

AGENDA ITEM 9-G
CONSENT ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 17, 2008

**RE: AUTHORIZATION TO AWARD CONTRACT FOR BANKING SERVICES
AND LINE OF CREDIT**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to enter into a contract for banking services with SunTrust Bank for a period of three years, with an option to extend for up to two additional years. The contract includes a provision for a \$1 million line of credit. The total contract value for banking services will not exceed \$60,000 over the five year period.

BACKGROUND:

On June 30, 2008, VRE issued a solicitation for banking services for VRE and PRTC, and proposals were due on July 31, 2008. Five proposals were received and a selection committee composed of staff from VRE and PRTC recommended the selection of SunTrust Bank. SunTrust is the current provider of banking services to both organizations.

The contract with SunTrust Bank will be for a period of three years, with an option to extend for up to two additional years. The solicitation also requested information on the bank's purchasing card program, as an optional service that VRE may choose to implement in the future.

The line of credit is not used unless absolutely necessary. Along with VRE's own operating reserve, these funds can be used to act as a financial bridge during delays in

receipt of grant funds. The \$1 million line of credit is subject to annual renewal by SunTrust and each advance will be considered by the bank on a case by case basis.

SunTrust Bank is a major provider of banking services in the Mid-Atlantic and Southeast regions. Their long and short-term debt is rated comparably to other financial institutions in the region and their recent declines in stock price have been among the least precipitous. The government money market funds they offer for overnight investment of idle cash are rated at the highest level for such investments.

Each year of the contract will be executed in an amount not to exceed \$12,000. VRE is requesting authorization for the total five-year term of the contract, with the VRE CEO exercising the option years and the annual renewal of the line of credit at his discretion. As the procurement was structured to provide separate contracts for VRE and PRTC, this action awards a contract to VRE only and seeks Commission approval for the CEO to execute this contract and sign all associated documents.

FISCAL IMPACT:

Funds are allocated in the FY 2009 budget based upon estimated costs. In most instances, bank fees are paid as a deduction from interest earnings.

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RESOLUTION
9G-10-2008
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

WHEREAS, the Operations Board authorized VRE staff to solicit proposals for banking services; and,

WHEREAS, five proposals were received and the proposal from SunTrust bank was deemed the most advantageous.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board recommends that the Commissions authorize the Chief Executive Officer to enter into a contract for banking services with SunTrust Bank for a period of three years, with an option to extend for up to two additional years for an amount not exceed \$60,000 over the five year period.

BE IT FURTHER RESOLVED THAT, the VRE Operations Board recommends that the Commissions authorize the Chief Executive Officer to sign any associated banking documents; and,

BE IT FURTHER RESOLVED THAT, as part of the banking services contract that overdraft protection in an amount not to exceed \$1 million be implemented; and,

BE IT FURTHER RESOLVED THAT, the following be designated as authorized signatories for VRE's accounts:

- Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Financial Officer