



Legislation Text

File #: DIS 18-110, **Version:** 1

Discussion of issues relating to a resolution permitting the consideration of applications for primary depository bank services from financial institutions that are not doing business within the municipal boundaries of the City.

Summary:

The City's current depository contract with Wells Fargo Bank, N.A. will expire in February 2019 at the end of a five-year term. The City is working with the investment advisory firm, Valley View Consulting, to prepare a Request for Application (RFA) for primary depository bank services, which, similar to the current agreement, will be for an initial three-year term and optional, annual renewals in the successive two years. Texas Local Government Code, Chapter 105, Depositories for Municipal Funds, stipulates in Section 105.011 (b) that the City may consider the application of a bank, credit union, or savings association that is not doing business within the City if "the governing body, prior to giving the notice required by Section 105.012, has adopted a written policy expressly permitting the consideration of applications received by the municipality from a bank, credit union, or savings association that is not doing business within the municipality, after taking into consideration what is in the best interest of the municipality in establishing a depository."

At this time, the City Council has not adopted a resolution (sample copy attached) to expressly permit the City to consider applications from financial institutions not doing business within the City's boundaries. When the City last issued an RFA for primary depository bank services, Wells Fargo Bank, N.A. was the only major bank doing business within the City that was able to provide the full level of services needed for public funds. If the City desired to consider applications from other financial institutions within a 6.5 mile radius, for example, it would give the City an opportunity to consider a competitive field of applicants.

Valley View Consulting has compiled a list of 19 banks located within a 6.5 mile radius of City Hall (list attached). At this time, it is unknown if making this decision will result in a better value from the current depository relationship. The City can opt to adopt a resolution to expand the field of applicants or can choose not to adopt a resolution, which will restrict the applicants to only those financial institutions operating within the municipal boundaries of the City of Deer Park.

Fiscal/Budgetary Impact:

N/A.

Discussion only during workshop.