

## CITY OF ALVIN, TEXAS

### BANKING SERVICES AND DEPOSITORY REQUEST FOR PROPOSAL

The City of Alvin, Texas (the "City") is requesting proposals for bank depository services with service to begin January 1, 2021 and extend through December 31, 2024 with two possible one-year extensions, if approved by the City Council.

Through this contract the City intends to minimize banking costs, improve operational efficiency, and maximize earnings. This Request for Proposal (RFP), which represents the City's cash management goals, specifies all the required qualifications, banking services required, activity volumes on accounts, method and terms of compensation, submission instructions, and contract award provisions.

To assure a close working relationship and to facilitate services, only depository institutions with full depository service capabilities within 20 miles of Alvin City Hall will be authorized to propose. However, in keeping with the City's buy local philosophy, preference will be given to those banks with facilities within the geographic boundaries of the City of Alvin.

Institutions responding to this Request for Proposal (RFP) must be insured through the Federal Deposit Insurance Corporation (FDIC), and must be able to demonstrate a capacity to meet the City's requirements as stated in the RFP.

Specifications and proposal documents may be obtained in the office of the City Secretary, 216 West Sealy Street, Alvin, Texas, 77511 or online at [www.alvin-tx.org](http://www.alvin-tx.org).

To be eligible for consideration under this request, a total of three complete hard copies in paper form and one electronic copy of each proposal shall be submitted by 2:00 pm CST on **September 22, 2020** to the address below. Proposals received after that time at the City address will not be accepted and will not be returned.

**The proposals must be submitted in a sealed envelope or packet marked "Proposal for Depository Services".**

The proposals must be delivered by mail, express mail, or in person to the following address:

Dixie Roberts  
City Secretary  
City of Alvin  
216 West Sealy  
Alvin, Texas 77511-2397

281-388-4255  
[droberts@cityofalvin.com](mailto:droberts@cityofalvin.com)

There will be no pre-proposal conference. Questions regarding this RFP, or the services requested, will be accepted in e-mail form only, at [mhiggins@cityofalvin.com](mailto:mhiggins@cityofalvin.com) on or before 2:00 pm August 13, 2020. Responses to all questions submitted will be posted to the City's website by 2:00 p.m., August 24, 2020. Please note that certain information may be considered proprietary and not available for disclosure.

The City Council of the City of Alvin, Texas will consider the selection of one or more depositories on October 15, 2020 at 7:00 PM in the City Council Chambers at City Hall, 216 West Sealy Street, Alvin, Texas.

The City reserves the right to waive any defect, irregularity or informality in the proposal or proposal procedures; reject any and all proposals; request additional information or require a meeting with bank representatives for clarification; cancel and/or reissue this request for proposal, and modify deadlines; accept any proposal or portion thereof most advantageous to the City; negotiate with respondents; retain any or all provisions of this proposal if any provision of this proposal or resulting contract is deemed invalid; select any proposal deemed to be in the City's best overall interest, and award the contract based on the overall best interest of the City.

/s/ Dixie Roberts, City Secretary

#### Legal Ad

**Publish: Sunday, August 2, 2020  
Sunday, August 9, 2020**

**CITY OF ALVIN, TEXAS**  
**REQUEST FOR PROPOSAL**  
**BANK DEPOSITORY SERVICES**  
**August 2, 2020**  
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**CITY OF ALVIN, TEXAS**  
**BANKING SERVICES AND DEPOSITORY**  
**REQUEST FOR PROPOSAL**  
**July 31, 2020**

**I. INTRODUCTION**

The City of Alvin, Texas (the "City") is requesting proposals for bank depository services with service to begin **January 1, 2021 and extend through December 31, 2024**, with two possible one-year extensions, if approved by the City Council.

Through this contract the City intends to minimize banking costs, improve operational efficiency, and maximize earnings. This Request for Proposal (RFP), which represents the City's cash management goals, specifies all the required qualifications, banking services required, activity volumes on accounts, method and terms of compensation, submission instructions, and contract award provisions.

**II. PROPOSAL QUALIFICATIONS AND SUBMISSION INSTRUCTIONS**

**By submitting a proposal in response to this RFP, depositories will be deemed to agree to the City's mandatory contract and service provisions contained herein.**

**The proposal submitted will be incorporated into and form the basis of the bank depository services contract along with this RFP.**

**1. Local Presence**

To assure a close working relationship and to facilitate services, only depository institutions with full depository service capabilities within 20 miles of the city limits of Alvin, Texas, will be authorized to propose. However, in keeping with the City's buy local philosophy, preference will be given to those banks with facilities within the geographic boundaries of the City of Alvin.

**2. Proposal Format**

In order to equitably evaluate each bank's ability to meet the banking services needs of the City, a standard format for all proposals is required. A response must be given to each item in Sections V through VI in the order given along with completion and submission of Attachment A. Only proposals submitted in the prescribed format and using the provided Attachment will be considered and evaluated for contract award. Additional explanatory information may be included by the bank.

