

**CITY COUNCIL
COMMUNICATION:**

02-599

AGENDA:

NOVEMBER 18, 2002

SUBJECT:

AMENDMENT 2 TO
BANKERS TRUST
COMPANY BANKING
AND CUSTODIAL
CONTRACT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MERRILL R. STANLEY
FINANCE DIRECTOR

ITEM 45

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Approval of Amendment 2 to the Banking and Custodial Service Contract with Bankers Trust Company to extend the current term of the contract, initially ending on September 30, 2003, to the end of the optional two years, or September 30, 2005.

FISCAL IMPACT —

There is no cost associated with Amendment 2. Overall savings for the City of Des Moines will be approximately \$15,200 per year through September 30, 2005. This savings is calculated as follows:

New unit price	\$ 5,200
Monthly service fee credits	\$10,000

RECOMMENDATION —

Approval.

BACKGROUND —

On April 5, 1999, the City Council approved a Request for Proposals (RFP) seeking one bank to provide banking and custodial services for the City. On July 26, 1999, by Roll Call No. 99-2358, the City Council approved the selection of Bankers Trust to provide banking and custodial services for the City. By Roll Call No. 99-2574, on August 16, 1999, a contract with Bankers Trust was approved for a four-year term, with up to two one-year renewals, at the option of the City. The contract consisted of the City's original Request for Proposals, clarifications thereto, Bankers Trust's proposal to the City and clarifications thereto, and various bank account agreements, forms, and resolutions that are part of any banking and custodial services relationship. On April 12, 2002, Amendment 1 was executed between the parties to add lock box services for the Municipal Housing Agency.

The current contract with Bankers Trust Company is a four-year contract with an option to renew the contract for two additional one-year periods. For the first two years of the contract, Bankers Trust agreed to freeze the prices for banking and custodial services. For the remaining term of the contract, ranging from two to four years, Bankers Trust was allowed to increase the prices by a deviation of the Consumer Price Index. The Des Moines Municipal Housing Agency (DMMHA) has a separate contract with Bankers Trust for banking services, and hence, may have different unit prices for line item services than the City contract. Amendment 2 would compare the unit prices of the City contract and the unit

	<p>prices of the DMMHA contract. The lower unit price of the two contracts would become the new unit price charged to each entity per line item effective July 1, 2002. This would result in savings annually of \$5,200. Bankers Trust will also credit the City's General Operating Account \$833.33 for monthly service fees beginning July 1, 2002, which will equal a savings of \$10,000 annually.</p>
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