$25.00	\$50.00	\$17.00	\$34.00
ZBA + Reporting	3		-	\$0.00	-	-	-
Total			\$45.00		\$90.00		\$84.00
International Services							
Checks Drawn on Canadian Banks	1	\$10.00	\$10.00	\$0.06	\$0.06	\$4.00	\$4.00
Total			\$10.00		\$0.06		\$4.00
Other (newly added services)							
Positive Pay Maintenance		\$120.00	\$120.00	\$30.25	\$30.25		\$278.00
Remote Deposit Capture		\$60.00	\$60.00	\$52.25	\$52.25		\$163.50
Armored Car Service			N/A	-	N/A		N/A
Total			\$180.00		\$82.50		\$441.50
List any Additional Fees not referenced above							
Account Maintenance	Citi Proposing 5 Accounts TD Proposing 4 Account Suntrust Proposing 4 Accounts	\$5.00	\$25.00	\$9.35	\$37.40	\$20.00	\$80.00
Positive Pay File Transmissions	TD Proposing 2	-	-	\$8.25	\$16.50	-	-
Positive Pay (per Item)	357	\$0.10	\$35.70	\$0.04	\$14.28	\$0.03	\$10.71
Check Scanner	Citi Free TD Bank 27.50 per Month Suntrust (9 Options to Buy or Rent \$380 - 955)	Free	Free	\$27.50	\$27.50	Many Options	Many Options
Digital Express Checks Deposited	Citi Fee - Free (\$60.00 per month Maintenance) TD \$0.03 per item at 933 Suntrust \$0.10 per item at \$615	\$0.00	\$0.00	\$0.03	\$27.99	\$0.10	\$61.50
Online Transactions over 500	591	\$0.00	0	\$0.06	\$5.46	\$0.10	\$9.10
Online Additional SecureID Tokens	3	-	-	\$3.30	\$9.90	-	-
Online First 2 SecureID Tokens	TD - \$1.65 for first 2 Suntrust - \$60.00 per month	-	-	\$1.65	\$3.30	\$60.00	\$60.00
ACH Reversal	Per Transaction	\$20.00	-	\$8.25	-	\$5.00	-
ACH Item Deletion	Per Transaction	\$25.00	-	-	-	\$40.00	-
Deposit Tickets	Citi Proposing 56 TD Free Suntrust Free	\$0.35	\$19.60	\$0.00	-	\$0.00	-
File Transmission (ACH Direct)	Per File	\$25.50	\$0.00	\$0.00	\$0.00	-	-
ACH Fraud Control	Suntrust Proposing 4 Accounts	-	-	-	-	\$30.00	\$120.00
Delete or Reverse ACH Batch	Citi Only	\$35.00	-	-	-	-	-
ACH Filter	Citi Only	\$3.50	-	-	-	-	-
Stop Payment Request Online		\$15.00	-	N/A	-	\$15.00	-
Total for Transactions		\$546.56	\$80.30	\$374.79	\$142.33	\$511.54	\$341.31
Total Per Month			\$1,310.74		\$834.19		\$2,250.37
2			\$15,728.88		\$10,010.28		\$27,004.39

Services Requested		CitiBank	TD Bank	SunTrust
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BALANCE SCENARIOS

Scenario 1 - All funds kept in bank

Total Balance in bank	\$ 37,870,000.00	CitiBank	TD Bank	SunTrust
Average Balance to Offset Fees		\$3,500,000.00	\$2,530,000.00	\$3,940,328.06
Actual Balance Required		\$3,145,775.00	\$2,224,506.00	\$5,400,878.00
ECR Rate		0.50%	0.45%	0.50%
Excess Balance NOW & MM Rate		0.25%	0.20%	0.15%
Excess Balance NOW & MM Accts		\$34,370,000.00	\$35,340,000.00	\$33,929,671.94
Annual ECR Interest to pay fees		\$15,728.88	\$10,010.28	\$27,004.39
Annual Interest Earnings		\$85,925.00	\$70,680.00	\$50,894.51
Net Annual Interest Earnings		\$85,925.00	\$70,680.00	\$50,894.51

Net Annual Interest Earnings - Citibank over TD Bank

\$15,245.00

Effective Interest Rate

0.040%

Scenario 2 - Breakeven at \$8.5 million kept in bank

Total Balance in bank	\$ 8,465,300.00	CitiBank	TD Bank	SunTrust
Average Balance to Offset Fees		\$3,500,000.00	\$2,530,000.00	\$3,940,328.06
Actual Balance Required		\$3,145,775.00	\$2,345,094.00	\$5,390,798.00
ECR Rate		0.50%	0.45%	0.50%
Excess Balance NOW & MM Rate		0.25%	0.20%	0.15%
Excess Balance NOW & MM Accts		\$4,965,300.00	\$5,935,300.00	\$4,524,971.94
Annual ECR Interest to pay fees		\$15,728.88	\$10,552.92	\$26,953.99
Annual Interest Earnings		\$12,413.25	\$11,870.60	\$6,787.46
Net Annual Interest Earnings		\$12,413.25	\$12,413.24	\$6,737.06

Net Annual Interest Earnings - Citibank over TD Bank

\$0.00

Effective Interest Rate

0.000%

Scenario 3 - \$20 million kept in bank

Total Balance in bank	\$ 20,000,000.00	CitiBank	TD Bank	SunTrust
Average Balance to Offset Fees		\$3,500,000.00	\$2,530,000.00	\$3,940,328.06
Actual Balance Required		\$3,145,775.00	\$2,345,094.00	\$5,390,798.00
ECR Rate		0.50%	0.45%	0.50%
Excess Balance NOW & MM Rate		0.25%	0.20%	0.15%
Excess Balance NOW & MM Accts		\$16,500,000.00	\$17,470,000.00	\$16,059,671.94
Annual ECR Interest to pay fees		\$15,728.88	\$10,552.92	\$26,953.99
Annual Interest Earnings		\$41,250.00	\$34,940.00	\$24,089.51
Net Annual Interest Earnings		\$41,250.00	\$35,482.64	\$24,039.11

Net Annual Interest Earnings - Citibank over TD Bank

\$5,767.35

Effective Interest Rate

0.029%