

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: April 13, 2011

Board Item: V-D-1

Ratification to First amendment to US Bank contract

Action by Consent

Action

Information

Denver Water distributed a Request for Proposal (RFP) for cash management services in 2010. US Bank was the successful bidder and the Board approved the contract during the regular Board meeting in December. US Bank has requested to amend the contract's interest rate structure paid on collected balances in the account to accommodate the changes imposed by most recent bank reform acts.

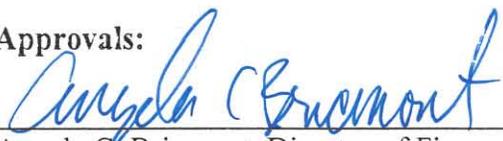
The attached amendment proposes a tiered interest rate structure where balances up to \$10 million will earn interest at the Fed Fund rate (currently 0.25%) + 0.25%; the next \$20 million will earn the Fed Fund rate + 0.10% and any balance over \$30 million will earn interest at the Fed Fund rate. As this is a change in interest rate structure, there is no impact on the service fees approved by the Board.

Treasury staff did an analysis of the proposed structure and determined that the interest rate offered is still competitive with other banks. Once interest rates improve, treasury staff plans to reduce the balance in the operating account at US Bank to a minimum level required for daily liquidity. The final amendment was not completed in time for the Board meeting on March 23. Treasury staff notified the CEO/Manager, Jim Lochhead, to approve the change in interest rate structure as of April 1, 2011 to accommodate US Bank's request within a reasonable time with an option to ratify this item at the Board meeting on April 13, 2011.

Recommendation:

Staff recommends the Board ratify the amendment to the US Bank contract 13424A authorizing the change in interest rate structure on collected balances.

Approvals:


Angela C. Bricmont, Director of Finance

Respectfully submitted,


James S. Lochhead, CEO/Manager