

RESOLUTION NO. R-16-51

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AMENDMENT TO EXHIBIT A OF THE DEPOSITORY AND BANKING SERVICES AGREEMENT BETWEEN THE CITY OF GLADSTONE, MISSOURI AND COMMERCE BANK.

WHEREAS; the City and Commerce Bank have reviewed the services provided and the fees charged for services as set forth in Exhibit A of the Agreement and determined that it is necessary to update the services and fees stated in Exhibit A to reflect changes in services offered by Commerce and utilized by the City.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, AS FOLLOWS:

THAT, the City Manager of the City of Gladstone, Missouri is hereby authorized to negotiate and execute an amendment to Exhibit A of the Depository and Banking Services Agreement between the City of Gladstone and Commerce Bank.

INTRODUCED, READ, PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, THIS 22ND DAY OF AUGUST, 2016.

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Jean B. Moore, Mayor

Attest:



Ruth Bocchino, City Clerk



August 15, 2016

TO: Scott Wingerson – City Manager
FROM: Debra Daily, Director of Finance
RE: Commerce Banking Agreement Amendment

The City of Gladstone bid out banking services through an extensive bidding process in 2006. At that time the City hired consultants to provide technical banking expertise, RFP development, and to facilitate the bidding process. The Government Finance Officers Association's recommended practices relating to banking services do not recommend any specific contract term. Finance Administration recommended an initial five year contract term with the option to renew for one or more one year terms thereafter. This renewal period provided the flexibility and continuity required and is consistent with general area practices. Reviews of all current banking services and available new technologies that could be utilized by the City, are conducted annually.

During the last ten years, the evolution of technology and electronic transfer of funds has grown exponentially. In conjunction with this growth, the need for enhanced security and safety of banking transactions also increased. During the downturn in the economy and subsequent low interest rates, banks were required to implement increased fees and charges to fund technological advancements and security enhancements. As a result, during the most recent annual review, Commerce requested modest fee increases that reflect current market conditions on those fees and charges included in the original agreement.

Since the initial banking agreement, many additional services, such as purchase card and lockbox services, have been added by the City. These additional services added in the years following the original agreement, are subject to annual market rate increases. Commerce therefore agreed to incorporate all added fees and charges outside the original agreement into a banking agreement amendment that would lock all listed fees and charges for an additional three year term. All other original banking agreement terms would remain in place and unchanged. Adoption of the amendment would result in an estimated \$4,400 increase or \$39,800 annually over current costs of \$35,400 for fees and charges.

City Attorney, Chris Williams, developed the attached banking agreement amendment that includes all fees and charges for your reference. City staff recommends that the Council approve a resolution to authorize the City Manager to negotiate and execute the proposed banking agreement amendment. Commerce has consistently provided safe and effective banking services to the City and the City looks forward to our continued partnership.

FIRST AMENDMENT TO
DEPOSITORY AND BANKING SERVICES AGREEMENT

This First Amendment to the Depository and Banking Services Agreement (“First Amendment”) is entered into and made effective on this ____ day or _____, 2016 (the “Effective Date”) by and between the City of Gladstone, Missouri, a municipal corporation (the “City”) and Commerce Bank, a Missouri bank and trust company with a branch office in Gladstone, Missouri (“Commerce”), as authorized by Resolution No. R-16-___ approved by the Council of the City of Gladstone on _____, 2016.

WHEREAS, the City and Commerce previously entered into a Depository and Banking Services Agreement (the “Agreement”) commencing on September 1, 2006 with an initial term for a period of five (5) years comprised of five (5) one-year terms and an option for the City to renew the Agreement annually after the expiration of the initial five (5) year agreement period unless the Agreement is terminated by either party as provided therein; and

WHEREAS, the Agreement is currently scheduled to renew for an additional one (1) year period on September 1, 2016; and

WHEREAS, the City and Commerce have reviewed the services provided and the fees charged for services as set forth in Exhibit A of the Agreement and determined that it is necessary to update the services and fees stated in Exhibit A to reflect changes in services offered by Commerce and utilized by the City; and

WHEREAS, Commerce has provided the City with an updated list of services to be provided and pricing proposal for a three (3) year period and the City desires to accept the proposal and enter into this First Amendment to reflect the mutual agreement of the parties.

NOW, THEREFORE, in consideration of their mutual promises, obligations and covenants, the parties hereto agree to amend the Agreement as follows:

1. Effective September 1, 2016, the term of the Agreement shall be extended for a period of three (3) years, comprised of three (3) one-year terms which shall automatically renew each year on September 1. Thereafter, as provided in this paragraph, the City shall have the option to renew the Agreement as amended by this First Amendment annually unless the Agreement as amended by this First Amendment is terminated by either party upon ninety (90) days’ written notice prior to the end of any twelve (12) month term, or as otherwise provided in the Agreement as amended by this First Amendment.

