

CITY OF WARRENSBURG
FINANCE

October 12, 2020

Honorable Mayor and
Members of the City Council
City of Warrensburg, Missouri

Dear Mayor and Council Members:

SUBJECT: An Ordinance Authorizing the City Manager and City Clerk to Execute an Addendum to the Depository Contract and Pledge Agreement with Equity Bank for an additional two-year period.

BACKGROUND:

In 2018 request for Proposals for Depository Banking Services were solicited from all banks doing business in the City of Warrensburg, for the City and WCVB funds. Equity Bank was selected as the City of Warrensburg depository for a period of two years. Included in the proposal is an option for an additional two-year period.

ISSUE:

Under Missouri State Statutes 95.280, depository for city funds request for proposal should be issued every two years. The existing contract was for a two-year period with a City option for two additional years.

City staff has sent a letter requesting to exercise the option for an additional two years with Equity Bank. Equity Bank has agreed to this option and provided the signed letter included with this communication. The advantage to extending this agreement is that Equity Bank is continuing to offer the minimum one percent interest earnings on the deposited funds along with all other services as currently provided. The interest rate offered exceeds any other interest rate available at this time.

Over the past two years the City has paid bank fees at an average of about \$2,400 per month or \$48,000 per year. In turn, the interest the City has earned on the deposits with the bank have averaged about \$15,500 per month. Actual interest earnings over the past two years is \$402,836.43. Interest earnings since April 2020 have dropped nearly in half. In Fiscal Year 2019 the average interest earnings was \$20,860 per month. The first half of Fiscal Year 2020, the interest earnings averaged \$16,917 per month. Since April 2020, the interest earnings average is \$8,500 per month. Even with the drop in interest earnings, it still more than pays the bank fees assessed each month by over \$6,000.

STRATEGIC PLAN:

N/A

FISCAL IMPACT:

The potential net fiscal impact of extending the existing bank contract is \$72,000 in projected interest income based on current interest rates and if the City's current bank balances are maintained.

ECONOMIC BENEFITS/IMPACT:

This extension essentially offers the City free checking, while paying interest on funds held in accounts at Equity Bank. This is a valuable economic benefit to the City.

RECOMMENDATIONS:

Staff recommends authorizing the City Manager and City Clerk to execute an addendum to the deposit contract and pledge agreement with Equity Bank for an additional two-year period. Additionally, staff respectfully requests waiving the rules to consider adoption of the ordinance as submitted on first reading because the original contract was for a period from September 1, 2018 through September 1, 2020.

Sincerely,



Marcella McCoy
Director of Finance

Attachment: 1. Banking Services Ordinance
2. Signed Letter requesting contract extension

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE AN EXTENSION OF THE DEPOSITORY CONTRACT AND PLEDGE AGREEMENT WITH EQUITY BANK FOR A PERIOD OF TWO YEARS

BE IT ORDAINED AS FOLLOWS BY THE COUNCIL OF THE CITY OF WARRENSBURG, MISSOURI, AS FOLLOWS:

Section 1. That the City Manager and City Clerk are hereby authorized to execute an extension with Equity Bank for a depository contract for a period of two years

Section 2. That this ordinance shall be in full force and effect from and after its passage by the City Council

Passed in open session this 12th day of October 2020

Bryan Jacobs, Mayor

ATTEST:

Cindy Gabel, City Clerk



City of Warrensburg
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Warrensburg, MO 64093
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Fax (660) 747-8927
www.warrensburg-mo.com

October 5, 2020

Equity Bank
Attn: Mark Janczewski
301 SE Main Street
Lee's Summit, MO 64063

Dear Mr. Janczewski:

The City of Warrensburg desires to renew our banking contract with Equity Bank for an additional two (2) years for the period September 1, 2020 thru August 31st, 2022. All terms and conditions of the original contract remain the same for the renewal period.

If you agree to renew this contract, please sign this letter and return via email to marcella.mccoy@warrensburg-mo.com by October 7th, 2020.

Sincerely,
Marcella McCoy
City of Warrensburg Finance Director

City of Warrensburg

Equity Bank

Signature

Mark Janczewski

Signature

Printed Name & Title

Mark Janczewski - SVP, Director of Govt Banking

Printed Name & Title

Date

October 5, 2020

Date