

FINANCE

To: Mayor and Town Council
From: Chris Landrum, Finance Director
Through: Mario Canizares, Town Manager
Bob Scott, Executive Director of Administrative Services
Re: Bank Depository Service Agreement

Town Council Meeting – March 28, 2023

Agenda Item:

Consider and act upon a resolution awarding the depository services contract to Independent Financial and authorizing the Town Manager to execute all documents for same.

Description of Agenda Item:

The Town's five-year bank depository relationship with Independent Financial will expire on June 30, 2023. Therefore, the Town of Prosper solicited applications for bank depository services. Requests for Applications (RFAs) were distributed to the financial institutions within the Town limits. Applications were received from two banks by the deadline of January 24, 2023. The banks submitting applications were Independent Financial and Wells Fargo Bank, N.A.

An evaluation committee of Town Staff and the banking consultant, Valley View Consulting L.L.C., was established to review the applications. The committee included Chris Landrum, Finance Director, Lynn Regan, Accounting Manager, Jay Carter, Purchasing Manager and Valley View Consulting representatives.

The RFA required each application to be evaluated to determine "the best value" for the Town. The evaluation was based on, but not limited to, the following criteria in no particular order of priority:

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. Funds availability
6. Interest paid on interest bearing accounts and deposits
7. Earnings credit calculation on compensating balances
8. Completeness of application and agreement to points outlined in the RFA
9. Convenience of location(s)
10. Previous service relationship with the Town
11. And financial strength and stability of the institution

The attached consultant's report summarizes the process and the evaluation of the applications from the two banks. The recommendation of the evaluation committee is that the Council award the contract to Independent Financial.

The proposed term for the Agreement is a two-year period beginning on July 1, 2023, and ending on June 30, 2025. The Agreement may be extended for three additional one-year periods, subject to the approval of the Town Council and Independent Financial. Under state law, a municipality can execute a depository services agreement whose terms do not exceed five years.

Budget Impact:

The precise amount of budgetary impact is dependent on daily balances and interest rates. Because interest rates have increased significantly, we expect an increase in interest income. The proposed interest rates are very competitive.

Legal Obligations and Review:

Terrance Welch of Brown & Hofmeister, L.L.P., has reviewed the resolution as to form and legality.

Attached Documents:

1. Resolution Awarding Depository Service Contract
2. Bank RFA Project Recap by Valley View Consulting, L.L.C.
3. Banking RFA Project Recap Presentation by Valley View Consulting, L.L.C.

Town Staff Recommendation:

Town staff recommends approving a resolution awarding the depository services contract to Independent Financial and authorizing the Town Manager to execute all documents for same.

Proposed Motion:

I move to approve a resolution awarding the depository services contract to Independent Financial and authorizing the Town Manager to execute all documents for same.