

Banking RFA Project Recap for



Presented by Tim Pinon

Current Primary Depository Bank

- American National Bank
- Contract start date August 21, 2018
- Contract end date October 31, 2023
- Manage short term money market/working accounts

Consulting Services for Burleson

Valley View Consulting, L.L.C.

Provides investment management and consulting services to assist clients in achieving their investment objectives

- Valley View assists in soliciting for primary depository bank services by:
 - Reviewing the current banking arrangement and service needs
 - Considering account structures, new services and cost-saving options
 - Developing the solicitation process
 - Analyzing service proposals
 - Assisting with selection confirmation and service implementation
 - Monitor and Report investment holdings

Objective

- Comply with state statutory requirements and the City's financial and purchasing policies
- Select a primary depository financial institution
- Initial agreement begins November 1, 2023
- Ends October 31, 2028
- City may extend contract 2 additional one-year periods through October 31, 2028

Governing Codes

- Chapter 105 Municipal Depository Act
- Chapter 176 Conflict of Interest Act
- Chapter 2256 Public Funds Investment Act, and
- Chapter 2257 Public Funds Collateral Act

Project Steps

1. Analyzed historical bank service usage and balances
2. Reviewed the required banking services and potential additional services
3. Developed a list of eligible financial institutions with physical locations within the City of Burleson.

Totaled 13 institutions

4. Contacted representatives from each financial institution
5. Drafted RFA for City

Project Steps Continued

6. Advertised as required
7. RFA Posted on the City's website and sent email to all eligible banks to notify them of the RFA.
8. Held a non-mandatory pre-application video conference

Proposals Received

1. American National Bank of Texas (Incumbent)
2. First Financial Bank
3. Independent Financial Bank

Evaluation Criteria

1. Ability to perform and provide the required and requested services.
2. References provided and quality of services
3. Cost of services;
4. Transition cost, retention and transition offers and incentives;
5. Interest paid on interest bearing accounts and deposits;
6. Earnings credit calculation on compensating balances;
7. Previous service relationship with the City;
8. Completeness of application and agreement to points outlined in the RFA;
9. Qualifying location of applicant and convenience of location(s);
10. Financial strength and stability of the institution.

Financial Analysis

Financial Institution	Monthly Fee Estimate	Effective ECR	Interest Rate (07/31/2023)	Three Year Income	Five Year Income
Independent Financial	\$ (1,839)	3.15%	5.50%	\$ 5,068,829	\$ 8,448,049
American National Bank of Texas	Fee Waived	N/A	5.00%	\$ 4,263,112	\$ 7,105,187
First Financial Bank	\$ (1,637)	0.90%	4.55%	\$ 3,990,998	\$ 6,651,664

Note: Earnings Credit Rate (ERC) – daily calculation of interest paid on deposits to offset service charges

Next Step and Recommendation

- Invited Independent Financial to provide a demonstration of online platform
- In addition to financial savings, Independent's online portal offers a more robust platform that will benefit City staff by offering improved search functions and system interface capabilities
- Staff is recommending City award depository contract to Independent Financial Bank
- Valley View Consulting concurs with the staff recommendation

Valley View Consulting Banking Team

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Next Steps

- Staff will bring a contract to Council for consideration on September 18th.
- Estimated onboarding process will take 6 weeks.