Proposal submission must be in paper form of the RFP responses and completed attachment.

**3. Schedule for Proposal Submission**

The City will make every effort to adhere to the following schedule.

<b>August 2, 2020</b>	<b>Release of Request for Proposal</b>
<b>August 13, 2020</b>	<b>Deadline for submission of RFP questions (2:00pm CST)</b>
<b>August 24, 2020</b>	<b>Responses to questions provided (2:00pm CST)</b>
<b>September 22, 2020</b>	<b>Deadline for proposal submission (2:00pm CST)</b>
<b>October 15, 2020</b>	<b>City Council Action to Award Contract</b>
<b>January 1, 2020</b>	<b>Contract commencement</b>

#### 4. Proposal Submission

To be eligible for consideration under this request, a total of three complete hard copies and one electronic copy of each proposal shall be submitted by 2:00 pm CST on **September 22, 2020**, to the address below. Proposals received after that time at the City address will not be accepted and will not be returned.

**The proposals must be submitted in a sealed envelope or packet marked "Proposal for Depository Services".**

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Dixie Roberts  
City Secretary  
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**216 West Sealy**  
**Alvin, Texas 77511-2397**

281-388-4255  
[droberts@cityofalvin.com](mailto:droberts@cityofalvin.com)

A **cover letter**, not to exceed one page, must accompany the original and be signed by an individual authorized to bind the institution stating that the proposal is valid for 180 days from the submission date. The cover letter may contain an executive summary of the proposal but should not contain any information not submitted as part of the proposal.

**Any banking institution submitting a proposal is deemed to have read, understood and agreed to all terms, conditions and requirements set forth in the specifications.**

#### 5. RFP Questions

There will be no pre-proposal conference. Questions regarding this RFP, or the services requested, will be accepted in e-mail form only, at [mhiggins@cityofalvin.com](mailto:mhiggins@cityofalvin.com) on or before 2:00 pm **August 13, 2020**. Responses to all questions submitted will be posted to the City's website by 2:00 pm, **August 24, 2020**. Please note that certain information may be considered proprietary and not available for disclosure.

#### 6. Selection Criteria

The following general criteria will be used by the City as the basis for weighting the evaluation and for award recommendation.

- 40 % - banking services and costs,
- 20 % - responsiveness and ability to provide services requested,
- 20 % - customer service ability and related criteria,
- 10 % - references, experience and continuity of bank and bank officials, and
- 10 % - creditworthiness of the bank.

Especially in the current environment, creditworthiness and bank continuity are critical elements and concerns. Any bank without the highest credit standings will be eliminated from consideration. The City also considers service capabilities and customer service as primary. Along with service, the City will consider the cost of those services as well as the earnings potential of idle cash under the contract. These elements will be combined during the evaluation of the proposals.

#### 7. City Rights –

The City reserves the right to:

- waive any defect, irregularity or informality in the proposal or proposal procedures,
- reject any and all proposals,
- request additional information or require a meeting with bank representatives for clarification,
- cancel and/or reissue this request for proposal, and modify deadlines.
- accept any proposal or portion thereof most advantageous to the City,
- negotiate with respondents,
- retain any or all provisions of this proposal if any provision of this proposal or resulting contract is deemed invalid,
- select any proposal deemed to be in the City's best overall interest, and
- award the contract based on the overall best interest of the City.

## 8. Proprietary Information

To the extent permitted by law, proposals will be opened in a manner that avoids disclosure of the contents until after award of the contract. Proprietary information contained in the proposal should be designated as such on each page containing the information.

## 9. Bank Fees

The City will evaluate the proposals on a cost and earnings potential – fee basis and compensating balance basis for payment of banking services will be considered. **The City requires the ability to change the payment methodology during the contract period from compensating balance basis to fee basis; or fee basis to compensating balance basis upon thirty (30) days written notice (corresponding to a reporting period). This will enable the City to recognize earnings made possible by changes in interest rates.**

The City may chose a structure which will sweep accounts to either zero or their compensating balance each night through a master account or from individual accounts. On a fee basis the bank may, within five business days of City receipt of the monthly account analysis, direct debit the designated account for fees due, if no exceptions are found or objections made by the City. **A complete account analysis will be required monthly regardless of the payment basis.**

If the proposer uses the Earnings Credit Analysis (ECR) to calculate bank fees, a sample should be provided in the RFP itemizing it's calculation.

All item and account volumes are shown on Attachment A based on the prior year banking activity. All proposed fees should remain at the proposal price quoted for the duration of the initial three years of the contract period regardless of changes in service volumes during the period. The City has made every effort to present an accurate projection of service volumes based on historical usage. Volumes shown on Attachment A were obtained from actual account analyses over a six month period. As a result, no account analyses will be provided to any proposer.

