City of Gulfport, Mississippi

Agenda

City Council

2309 15th Street
Gulfport, MS 39501

Friday, February 9, 2024 | **1:30 PM** | ***Gulfport City Hall Council Chambers***

1:30 P.M.

Declaration of Special Call Meeting

Policy Issues

1 Reconsideration - Resolution - approving award to Hancock Whitney for Municipal Depository Banking Services, and for related purposes. (previously approved 2/6/2024)

Setting of Next Meeting and Adjournment

There came on for consideration at a duly constituted meeting of the Mayor and Members of the City Council of the City of Gulfport, Mississippi, held on the 6th day of February, 2024, the following Resolution:

A RESOLUTION BY THE GULFPORT CITY COUNCIL APPROVING AWARD TO HANCOCK WHITNEY BANK FOR MUNICIPAL DEPOSITORY BANKING SERVICES, AND FOR RELATED PURPOSES

WHEREAS, pursuant to *Miss. Code Ann.* § 27-105-305 and *Miss. Code Ann.* § 27-105-353, as amended, the Governing Authority for the City of Gulfport, Mississippi previously authorized the solicitation for "bids or proposals" associated with banking depository services for the City on December 19, 2023, with such "bids or proposals for the same being submitted on or prior to January 23, 2024; and

WHEREAS, pursuant to such authority, the City advertised and solicited for bids / proposals for the aforementioned services on December 21, 2023 and December 28, 2023, and received one bid / proposal from one financial institution, Hancock Whitney Bank; and

WHEREAS, this bid / proposal from Hancock Whitney Bank was determined to be the most suitable financial institution to meet the needs of the City and is therefore recommended to the governing authority by the selection committee as being in the City's best interest to select (See Exhibit "A" attached hereto); and

WHEREAS, the Council finds that it is in the best interest of the City to select Hancock Whitney Bank and to enter into such agreement or agreements with Hancock Whitney Bank as are necessary to fully implement said services for the provision of municipal depository banking services for the City of Gulfport.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF GULFPORT, MISSISSIPPI, AS FOLLOWS:

SECTION 1. That the matters, facts, and things recited in the Preamble hereto are hereby adopted as the official findings of the Governing Authority.

SECTION 2. That the recommendation of the Finance Department be accepted and that Hancock Whitney Bank be and it is hereby selected as the City's financial institution for municipal depository banking services.

SECTION 3. That the Mayor be, and he is hereby, authorized to execute said agreements, after the same have been reviewed and approved by the Legal Department, and to deliver the same on behalf of the City of Gulfport.

SECTION 4. That this Resolution be, and it is hereby ordered to be spread on the minutes of the Governing Authority, and to be in full force and effect immediately upon its passage and enactment according to law.

The above and foregoing Resolution, after having been first reduced to writing and read by the Clerk, was introduced by Councilmember Roland, seconded by Councilmember Kosloski, and was adopted by the following roll call vote:

YEAS:	**NAYS:**	**ABSENT:**
Roland	**None**	**Casey**
Holmes-Hines		
Walker		
Sharp		
Flowers		
Kosloski		

RECONSIDERED

WHEREUPON the President declared the motion carried and the Resolution adopted, this the 6th day of February, 2024.

CITY OF GULFPORT
SEAL
MISSISSIPPI

ATTEST:

/s/ Brittany Rodgers

Brittany Rodgers, Clerk of Council

ADOPTED:

/s/ Rusty Walker

F.B. "Rusty" Walker, IV, President

The above and foregoing Resolution having been submitted to and approved by the Mayor, this the 7th day of February, 2024.

APPROVED:

/s/ Billy Hewes

Billy Hewes, Mayor

RECONSIDERED

DEPARTMENT OF
FINANCE AND
ACCOUNTING

P.O. Box 1780
Gulfport, MS 39502
Phone: 228-868-5705
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William H. Hardy Building
1410 24th Ave. 2nd Floor
Gulfport, MS 39501

MEMORANDUM

TO: City Councilmembers
Billy Hewes, Mayor
Wayne Miller, Chief Administrative Officer

FROM: Todd Harman, Director of Finance and Accounting TH

DATE: January 26, 2024

RE: Recommendation for the Municipal City Depository

The City recently conducted a request for proposal for a municipal city depository for the time period February 20, 2024 through December 31, 2027. Only one bidder – Hancock Whitney (our current city depository) submitted a proposal. After reviewing this proposal, the Finance Department recommends accepting this proposal.

There were two significant changes between our current agreement and the proposed agreement. These changes are summarized in the table on the next page.

Significant Change:	Current Agreement:	Proposed Agreement:	What this change means to the City?
Decrease in interest rate paid on bank balances	Variable rate. **90%** of the 28 day Treasury bill, as reported by the Federal Reserve on the last business day of immediately preceding month.	Variable rate. **75%** of the 28 day Treasury bill, as reported by the Federal Reserve on the last business day of immediately preceding month.	The interest rate the bank is going to pay us went down. For example, the 28-day T-bill rate on Jan 31, 2024 was 5.27%. Under our current agreement, the bank will pay us 4.74%. Under our new agreement, the bank would pay us 3.95%. The interest income difference between the two equates to approximately $72,500 per month or $869,000 per year on average daily deposits of $110 million.
Increase on supervision and assessment fee (equivalent to an assets under management fee)	**2 cents** per $1,000 per month.	**4 cents** per $1,000 per month.	This bank charge doubled. On average daily deposits of $110 million, the City will pay approximately $4,400 per month instead of our current rate of $2,200 per month. This is an estimated annual increase of $26,400.

The Finance Department considered the possibility of interest rates decreasing when this request for proposal was sent out. The attached memo, included in the request for proposal and reviewed by our Municipal Advisor, stated:

- The City has idle and surplus funds and that our goal is to maximize the interest earnings for the City;
- State law allows the City to invest idle and surplus funds in federal Treasury bills; and
- If and when the City elects to invest surplus and idle funds, the City shall maintain a minimum daily balance of $15 million in total funds held in the city depository.

For the following example, assume the City has total deposits of $110 million. The City elects to keep $20 million in the city depository and invest the $90 million in surplus and idle funds in 28-day T-bills. In summary, for surplus and idle funds, why settle for 75% of the T-bill interest rate when we can buy our own T-bills and get the whole 100% of the T-bill interest rate.

Interest earned by keeping surplus and idle money in the bank for one month: **$296,250.**
($90 million x 3.95% divided by 12 to get to interest earned for one month)
Interest earned by investing surplus and idle money in T-bills for one month: **$395,250.**
($90 million x 5.27% divided by 12 to get to interest earned for one month)

Opportunity cost of not actively managing surplus and idle money (just leaving it in the bank):
Interest income: **$99,000 per month or $1,188,000 per year.**

Additionally, money invested in T-bills is not deposited in the bank so you would not be paying supervision and assessment fees on this money.
Fee savings: **$3,600 per month or $43,200 per year**
(4 cents per $1,000 on $90 million per month)

Thank you for your consideration. Please reach out if you have any questions.