

Mayor and Council Communication

DATE: 06/08/21

M&C FILE NUMBER: M&C 21-0378

LOG NAME: 13GAS LEASE CONSULTANT FEES FY2021

SUBJECT

(ALL) Adopt Attached Appropriation Ordinances in Multiple Gas Well Lease Capital Projects Funds by a Combined Total Amount Up to \$70,000.00, Allocated Proportionately, to Properly Record Fees Paid to Wells Fargo Bank, National Association, for Banking, Mineral-Lease-Administration, and Trust/Asset Management Services Provided in Fiscal Year 2021 Under City Secretary Contract No. 45281

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance increasing estimated receipts and appropriations in the amount of \$45,000.00 within the Aviation Gas Lease Capital Projects Fund for banking, mineral-lease-administration, and trust/asset management services;
 2. Adopt the attached ordinance increasing estimated receipts and appropriations in the amount of \$15,000.00 within the Park and Recreation Department Gas Lease Capital Projects Fund for banking, mineral-lease-administration, and trust/asset management services; and
 3. Adopt the attached ordinance increasing estimated receipts and appropriations in the amount of \$10,000.00 within the Municipal Golf Gas Lease Capital Projects Fund for banking, mineral-lease-administration, and trust/asset management services.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to appropriate funds associated to the costs of banking, mineral-lease-administration, and trust-management services for Fiscal Year 2021 within the Gas Lease Bank Fees project (City Project No. 100801).

Each participating fund has a portion allocated of the total cost associated with the aforementioned services based on the relative percentage of mineral revenues received for the year. In December 2012, the City Council approved an agreement with Wells Fargo Bank, National Association (Wells Fargo), to provide banking, mineral-lease-administration, and trust-management services associated with the collection and management of the City-owned mineral interest revenues from multiple gas companies (M&C P-11467, City Secretary Contract No. 45281) (the Agreement).

The Agreement has a term of five years with two additional two-year renewals, with the fee for banking and mineral-lease-administration services set at \$16,000.00 per month. The City is in the last two-year renewal term that ends April 13, 2022. Additionally, the Agreement provides for trust/asset management services with fees based on the size of the assets in the trust and are increasing as the size of the trust increases.

In accordance with the terms of the Agreement and the current Financial Management Policy Statements, the banking fee is proportionately allocated on a monthly basis to the various funds outlined in the Financial Management Policy Statement. In accordance with the terms of the Agreement, Wells Fargo has paid itself throughout the year. Thus, approval of this M&C does not further reduce the mineral revenues for Fiscal Year 2021.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the the PARD Gas Lease Capital Project, Muni Golf Gas Lease Cap Proj and the Aviation Gas Lease Cap Proj Funds for the Bank Fees project. Prior to an expenditure being incurred, the Park & Recreation, Aviation and Financial Management Services Departments have the responsibility of verifying the availability of funds.

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