Care should be taken to include all fees required to perform the services proposed. Fees not listed on Attachment A for required services will not be honored by the City during the contract basis. The City recognizes that changes in service levels, especially made in response to new technology, cannot be anticipated. Any material changes in service volumes may be discussed with the City during the contract period but any change in resultant pricing will require written City consent.

No change in fees for the two extension periods are anticipated but will be negotiated with and approved by the City. In no instance will the rate increases in extension periods exceed the Texas CPI increases during the same periods as reported by the Bureau of Labor Statistics.

Should entirely new services be required during the contract period not contemplated by this RFP, those services will be provided at fees mutually agreed upon by the banking institution and the City and will not be charged at more than the banking institution's *then-current published* rate.

## III. FINANCIAL ENVIRONMENT OVERVIEW

Currently, the City uses 'Tyler Technologies (Incode)' as its general ledger package; therefore file transfers must be compatible with that system. The City currently maintains five active (5) accounts and has no sweep in place. The average balance for all accounts over the past six months has been \$15,166,633. The description and average balances on these accounts are outlined below based on historical rates.

Description	Average Monthly Collected Balance	Type Acct
Operating Account	\$ 14,841,200	Stand Alone
Medicare	\$ 31,857	Stand-Alone
Tax Increment Reinvestment Zone	\$ 281,616	Stand-Alone
Animal Control Collections	\$ 2,229	Stand Alone
Parks (in the process of closing)	\$ 9,731	Stand Alone

The majority of banking activity will occur in the City's Operating Account. All accounts can receive some limited deposits, but not on a daily basis. Wires and securities transactions occur normally in the Operating Account.

- Approximately \$2.1 is processed monthly in payables (monthly with a weekly cycle)

The City currently does not sweep balances because of low interest rates. Should rates increase, a sweep may be used to sweep balances into an approved AAA-rated SEC registered government money market fund (not prime). Any or all City funds may be maintained and invested by the City outside this contract. The City will be under no obligation to maintain time or demand funds in the bank.

#### **IV. FINANCIAL INSTITUTION QUALIFICATIONS**

*The proposal must include a response to each question in this Section.*

##### **1. Creditworthiness**

In order to fulfill the City's fiduciary responsibility to protect public funds, each bank, submitting proposals shall provide, in response to this item:

- a. Provide an audited annual financial statement for the most recent fiscal period. The financial statements may be submitted as a link on the internet. The bank will be required to submit an audited statement to the City each year of the contract period, as soon as it is available. Confirm agreement to this requirement.
- b. Provide certification of the bank's Community Reinvestment Act (CRA) rating by the rating agency. The bank will be required to notify the City of any change in this rating during the contract period, as soon as it is available. Confirm agreement to this requirement.
- c. Provide the bank's current senior and subordinate debt ratings. An independent rating agency such as Highline (Thompson Financial), Veribanc, or comparable agency is acceptable. If not available, provide the most recent rating from a bank rating firm such as Veribanc. The bank will be responsible for notifying the City within thirty (30) days of any change in these ratings during the entire contract period. Please confirm agreement to this requirement.

##### **2. Customer Service**

Service will be a focus of the evaluation. Describe the bank's philosophy and approach to satisfying this need.

- a. How many individuals does the bank have in the local bank? How will the bank provide relationship support for banking services? What approach or service program functions will be instituted to provide the best service?
- b. How is local service and overall contract performance monitored at the bank and holding company levels?
- c. How do the local employees and bank support the community and the City?
- d. What is distinctive about the bank's approach to its automation on services? Are there any new services planned which may impact the City?
- e. Is the bank offering any transition or retention incentives? Describe fully and quantify completely.
- f. What support will the bank be able to offer the City in a disaster situation to maintain stable banking functions? Focus on systems, telecommunications and power, operational facilities, and transportation.
- g. The City requires the right to use a third party auditor to review the City's accounts and transactions and the bank's records regarding the City and its transactions at any reasonable time. Confirm agreement with this condition.
- h. The Depository will be requested to review the City's Investment Policy and certify to that review in accordance with the Texas Local Government Code 2256. Confirm agreement with this requirement.

##### **3. Depository Agreement and Service Agreements**

Provide a copy of all depository and service agreements which will be required to be executed under the contract for services rendered (including depository and collateral agreements). Any changes required on the agreements will be discussed and agreed upon before award of the contract is made by the City.

#### **4. References.**

List references from at least three comparable public clients. For each reference, include the length of time under contract, a client contact, title, and email address.

#### **5. Implementation timeline**

Provide the proposed, detailed timeline for implementation of the contract including the activities required by both parties and assignment of responsibilities during implementation.

- Note any provisions or requirements and when the implementation of services could or would be scheduled. (Specific information for lockbox implementation will be required below.)
- Denote any limitations.

Default in promised delivery of services, without acceptable reasons, or failure to meet the terms or conditions of the depository contract without remedy, shall result in the City having the right to terminate the contract, but the exercising of such right to terminate the contract does not limit any other remedies the City may have for damages or other relief under the law.

