



December 11, 2024

Ms. Terri Robinette
City Secretary
City of Wolfforth
302 Main Street
Wolfforth, Texas 79382

Dear Ms. Robinette:

Thank you for the opportunity to assist the City of Wolfforth (the “City”) with this Depository Services Request for Applications (the “RFA”) project. The objective of this engagement was to select a primary depository bank following the expiration of the current contract which ends January 31, 2025. This agreement, when approved, will commence on February 1, 2025, and terminate on January 31, 2027. Upon the option of the City, the contract may be extended for three (3) additional one (1) year periods under the same terms and conditions.

Procedure

The project began with the establishment of a calendar of events to ensure that the required project steps were performed in a timely and sequential manner.

The process for selecting a Primary Depository Bank is governed by the State of Texas Local Government 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.

In addition to complying with these State statutory requirements, it was necessary to understand and comply with the City’s financial and purchasing policies and Investment Policy.

The RFA project was conducted as follows:

1. Analyzed historical bank service usage and balance records.
2. Reviewed the minimum banking services and potential additional services.
3. The City of Wolfforth City Council passed a resolution to expand the solicitation area beyond the municipal boundaries. The following banks with a location within 10 miles of City Hall were invited to submit an application:
 - a. American Bank of Commerce (ABC Bank)
 - b. American Momentum Bank (no response to inquiry)
 - c. City Bank (Incumbent)
 - d. First Bank & Trust
 - e. First United Bank

- f. Happy State Bank
 - g. JP Morgan Chase Bank
 - h. Lone Star Bank
 - i. Lubbock National Bank (no response to inquiry)
 - j. Peoples Bank
 - k. PlainsCapital Bank
 - l. PNC Bank
 - m. Prosperity Bank
 - n. SouthWest Bank (no response to inquiry)
 - o. Vista Bank (no response to inquiry)
 - p. Wellington Bank (no response to inquiry)
 - q. Wells Fargo
 - r. Western Bank (no response to inquiry)
4. Initiated contact with the financial institutions to confirm distribution information, and identify the designated recipient with those banks that responded to our inquiry.
 5. Drafted the RFA for City review and approval.
 6. Posted the notice and advertised the RFA.
 7. Distributed RFAs to the identified and receptive financial institutions.
 8. Held a non-mandatory pre-application conference that was attended by representatives of:
 - a. American Bank of Commerce (ABC Bank)
 - b. City Bank (Incumbent)
 - c. First Bank & Trust
 - d. Happy State Bank
 - e. Peoples Bank
 - f. PlainsCapital Bank
9. By the closing deadline, applications were received from:
 - a. American Bank of Commerce (ABC Bank)
 - b. City Bank (Incumbent)
 - c. Happy State Bank
 - d. Peoples Bank
 - e. PlainsCapital Bank

The evaluation of the applications 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. Reputation of applicant and quality of services;
3. Cost of services;
4. 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. Physical location within 10 miles from the City Municipal Complex;
10. Convenience of location(s);
11. Previous service relationship with the City; and
12. Financial strength and stability of institution.

Application Analysis

The Application Analysis began with an overall review of each financial institution’s general financial strength and ability to provide the services necessary to meet the City’s current and future service needs. Each of the qualified responding financial institutions exhibited acceptable financial strength and the ability to provide services the City requested.

Ideally, the City would like to maintain an operating balance of \$1,500,000, so this is the balance that was used for the analysis. The analysis of proposed fees, and investment income potential is summarized below. The analysis is for both the two (2) year initial contract term, and the full five (5) year term allowing for the three (3) possible one-year extensions at the option of the City.

Summary Financial Comparison					
	American Bank of	City Bank	Happy State Bank	Peoples Bank	PlainsCapital
Average Bank Balance	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Fees for Two Year Term	(\$2,616)	(\$29,898)	\$0	\$0	(\$18,658)
Earnings Credit Rate	1.13%	0.75%	0.00%	0.00%	3.50%
Earnings Credit for 2 Years	2,616	7,500	0	0	0
Interest Rate Offered	1.60%	1.60%	4.54%	4.14%	4.50%
Basis for Interest Rate	20% of the WSJ Prime 7-Day yield.	20% of the WSJ Prime 7-Day yield.	13 week T-Bill adjusted weekly	85% of Fed Funds Rate	Market Rate
Two Year Investment Income	48,000	32,000	136,200	124,200	135,000
Net Two Year Income	\$48,000	\$9,602	\$136,200	\$124,200	\$116,342
Fees for Five Year Term	(\$6,540)	(\$74,746)	\$0	\$0	(\$46,645)
Earnings Credit for Five Year Term	6,540	18,750	0	0	0
Five Year Investment Income	114,419	80,000	340,500	310,500	337,500
Net Five Year Income	\$114,419	\$24,004	\$340,500	\$310,500	\$290,855

Bank Interviews and Demonstrations

The City invited American Bank of Commerce, Happy State Bank, Peoples Bank, and PlainsCapital Bank to interview with the staff and to provide a demonstration of their online portal and banking services. Financially, the three most attractive applications came from Happy State Bank, Peoples Bank, and PlainsCapital Bank. All three of the banks were close in terms of financial return to the City; therefore, each banks’ capabilities became the most important consideration in making a final recommendation.

Recommendation

While the financial return offered by each bank is important, the City also seeks a banking partner that will provide the best banking experience with a competitive and satisfactory market return. Our analysis indicates PlainsCapital Bank offers the best combination of a competitive market interest rate and the most advantageous offering of services for the City. PlainsCapital offers several services that will add significant benefits to City staff. Based on the demonstrations, the staff felt the PlainsCapital platform was the most robust and user friendly, which could be a time saver. PlainsCapital also offers Electronic Lockbox which should add efficiency to the City's utility billing collection process and improve the customer service experience by expediting the receipt of payments, thereby reducing the number of late payments the City receives. Another consideration was the type of government customer references provided by each bank. The clients referenced by PlainsCapital demonstrated a very strong presence in the government banking sector, more so than the other applicants. The PlainsCapital bankers themselves also demonstrated a strong knowledge of banking municipal governments.

Pending council approval, the new contract will commence on February 1, 2025. Please contact, Dick Long, Orlando Saenz, or me to discuss any questions or additional information needs.

Thank you for this opportunity to serve the City of Wolforth.

Sincerely,



Tim Pinon
Valley View Consulting, L.L.C.