



## CITY COUNCIL COMMUNICATION

**DATE:** April 1, 2024

**FROM:** Clayton Gray, Chief Financial Officer

**AGENDA ITEM:** Consideration and possible action selecting First United Bank as the City's bank depository and authorizing the City Manager to execute all necessary depository documents.

### **SUMMARY:**

- Local Government Code Sec. 105 requires that the City receive applications for depository services from one or more financial institutions before entering into an agreement for depository services.
- The Code also sets five years as the maximum term of a depository contract, and the current depository contract with First United Bank is approaching the end of the maximum five-year period.
- The City issued an RFA for bank depositor services on March 19, 2024, and two banks submitted proposals: First United Bank and Prosperity Bank.
- The proposals were reviewed by the City Manager, Chief Financial Officer, and Controller.
- After careful consideration of criteria, staff recommends selecting First United bank for the following reasons
  - First United can provide all requested services, whereas Prosperity cannot provide two of the services.
  - The City would receive a higher interest rate on deposits with First United.
  - First United has a history of providing high-quality services to the City.
  - Staying with First United offers the benefit of not making any changes to our banking, including the transition of closing accounts at one bank and opening them at another bank.
- The initial period for services will be from May 1, 2024 through April 30, 2027, with the option to extend the services for two additional one-year terms.

### **FISCAL INFORMATION:**

- Budgeted: NO    Amount: \$0.00    GL Account: N/A

### **RECOMMENDED MOTION OR ACTION:**

- Staff recommends selecting First United Bank as the City's bank depository.

### **ATTACHMENTS:**

- First United Bank response