### **V. REQUIRED BANKING SERVICES**

***The proposal must include a response to each of the questions in this Section and all associated fees must be detailed on Attachment A.***

#### **1. Account Structure**

Under this contract the City anticipates utilizing the same account structure with a master ZBA and one subsidiary ZBA account. When a sweep is feasible the master would be swept daily to an SEC registered government money market mutual fund striving to maintain a \$1 NAV.

- a. Describe the bank's ability to provide a ZBA structure.
- b. Can the bank provide a sweep to a money market fund? Is the sweep from the master account or can it be swept directly from individual accounts.
- c. Is the bank proposing a non-ZBA or sweep structure especially with the rates historically low? Describe.
- d. In a sweep, will sweep activity be reported on a daily transaction basis or only on a monthly basis?
- e. Will interest from the sweeps be applied at the master or account level?
- f. Are funds swept at end of day or next day? If next day, how are funds collateralized overnight – especially when balances are being swept to zero?
- g. Provide the prospectus for the offered fund if proposing a sweep for use during the contract. A AAA-rated, SEC registered government fund should be utilized for the sweep and it must strive to maintain a \$1 NAV.
- h. For interest bearing and money market accounts indicate any index/basis used to set the rate on the account.
- i. Will FDIC fees be charged to the account? On the analysis?

Neither offshore accounts nor repurchase agreements are acceptable as a sweep vehicle. The City may be required or may desire to open additional accounts or change accounts during the contract period. Any new accounts shall be charged at the same contracted amount.

#### **2. Automated Cash Management Information Access**

The City requires web-based, automated cash management services and prior day balance reporting for timely access to balance information and transactions on all accounts. It requires a high degree of automation within the various service areas.

Imaging of all checks and image retention is required. Imaging of deposit slips and deposit items is preferred. Preferably statements and account analyses will be available in electronic form.

Minimum online services should include balance reporting, stop pays, positive pay exceptions, account transfers, and wire transfers. Daily balance reporting should include detail on all transactions with summary reporting on closing ledger and collected balances along with one-day float, at a minimum.

- a. Fully describe the bank's online service capabilities. List system capabilities (i.e. balance reporting, wires, positive pay, stop pay, etc.).
- b. Are all reporting processes and services web-based?
- c. Detail the availability of prior day and intra-day detail and summary reporting. When is prior day information available? What is included? Is intra-day information real-time or delayed? Specify.
- d. Define the image and history retention features available.
- e. Can customized reports draw across reporting modules and activities (cross functionality)? Describe and detail.
- f. Describe back-up procedures for use by the City with any interruption in the automated system delivery of information.
- g. Describe the security protocol for online services. How is authentication and authorization provided? How is the administration of the security module established and maintained?
- h. What are the hours of available technical support? How is it provided?
- i. Submit samples of major screens and reports available or preferably provide a website link/demo along with sign-on information for an online review of all the services, if available. If not available, submit screen prints
- j. Are check deposit slips and other images available online? How long are images available online?
- k. Is a monthly CD provided? What is on the CD? When is it available?
- l. How are images charged? Are they changed when created, viewed, or one time?

### **3. Collection and Deposit Services**

Standard deposit services and remote deposit services are required. The City processes daily deposits by staff. Deposits are made individually by departments (programs). The City does not encode all checks.

All deposits received by the bank's established deadline should be processed same day. The bank shall guarantee immediate credit on all incoming wire transfers, on-us items, and U.S. government securities maturities and coupons. All other checks clearing will be based on the bank's published availability schedule. Failure to credit the account will require payment reimbursement to the City at the then-current Fed Funds rate. Returned items are to be re-deposited automatically.

- a. What is the bank's daily cut-off time to assure same day ledger and, pending availability, collected credit at (a) banking center, (b) branch, and (c) via remote?
- b. Does the bank require, or prefer, strapping and rolling? Are there cost benefits/requirements for separating cash and checks? Coin and check?
- c. Is there any limit to the number of deposits in one bag? Are these handled as separate advices?
- d. Do you offer a courier service to provide pick up of daily deposits? If so, what are the terms?
- e. When are credit/debit advices sent to the City from the various deposit location types? Are these advices sent electronically? Are originals or images of originals provided with each advice?
- f. Do daily reports include activity by account and location?
- g. Are all deposits designated by location and tracked as such through the reporting?
- h. Does the bank offer deposit location tracking and deposit reconciliation?
- i. How does the bank handle discrepancies in deposit amounts? What settlement process is followed?
- j. How and when does notification of return items take place? List the notification elements (date, status of return, reference number, account numbers and routing number, amount, etc.)
- k. What type deposit bags are used or required? Are these available from the bank? At cost?
- l. Differentiate between immediate and post verification.
- m. Are any deposits or credits delayed for any reason?
- n. How much advance notice is required on coin and currency orders? Can orders be placed online? Is there any minimum purchase requirement? What is the turn-around time on orders?
- o. Include a list of all the bank's deposit locations in the City.
- p. Price the total fees which would apply to the following sample deposit as outlined below. (This does not reflect a *normal* City deposit and is used for comparison purposes only.) The cost would be \$\_\_\_\_\_.