2. The “Cash Management Services Pricing” statement referenced in Section 4.d. of the Agreement and attached thereto as Exhibit A is replaced in its entirety by the “2016 Pricing Proposal” attached hereto as Exhibit A and incorporated herein by reference which shall hereafter be designated as Exhibit A to the Agreement.

3. Except as expressly amended and modified herein, all other provisions of the Agreement shall remain unmodified and shall be in full force and effect.

WHEREFORE, the parties hereto have caused this First Amendment to be executed by their officials duly authorized on the date and year first written above.

CITY OF GLADSTONE, MISSOURI

COMMERCE BANK

By: _____
Scott Wingerson, City Manager

By: _____
_____, President

ATTEST:

ATTEST:

Ruth Bocchino, City Clerk

By: _____

Exhibit A
2016 Pricing Proposal
[see attached]



The City of Gladstone Missouri
2016 Pricing Proposal

Service Code	Service Descriptions	Frequency	3 Year Option Price
GENERAL ACCOUNT SERVICES			
21	Account Maintenance	Per Account/Monthly	\$23.00
35	Supervision & Assessment	Average Monthly Ledger Balance	7 bps
1111	Checks/Debits Posted	Per Item	\$0.15
1113	Deposits/Credits Posted	Per Item	\$0.70
DEPOSITORY SERVICES			
2121	Checks Deposited	Per Item	\$0.12
2127	Lockbox Checks Deposited	Per Item	\$0.10
2301	Return Deposited Items	Per Item	\$5.00
2303	Return Item Maintenance	Per Account/Monthly	\$14.00
2309	Re-cleared Checks	Per Item	\$7.50
2501	Cash Deposits	Per Dollar	\$0.0017
2502	Vault Deposits	Per Item	\$1.00
LOCKBOX SERVICES			
3504	Retail Lockbox Maintenance	Per Month	\$165.00
3530	Retail Lockbox Volume (high speed)	Per Item	\$0.21
3531	Retail Lockbox Volume (low speed)*	Per Item	\$0.31
3611	RLB Photocopy	Per Item	\$0.10
3614	RLB Postage & Handling	Cost	Cost
3618	RLB Postal Rejects	Per Item	\$1.25
3651	RLB Image Access	Per Item	\$0.03
3653	RLB Data Communication	Per Character	\$0.007
3655	RLB Data Communication Maintenance	Per Month	\$100.00
3658	RLB Unprocessable Item	Per Item	\$0.20
3661	RLB CD ROM Production	Per CD ROM	\$25.00
3666	RLB Exception Pay Multi	Per Item	\$0.25
3667	RLB Exception Payment	Per Item	\$0.25
3668	RLB Hand Key Payments	Per Item	\$0.02
3688	RLB Remit Capture 200 DPI	Per Item	\$0.09
FUNDS TRANSFER SERVICES			
5009	ACH Returns	Per Item	\$6.50
5023	ACH Transmission	Per File	\$13.00
5035	ACH Monthly Maintenance	Per Month	\$20.00
5036	ACH Items Originated	Per Item	\$0.10
5037	Account Transfer-Commerce Connections	Per Item	\$1.75
5042	ACH Debits Received	Per Item	\$0.18
5044	ACH Credits Received	Per Item	\$0.40
5065	ACH Files Originated-Commerce Connection	Per Item	\$10.00
5067	ACH Items Originated-Commerce Connection	Per Item	\$0.15
5101	EPA-ACH Filter Service	Per Account/Monthly	\$25.00
5213	Commerce Connections Wire Out	Per Item	\$10.00
5503	EDI Data/Research CCS	Per Item	\$10.00
RECONCILIATION SERVICES			
6011	Premium Positive Pay per Item	Per Item	\$0.09
6012	Premium Positive Pay Maintenance	Per Account/Monthly	\$80.00
6101	CD ROM Production	Per CD ROM	\$25.00
6103	Imaged Items	Per Item	\$0.06
6104	Image Maintenance	Per Account/Monthly	\$15.00
INFORMATION REPORTING SERVICES			
7065	Commerce Connections Current Day Report	Per Account/Monthly	\$20.00
7067	Commerce Connections Base Charge	Per Month/Up to 3 Accounts	\$32.00
7069	Commerce Connections Transaction Detail	Per Item	\$0.03
7073	Commerce Connections Wire Transfer Modul	Per Month	\$12.00
7081	Commerce Connections Online Bank Stateme	Per Account/Monthly	\$3.00
7092	Commerce Connections Investment Account	Per Account/Monthly	\$0.00

*Currently about 25% of checks received in the lockbox are processed on our low speed scanners (check only payments)

Additional fees will apply for additional services requested