

ITEM #: 9
DATE: 01-23-24
DEPT: FIN

COUNCIL ACTION FORM

SUBJECT: CITY OF AMES BANK DEPOSITORY RESOLUTION UPDATE

BACKGROUND:

The City deposits its funds with a variety of financial institutions. Periodically, the list of approved depositories must be reviewed and adjusted to reflect business and market changes. The financial institutions presented on the City's depository list reflect the institutions that have expressed interest in bidding on City funds. The maximum balances reflect the institution's reputation and financial stability based on a review of publicly available financial information. The following is a summary of requested changes to the City's Depository Resolution:

- Increase First National Bank maximum balance from \$40,000,000 to \$50,000,000.
- Change the name of Great Western Bank to First Interstate Bank (FIB).
- Remove West Bank.
- Remove Great Southern Bank.
- Add Northwest Bank to the list of approved depositories with a maximum investment limit of \$25,000,000.

First National Bank is currently the City's primary depository and banking partner, which is the result of the most recent RFP. Increasing the maximum balance would enable the City to capitalize on favorable account interest rates. This increase would also provide a cushion for large deposits that could potentially put the City over the current maximum balance.

Great Western Bank recently merged with First Interest Bank. First Interstate Bank continues to serve as a source of strength and stability within the City of Ames.

West Bank and Great Southern Bank currently do not have a branch within the City of Ames. Removing West Bank and Great Southern Bank as an approved depository will provide greater competition for local financial institutions to bid on City funds.

Northwest Bank is a new addition to the City of Ames following a request to be added to the list of depositories. Recently, following the opening of its new branch in Ames, Northwest Bank expressed interest in bidding on City funds. Adding Northwest Bank to the approved depository list will facilitate that interest.

Please note that deposits of public funds in all approved depositories are insured by FDIC insurance and/or collateralized by the State public investment pool

ALTERNATIVES:

1. Adopt a resolution to reflect business and market changes to the City of Ames Deposit Resolution.
2. Deny the request for changes to the approved depository list.

CITY MANAGER'S RECOMMENDED ACTION:

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The City of Ames urges the active involvement of local and county financial institutions and welcomes the competition in bidding for City funds. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby adopting the resolution to update the list of approved depositories for the City of Ames.

ATTACHMENT(S):

[COUNCIL ACTION FORM Depository Resolution January 2024 \(003\).doc](#)