**SAMPLE DEPOSIT:**

The sample deposit would be made (a) in four (4) deposit bags, (b) with bundled but un- strapped currency, (c) with coins that are not rolled, (d) with tapes attached to bundled but not endorsed checks. The breakdown on the deposit is:

Currency				
Denom.	# Straps	Loose \$	Total \$	
\$100	5	\$ 300	\$ 20,300	
\$ 50	6	\$ 600	\$ 15,600	
\$ 20	4	\$ 340	\$ 4,340	
\$ 10	9	\$ 70	\$ 4,570	
\$ 5	22	\$ 175	\$ 5,675	
\$ 1	50	\$ 14	\$ 2,514	\$ 52,999
Coins				
\$ .25			\$ 427	
\$ .10			\$ 114	
\$ .05			\$ 10	
\$ .01			\$ 2	\$ 553
Checks				
280 checks			\$140,252	<u>\$ 140,252</u>
				<u>\$ 193,794</u>

**4. Disbursing Services and Commercial Card**

Standard disbursing capability for all accounts is required. The City requires positive pay services for all its checks and accounts and prefers payee verification.

The City has a mandatory direct deposit policy for its employees. Currently pay cards are not used. Pay cards are discussed in a separate section of this RFP.

- a. When is daily check clearing information available online through intra-day reporting?
- b. Does the bank image all checks? When is the image available and how long it is retained online?
- c. What level of reporting on received items is included? (check number, dollar amounts, value dates, transaction codes, etc.)
- d. Does the bank agree to cash all non-account holder City payroll checks without fee to the check presenter or the City?
- e. Does the bank offer a commercial card program? Does the bank offer a Commercial Card Expense Reporting Module online? If so, what features are provided in the module? Describe payment schedules, controls, and liabilities.
- f. Can the commercial card be fashioned as a purchasing card with built in limits on spending or types of purchases?
- g. The bank must provide the City with an electronic file of purchase card transactions in a format that is compatible for upload to the City's general ledger.

**5. Positive Pay and Partial Reconciliation**

Currently, the City uses positive pay on two accounts. To safeguard against fraudulent checks, positive pay is required on the two accounts, preferably with payee verification. The City requires positive pay services with complete indemnification for fraudulent checks. The proposal must provide a fully automated and web compatible transmission process. Transmissions are made as part of each check run. Manual check information should be able to be input and transmitted online.

- a. Describe data transmission file and timing requirements for check registers.
- b. Is payee verification available?

- c. Is positive pay input for manual checks available online? Describe.
- d. Is exception reporting and handling managed totally online? Describe.
- e. Does the bank review exceptions such as encoding errors for possible repair before creating a City exception item?
- f. At what time are positive pay exceptions reported to the City? How is it reported? Is the City alerted or must staff check daily for possible exceptions?
- g. At what time must exception elections be made and entered?
- h. What responses options are available? (Pay, No pay, Hold?)
- i. Are all checks, including those received OTC, verified against the positive pay file before processing? How often is teller information updated? If not verified, what are the process, liability, and security on over-the-counter transactions?
- j. If positive pay services are not available, state the bank's policy on liability for fraudulent checks.
- k. Does the bank provide or have available fraud control paper check stock?

#### Account Reconciliation

The City currently does not use account reconciliation.

- a. Describe your partial reconciliation services.
- b. Are file transmissions compatible with the Tyler Technologies (Incode) file format requirements?
- c. Does the bank provide deposit reconciliation services? If yes, describe.
- d. Describe the cost efficiencies, if any, of combining partial reconciliation with positive pay in your bank.
- e. Specify data transmission requirements.
- f. When are reports available from partial reconciliation? Are they provided online?
- g. Provide samples of account reconciliation reports.

#### **6. Wires and Internal Transfer Services**

The City currently uses wires and averages about eight outgoing wires each month. Incoming wire transfers must receive same day credit. Wire initiation must be available online. The City will require compensation for delays caused by bank errors at that day's Fed Funds rate.

- a. Can outgoing wires be initiated and monitored online?
- b. Can repetitive templates be created?
- c. Do repetitive or non-repetitive wires require the same levels of authorization?
- d. Is dual authorization required for repetitive and non-repetitive wires?
- e. Is future dating of wires available? How far in the future?
- f. State wire access and cut-off times.
- g. State the bank's policy on the use of ledger balances for outgoing wires in anticipation of daily activity or incoming wires.
- h. Is the ability to do internal transfers available online? Is there a fee for transfers?

#### **7. ACH Services**

ACH services are required for bi-weekly payroll direct deposit and some vendor payments. The City uses ACH for transfers to pools and paying agent transactions currently. The City also uses a direct debit for approximately 952 utility payments per month. The Utility Billing department bills on a weekly cycle. ACH is not heavily used for vendor payments, but the City plans to expand this use. The City requires pre-notification.

