



CITY OF MCKINNEY, TEXAS

Legislation Details (With Text)

File #: 17-581 **Name:** Extension of Bank Depository with American National Bank of Texas
Type: Resolution **Status:** Approved
In control: City Council Regular Meeting
On agenda: 6/6/2017 **Final action:** 6/6/2017
Title: Consider/Discuss/Act on a Resolution to Extend the American National Bank Depository Contract
Indexes:
Attachments: 1. Resolution, 2. 2017 ANB Depository Contract, 3. ANB Fee Analysis

| Date | Ver. | Action By | Action | Result |
|----------|------|------------------------------|----------|--------|
| 6/6/2017 | 1 | City Council Regular Meeting | Approved | Pass |

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

COUNCIL GOAL: Financially Sound Government

MEETING DATE: June 6, 2017

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Adopt the Resolution.

ITEM SUMMARY:

- The original depository contract with American National Bank (ANB) allowed for one (2) two-year continuation period.
- The primary original three year agreement was signed on June 3, 2014 and will expire June 30, 2017.
- Staff is satisfied with American National Bank's performance and recommends a continuation of the current agreement with mutually agreed upon provisions which will expire June 30, 2019.
- The City has opted to receive direct billing of bank service charges in lieu of having a compensating balance to offset the charges.

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 no longer provide all banking services and safekeeping at no cost in lieu of an average \$18,000,000 in Collected Non-Interest Bearing Compensating Balance Accounts
 - City will maintain an investment account not to exceed \$50,000,000 at ANB's Public Fund Money Market Rate (PF/MM) plus 38 basis points (bp), with a floor of .43%
 - The City will annually appropriate and pay bank service charges of approximately \$66,000.
 - Interest earnings for not having the Compensating balance will be approximately \$170,000.

| | Current Agreement | 2 Year Continuation |
|-----------------------------|--|--|
| Interest | 15 bp above ANB's PF/MM rate only on investment account (currently .20%) | 38 bp above ANB's PF/MM rate only on investment account (currently .43%) |
| Compensating Balance | \$18 million | None |
| Pledged Securities | \$50 million | \$50 million |

BOARD OR COMMISSION RECOMMENDATION: N/A