



TITLE: Consider/Discuss/Act on a Resolution to Extend the American National Bank Depository Contract

MEETING DATE: May 21, 2013

DEPARTMENT: Financial Services

CONTACT: Rodney Rhoades, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Adopt the Resolution.

ITEM SUMMARY:

- The original three-year depository contract for the custody of City funds with American National Bank (ANB) allowed two one-year extensions.
- The primary one-year extension was signed with modified provisions on June 19, 2012 and will expire June 30, 2013.
- Staff is satisfied with American National Bank’s performance and recommends a secondary extension of the current contract with mutually agreed upon provisions which will expire June 30, 2014.

BACKGROUND INFORMATION:

- Section 105.017 of the Local Government Code states that a municipality may approve, execute, and deliver any depository service contract whose term does not exceed five (5) years.
- All pertinent requirements comply with Section 110 of the City of McKinney City Charter and Section 105.017 of the Local Government Code.

FINANCIAL SUMMARY:

- All contract terms remain as stated in the original contract with the exception of :
 - ANB will provide all banking services and safekeeping at no cost in lieu of an average \$20 million in Collected Non-Interest Bearing Compensating Balance Accounts
 - City will maintain an investment account not to exceed \$30 million at ANB’s Public Fund Money Market Rate (PF/MM) plus 15 basis points (bp), with a floor of .20%

	Current Agreement	1 Year Extension
Interest	25 bp above ANB's PF/MM rate only on investment account (currently .30%)	15 bp above ANB's PF/MM rate only on investment account (currently .20%)
Banking Fees	None	None

Safekeeping Fees	None	None
Pledged Securities	\$40 million (50/50 split of non-interest bearing and investment accounts)	\$50 million (40/60 split of non-interest bearing and investment accounts)

BOARD OR COMMISSION RECOMMENDATION: N/A