- a. Is ACH service fully available online for individual transactions as well as by transmission for batched files? What are the cut-off times.
- b. What is the policy on and handling of ACH returned items?
- c. Can ACH items be future dated? How far in advance?
- d. Describe specific filters and blocks available? Define and describe all your fraud filter options.
- e. Are ACH addenda shown in their entirety online and on reports and statements? Describe.
- f. Does the bank routinely pre-note? Is the pre-note charged as a standard ACH transaction?

## 8. Safekeeping Services

All City investments are made in accordance with the City's Investment Policy and will be made by the City or its investment adviser and instructions for safekeeping will be given to the bank by an authorized staff member or the adviser. The bank will be required to provide book-entry safekeeping services through the bank or an approved correspondent. All securities must be cleared on a delivery versus payment (DVP) basis and ownership documented by original safe-keeping receipts to the City. All interest payments and maturities shall be given immediate credit. The City wants the safekeeping fees to be applied to and paid through account analysis.

The City anticipates a current average of five (5) to ten (10) securities in FRB (Federal Reserve) or DTC (Depository Trust) safekeeping with the number increasing as rates rise. Ownership of the securities must be perfected and evidenced by an original safekeeping receipt sent directly to the City within one business day. The bank's brokerage services will not be used in order to perfect delivery versus payment (DVP) as required by statute and the City's Policy and assure independent third party safekeeping.

- a. Is online information available for securities? For clearing? For safekeeping?
- b. Describe bank safekeeping arrangements proposed internally or with a correspondent.
- c. If the bank is using a correspondent bank, identify the bank and describe the process to be used.
- d. Are notifications sent on all transactions (purchase, sale, calls, and maturities)? When and how?
- e. Will the bank apply the safekeeping charges to the account analysis? Confirm.

The City may choose to purchase time deposits from the bank but all time deposits will be competitively bid. The bank may provide a set basis for establishment of CD rates if desired.

## 9. Collateral Requirements

The City requires a bank that is fiscally strong and able to provide the services described on an uninterrupted basis. City funds are public funds and fall under provisions of the Public Funds Collateral Act (Texas Government Code Chapter 2257) with additional restrictive City requirements. All time and demand funds above FDIC insurance coverage must be collateralized to **102%** with securities authorized by the City. Authorized collateral will include only:

- Obligations of the U.S. Treasury
- Obligations of U.S. Agencies and Instrumentalities (excluding letters of credit) to include mortgage backed securities which pass the *bank test*
- Obligations of any US state, their agencies and instrumentalities, and municipalities rated A or better by two nationally recognized rating agencies.

All securities pledged to the City will be held by an approved independent third party institution outside the bank's holding company. The bank will be responsible for the pricing of securities and continuous monitoring and maintenance of margin levels. The custodian will provide a monthly report directly to the City on the collateral pledged. Preferably the custodian will provide market values on the securities.

A collateral agreement shall be executed under the terms of FIRREA<sup>1</sup> and approved by resolution of the bank's Board or Loan Committee.

### ***The following conditions must be met as described and agreed to:***

- Collateral must be held in an independent third party bank outside the bank's holding company.
- All deposits will be collateralized at **102%** of principal plus accrued interest daily, excluding FDIC insurance.
- The bank is responsible for the daily monitoring and maintaining of collateral margin requirements.
- Pledged collateral will be evidenced by original safekeeping receipts/report sent directly to the City by the custodian.
- The City will receive a report of collateral pledged including description, par, market value, and cusip monthly from the custodian at least monthly.
- Substitution rights will be granted if the bank obtains the City's prior approval (or has online access to all collateral held) and if substituting securities are received before previously pledged securities are removed from safekeeping.

- The bank shall execute a collateral agreement with the City for custody of pledged securities in full compliance with FIRREA not less than five days before commencement of the contract.

Does the bank confirm agreement to the conditions stated above? If not, clearly define any exceptions and what will be substituted to assure City funds' safety.

### **10. Account Analysis**

A monthly account analysis report shall be provided for each account and on a consolidated account basis. Please note that a pro-forma analysis provided will not be used in lieu of the Attachment A to determine fees or monthly anticipated charges.

- Provide a sample account analysis.
- State when the analysis will be available each month.
- Is the analysis provided online?
- Is it on a monthly CD?
- How long are analyses maintained online?

### **11. Monthly Statements**

The bank will provide monthly account statements on individual accounts and on a consolidated account basis. All accounts are on a monthly cycle. Timeliness is critical.

- Provide a sample statement.
- State when statements are available in paper and online?
- Is the statement available online? Also in paper form? Is the report on the monthly CD, if one is provided?
- How many months are statements available online? The City prefers a minimum of 12 months.
- If the monthly CD contains the statement, will there be an additional fee for a paper statement?

