CITY OF JOPLIN
COUNCIL AGENDA ITEM

ITEM
Council Bill 2026-508 – Approving an Agreement with Commerce Bank to provide banking and depository services for the City of Joplin

MEETING DATE
March 16, 2026

ORIGINATING DEPT
Finance

ATTACHMENTS
CB 2026-508 Ordinance; Exhibit "A" Agreement for Depository Services; Attachment "B" Commerce Bank Bid Response and Additional Response; Attachment "D" Depository Security Agreement; City of Joplin Original RFP

REVIEWED BY
Department Head: Leslie Haase; City Attorney: Peter Edwards; City Manager: Nick Edwards

SUMMARY
This Council Bill approves an agreement with Commerce Bank to provide banking and depository services for the City of Joplin commencing July 1, 2026 for a period of four years, with the option of an additional year upon mutual agreement of both parties.

BACKGROUND
The Home Rule Charter appoints the Director of Finance to serve as city treasurer. As treasurer, the Finance Director is directed to deposit the City's funds in depositories as established by resolution of the City Council. The City Code sets forth certain requirements for banking institutions to be considered for the selection of the City's banking and depository services including 1) the creditworthiness of the institution, and 2) the ability to provide pledged collateral at the rate of 106% of the market value of principal and accrued interest of all City funds deposited in excess of applicable FDIC insurance. The pledged collateral is required to be in compliance with the City's investment policy as approved by the City Council.

The City's current banking and depository services are with Commerce Bank. This contract expires on June 30, 2026. Request for Proposals were mailed to all financial institutions located within the city limits of Joplin on January 8, 2026. On February 12, 2026, the City received written proposals in response to this request from Commerce Bank, Arvest Bank, Guaranty Bank, and Oak Star Bank.

After reviewing the responses, two bidders are unable to comply with the City of Joplin's collateralization policy. Two bids, Commerce Bank and Arvest Bank, were evaluated. The evaluation included a review of the Fed Fund Rate as well as the US Federal Reserve Bank's Interest on Reserve Balances (IORB) from a historical perspective and future outlook. Additionally, the bids were evaluated based on the current average daily balance of the general account, as well as on a lower balance as the City will likely invest idle funds over the coming years.

As a part of the RFP, the City requested a bid for interest to be paid on the City's temporary idle funds. Commerce Bank bid an Earnings Credit of .40% that can be used to offset an amount equal to the monthly service charge assessed, but doesn't pay any funds above that. Additionally, interest will be paid on any balances above the amount required to offset the monthly service charge. The interest rate quoted on these balances by Commerce Bank is a variable rate based on the IORB minus 1.45%, which is currently 2.20%. This is a higher rate than what is currently earned on the City's idle funds.

Arvest Bank also bid an Earnings Credit of .50% that can be used to offset an amount equal to the monthly service charge assessed, but doesn't pay any funds above that. Additionally, interest will be paid on any balances of up to $50,000,000.00, above the amount required to offset the monthly service charge. The interest rate quoted on these balances by Arvest Bank is a variable rate based on the Fed Funds rate minus 100 basis points, which is currently 2.50%. This bid offered to invest any funds above $50,000,000.00 in a bond ladder with unknown interest rates.

Each bid response was evaluated based on the best overall net benefit for the City utilizing the proposed service charges and interest earned. While the Arvest Bid offers a slightly higher rate on idle funds, there is a cap on the balance of the idle funds. As a result, the Commerce Bank will result in higher interest earnings overall for the City. Furthermore, when the City invests idle funds as set forth in the investment policy, such as in a bond ladder, the City is required to issue a competitive bid for those funds.

Based on the detailed analysis, it is recommended that Commerce Bank be awarded the bid for banking and depository services for a four-year period commencing July 1, 2026 with the option to extend the agreement for an additional year upon the mutual consent of both parties. Commerce Bank provided the best overall net benefit for these services.

FUNDING SOURCE
Not applicable for this item.

RECOMMENDATION
Staff recommends approval of this council bill on first reading.