

RESOLUTION 23-88

**A RESOLUTION TO ENGAGE PINNACLE BANK FOR
MUNICIPAL BANKING SERVICES**

WHEREAS, the City of Spring Hill has used First Farmers and Merchants Bank for municipal banking services; and

WHEREAS, the City of Spring Hill advertised and received proposals for banking services; and

WHEREAS, the Budget and Finance Advisory Committee held interviews with each responding bank; and

WHEREAS, the Budget and Finance Committee and Staff favorably recommend switching to Pinnacle Financial Partners for Municipal Banking Services, effective July 1, 2023.

NOW THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Spring Hill, hereby approves Pinnacle Financial Partners for municipal banking services for a term of four (4) years, beginning July 1, 2023.

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to sign any and all documents relating to this award and are attached hereto.

Passed and adopted this 15th day of May, 2023.



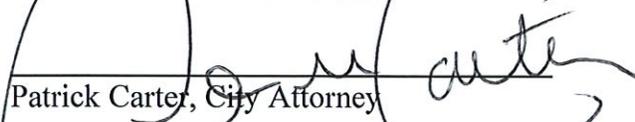
Jim Hagaman, Mayor

ATTEST:

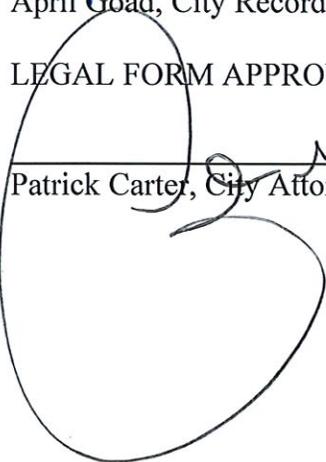


April Goad, City Recorder

LEGAL FORM APPROVED.



Patrick Carter, City Attorney



May 15, 2023

Memo to: BOMA

From: Debra A. Dutcher and Joseph Lascala

RE: Bank RFPs

This year we published an RFP for banking services for the City of Spring Hill. We received proposals from First Farmers, 5/3rd Bank, First Horizons, Pinnacle Financial Partners, Regions Bank, and First Bank. Each of the 6 banks were invited to BFAC meeting on 4/11/23 to discuss their services and to answer any questions regarding their presentation.

After discussion BFAC narrowed down their choices to 5/3rd Bank and Pinnacle and asked the finance department to gather additional information from those two banks and present a recommendation to BFAC.

Pinnacle Financial Partners met with the Finance Director and Accounting Manager at City Hall 4/18/23 and we had a Teams meeting on 4/27/23 with 5/3rd Bank.

Both banks are members of the TN Collateral Pool as required by the Comptroller's office, they all have positive pay and dual authorization and tokens for online banking activities to protect against fraud. Both have night depositories, direct deposit, online banking, and remote deposit scanners. Pinnacle has offered two scanners free of charge.

5/3rd has suggested a hybrid fee structure, while Pinnacle suggests the City would earn more by choosing a fee based structure. 5/3rd pays interest at Fed minus 50 basis points on balances after the compensating balances have offset their fees. Pinnacle Financial Partners pays Fed minus 15 basis points on all deposits and charges only for the services we use. Pinnacle is willing to do a hybrid approach with a 35-basis point earning credit if that is the direction we would like to take, but they feel the City will earn more money if all our funds were earning interest rather than having compensating balances offsetting the fees for the services we use.

While both banks were qualified, the Accounting Manager and I both agreed that Pinnacle would be the best choice for the City of Spring Hill. We particularly liked the idea that the credit card processing, lockbox services, and Pcards were all owned and operated by Pinnacle Financial Services rather than being a partnership with third party vendors. They've also offered to work with Tyler, Energov, Authorize.net, to help us develop a better system for our bank reconciliations through use of their technology platform.

While Pinnacle Financial Partners do not currently have an office in Spring Hill, they will be providing a courier service to pick up our deposits each day which will save our employees the time, mileage, and wear and tear on their vehicles driving to and from the bank. We feel the added value of having a courier service will be a definite benefit to the City of Spring Hill.

Pinnacle's interest rate paid on deposited funds were 35-basis points higher than 5/3rd plus Pinnacle has a reputation for low employee turnover which means a more consistent banking relationship with seasoned employees.

While their Pcard rebate is paying slightly less than our current provider, 1% vs 1.5%, their system allows employees to have a login to view their purchases and credit limits, which will free up time since the accounting staff will not have to look up this information for each card holder.

I also contacted Kristine Brock, Assistant City Administrator Finance & Administration/CFO for the City of Franklin who has been using Pinnacle Financial Services since 2004 and they are very satisfied with the services they provide. As required by the Comptroller's Office, Franklin goes out to bid for banking services every 4 years and year after year they have decided to partner with Pinnacle Financial Services.

Please let me know if you have any questions.