### **12. Account Executive**

To ensure a smooth contract implementation and continuation, a specific account executive and back-up must be assigned to the City account to coordinate services and expedite the solution of any problem. The account executive should meet with City staff semi-annually on banking matters.

- Provide a structure for support to be provided by the bank. Explain how this support level will address problems and promote ongoing communications.
- Confirm that the account representatives will respond to all City inquiries within one business day.
- Provide the name and title of the proposed account executive and one backup.
- Will this individual handle technical problems, questions, or changes? Daily operational difficulties?
- What kind of additional technical support is available after business hours and on weekends?

### **13. Overdrafts**

Every effort will be made by the City to eliminate net aggregate daylight and overnight overdraft situations. Please note that the City's normal operating days/hours is Monday-Thursday, 7am – 6pm.

State the bank's policy regarding aggregate overdraft charges and the fees, if any. Please provide any services or options that may accommodate the City as a result of the regular working hours (Mon-Thurs/7am-6pm).

### **14. Stop Payments**

The City currently averages two stop payments per month and requires a minimum six month stop pay period. An automated stop pay process is required.

- Describe the stop pay process.
- How long will original stop pays remain in effect?
- Can stop pays be renewed? How? For what periods?
- Can a stop pay be cancelled? How?
- What is the deadline for same day action?

- f. Will the online system verify if the check was cleared before accepting the stop pay?

## **15. Company Banking**

Describe any program the bank has in place to benefit the employees of the City including services provided and applicable fees to the City or employee.

- a. Is availability only for employees using direct deposit or on City employment alone?
- b. List the services available to employees.

## **VI. OPTIONAL SERVICES**

***The proposal must include a response to each question in this section and all fees associated with the service must be shown on Attachment A. If the service is not available respond as "Not Available".***

The City continues to investigate new services for inclusion under its banking services contract. These services are not currently required but will be evaluated in terms of availability, feasibility, service levels, services provided and charges for current, or future, use under the contract. The City will make its determination after receipt of the bids as to whether a particular service will be used initially or at all. If the service is initiated later in the contract period the services and charges stipulated in this proposal will be applied.

### **1. Stored Value Cards (Pay Cards)**

The City currently does not utilize stored value cards but may consider it during the contract period especially for payroll. Users must have the ability to use the cards at point-of-sale as a debit card and/or for cash withdrawals at financial institutions and ATMs.

The purchasing ability of the cards must be limited to the stored value of the card. The City is authorized to assess fees from the user for issuing the stored value cards. The City must provide an opportunity for card holders to access the total amount of their funds either through ATM withdrawals or counter presentation without incurring a fee at the bank's own facilities.

The City will be responsible for marketing the use of the program and has total discretion on the distribution of the cards. The banking institution is required to provide card holders with all processing and transaction information. Services expected from the bank would include at a minimum:

- *embossing, encoding and distributing cards as directed by City*
  - *provision of electronic statements to cardholders via online web access*
  - *administration of accounts: maintenance of accounts, application of funds, authorization of transactions, related tracking*
  - *customer service functions*
- a. Does the bank provide pay cards or a comparable service? How long has this process been available?
  - b. How many customers use the service? Provide three comparable references for the service.
  - c. Which program (authorization mark) does your program use? (Visa, MasterCard (MC), etc.)
  - d. Describe the enrollment process. Is enrollment online and does it provide for batched and individual item processing?
  - e. What are the costs associated with inactivity (dormancy) and when is dormancy triggered?
  - f. Describe your customer servicing. Is multi-lingual customer service staff available?
  - g. Will the bank handle the escheatment process for terminated employees?
  - h. Describe data transmission requirements and deadlines?
  - i. Define all services charged to the card holder and show the associated fees on Attachment A.

### **2. Image Lockbox**

The City is considering the use of an image lockbox for receipt and posting of utility bills. Currently this process is completed efficiently in-house but an evaluation of the process, its costs, and its impact will be made.

- a. Describe fully the bank's ability to provide an image lockbox service.
- b. What and when is information available?

- c. Describe the implementation timeline.
- d. What level of technical assistance is the bank anticipating would be given to the City to implement the lockbox and design the remittance document?
- e. When could the lockbox be implemented?
- f. Where is the chosen lockbox facility located? What address (city, not street or specific location) would be used for remittance on each?
- g. Describe the work flow and processing of payments.
- h. When is mail collected and delivered to the facility? How many times daily? How many hours of operation each day?
- i. Can the lockbox handle remittances paid by credit card? By cash?
- j. Describe the major components of your overall process including quality control checkpoints.
- k. Will City mail be processed on all shifts including weekends?
- l. Is there a formal procedure for responding to and correcting errors and problems? Describe including average response time. Who is responsible for handling adjustments and error resolution?
- m. Provide the names, contact names and telephone numbers of at least three comparable public lockbox clients.
- n. In the case of system failure, what are the back-up arrangements for processing? What delays would be expected in such a situation?
- o. Describe the data transmission process and provide all sample reports to be received. Is there full MICR capture?
- p. What is the earliest transmission time that information is available on the daily deposit(s)? Is this information available online?

