



City of Dallas

New Banking Depository Contract

**Government Performance and
Financial Management
Committee**

August 26, 2024

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Presentation Overview



- Background
- Purpose
- Request for Proposal Process
- Responsible Banking Ordinance and Community Reinvestment Act
- Evaluation Process
- Next Steps



Background



- Bank of America has been providing banking depository services to Dallas since 2005
 - Services include bank accounts, deposits, disbursements, information reporting, lockbox services, securities safekeeping, and collateral
- Prior Council actions include:
 - August 1, 2005, awarded a two-year contract with a two-year extension
 - March 28, 2007, awarded a two-year extension
 - October 14, 2009, awarded a five-year contract
 - November 12, 2014, awarded a new five-year contract
 - December 11, 2019, awarded through an Interlocal Agreement with Dallas County a new contract for five years for a total cost of \$7.3 million
- Current contract is scheduled to expire on December 10, 2024



Purpose



- Banking depository contract with a qualified financial institution is required in accordance with the Local Government Code, Chapter 105 and City's Charter
- Selected financial institution will securely keep all public moneys and investments belonging to the City and provide banking products to properly receive funds and to make payments
- Banking contract will provide general banking services including deposits, disbursements, information reporting, account reconciliation, collateral, securities safekeeping, and lockbox services
- Bidders are required to certify compliance with the City's Responsible Banking Ordinance No. 32211 and other State laws, including Senate Bill 13 and 19



Request for Proposal Process



- Solicitation BLZ-2024-00023829 for Banking Depository Services was advertised on January 11 and 18, 2024
- Pre-Solicitation conference was held on January 23, 2024
- Solicitation due date was February 23, 2024
- Seven banks submitted a bid, two were deemed non-responsive*

Bank of America

Commerce Bank*

JPMorgan Chase

PNC Bank

Texas Regional Bank*

U.S. Bank

Wells Fargo Bank



Request for Proposal Process



- Solicitation included a description of banking services to be provided by the financial institution
- Requirements included the submission of the bank's latest Community Reinvestment Act report as required by the City's Responsible Banking Ordinance
- Bidders were required to certify compliance with the following sections of the Texas Government Code:
 - Section 2271.002 (Israel boycott)
 - Section 2252.153 (foreign terrorist organizations)
 - Section 2274.002 (firearm discrimination)
 - Section 2276.002 (energy boycott)



Request for Proposal Process



- The following Exhibits were also included in the solicitation:
 - City's Investment Policy
 - Responsible Banking Ordinance No. 32211
 - City's Racial Equity Plan
 - Reference Sheet
 - Fee Schedule of Services
 - Account Analysis Summary
 - City of Dallas Account Structure
 - Sample Contract
 - Insurance Requirements
 - Lockbox Requirements
 - RFP Questionnaire
 - Required Documentation Checklist
 - Dallas Water Utilities Payment Coupon Sample
 - Accounts Payable Payment Details CY2023



Request for Proposal Process



- Solicitation included a link to the City's Racial Equity Plan and encouraged bidders to include information on their initiatives or programs that could have an impact on the lives of Dallas residents by providing access to financial services, including personal banking, loans, or financial education



Responsible Banking Ordinance (RBO)



- Responsible Banking Ordinance No. 32211 was approved by City Council on May 25, 2022
- RBO requires prospective bidders to submit data on their socially responsible banking practices in Dallas
- Allows the City to factor the bank's socially responsible performance in determining the winning bid
- Establishes oversight bodies, data reporting requirements, evaluation methods, public input mechanisms, and hold financing institutions publicly accountable
- Financial institution must have received a rating of “Satisfactory” or “Outstanding” in their most recent Community Reinvestment Act review to be awarded the City's depository contract



Community Reinvestment Act (CRA)



- Passed in 1977, the Community Reinvestment Act (CRA) is a federal law designed to encourage commercial banks and savings associations to help meet the needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods
- CRA obligations are supervised by the Federal Deposit Insurance Corporation, the Federal Reserve Board, and the Office of the Comptroller of the Currency
- The goal of the CRA is to reduce discriminatory credit practices against low-income neighborhoods, also known as redlining



Evaluation Process



- A five-member evaluation committee reviewed the responses based on the following criteria:
 - Experience – 35 points
 - Approach – 35 points
 - Cost and Timeframe – 30 points
- Evaluation committee included:
 - City Controller's Office (Treasury Division) – Assistant Director of Treasury
 - City Controller's Office (Treasury Division) – Senior Treasury Analyst
 - Dallas Water Utilities – Assistant Director of Customer Operations
 - Code Compliance Services – Manager II Revenue and Collections Division
 - Department of Transportation – Senior Program Manager (Budget/Finance)
 - Office of Procurement Services – Procurement Manager
- All responses were thoroughly reviewed to ensure the financial institution is in compliance with the City's requirements and can provide the mandatory banking services



Evaluation Process



- Evaluation committee recommended an in-person presentation and tour of the bank's lockbox facilities from the top three finalists
- Lockbox services are mainly used by Dallas Water Utilities to process over 25,000 water utility payments each month
- Cost analysis was performed by Treasury staff based on the following elements:
 - Per unit item
 - Earnings Credit Rate (ECR)
 - Balance based assessment fee
 - Account Analysis fee settlement schedule
 - Additional investment options
 - Any proposed waivers



Next Steps



- Receive feedback from GPFM committee
- Present recommended bank contract to City Council for consideration and approval on September 11, 2024





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