### **3. Printing Utility Bills**

During the contract period, the City may be looking into using the depository to print and mail the City's utility bills. Please indicate the bank's level of interest in providing billing/mailing services.

### **4. Remote Electronic Check Acceptance and Conversion**

The City is interested utilizing remote check depositing at the City Hall location during the contract period.

- a. Describe the bank's remote deposit process.
- b. Does the bank provide remote deposit processing currently? Give three references for comparable entities including a contact name, company and email address.
- c. What is the final cut-off time for remote deposits? Are there any limitations on batch size or limits on the number of transmissions per day?
- d. Once deposited through remote deposit does the bank hold the same liability as if checks were OTC deposited?
- e. How long must checks be retained by the City once remotely deposited?
- f. What options does the City have in scanners for use with the process? Is this equipment available through the contract? List the equipment required along with its approximate cost(s).

Attachment A

Account Name	6-Month Avg Collected Balance	Description	Monthly Volume Avg	Proposed Unit Price	Total Proposed Cost
Operating	\$14,841,200	DEPOSITED CHECKS - ON US	587.50		
		DEPOSITED CHECK	2,636.33		
		ACH RETURN ITEM-MANUAL	3.50		
		ACH RETURN ADMIN -MANUAL	2.67		
		ACH RETURN UNAUTHORIZED -MANUAL	1.00		
		ACH RETURN UNAUTHORIZED QUALITY FEE	1.00		
		CASH VAULT MONTHLY BASE	1.00		
		CASH VAULT DEPOSIT ADJUSTMENT	2.00		
		CV CASH ONLY OR CHECK ONLY DEPOSIT	39.83		
		CASH VAULT DEPOSIT CASH AND CHECK	29.83		
		CASH VAULT CURRENCY/COIN DEPOSITED	55,443.83		
		CASH VAULT ADJ ADVICE - US MAIL	1.50		
		ARP MONTHLY BASE - PARTIAL	1.00		
		ARP PART POSITIVE PAY ISSUE - ITEM	226.33		
		POSITIVE PAY EXCEPTION CHECKS RETND	1.00		
		STOP PAYMENT - ONLINE	3.00		
		ARP AGED ISSUE RECORDS ON FILE-ITEM	1,513.83		
		CEO IMAGE VIEW < 90 DAYS - ITEM	11.25		
		CEO IMAGE VIEW > 90 DAYS - ITEM	11.33		
		POSITIVE PAY EXCEPTIONS - ITEM	3.50		
		POSITIVE PAY MONTHLY BASE	1.00		
		POS PAY CHECKS WITH NO ISSUE RECORD	3.50		
		ACCT MAINTENANCE	1.00		
		DDA CHECKS PAID	206.00		
		PHOTOCOPY CUSTOMER SERVICE - ITEM	1.00		
		CEO SEARCH	12.83		
		CEO EVENT MESSAGING SERVICE - EMAIL	160.00		
		CEO WIRE XFR DETAIL US ACCT MO BASE	1.00		
		CEO WIRE XFR DETAIL US ACCT ITEM	13.50		
		INFO REPORTING HISTORY STORAGE 30	183.17		
		ACH CEO SUBSCRIPTION - ACCOUNT	1.00		
		ACH CEO SUBSCRIPTION - ITEM	267.00		
		ACH CEO FRAUD FILTER REVIEW MO BASE	3.00		
		ACH CEO FRAUD FILTER REVIEW - ITEM	13.33		
		CEO CHECK ISSUES-ITEM	2.33		
		CEO ARP STMT & RPTS MONTHLY BASE	1.00		
		ACH PAYMENTS BASE FEE	2.00		
		CEO BASIC BANKING - MONTHLY BASE	1.00		
		CEO BASIC BANKING ADDL ACCT-MO BASE	6.00		
		CEO BASIC BANKING - TRANSFER	3.83		
		ACH PAYMENTS ONE DAY ITEM	790.83		
		ACH PAYMENTS TWO DAY ITEM	1,302.00		
		ACH PAYMENTS SAME DAY ITEM	41.00		
		ELECTRONIC CREDITS POSTED	141.50		
		DEBITS POSTED	41.50		
		RETURN ITEM - CHARGEBACK	3.00		
		RETURN ITEM SPECIAL INSTRUCTIONS	3.00		
		RETURN ITEM REDEPOSITED	3.00		
		RETURN ITEM SPECIAL INST MTHLY BASE	1.00		
		RETURN ITEM WITH MAKER NAME	6.00		
		ROLLED COIN FURNISHED BY WF BRANCH	18.50		
		CURRENCY FURNISHED BY WF BRANCH	424.00		
		CASH ORDER FEE IN A WF BRANCH	1.00		
		ARP PARTIAL RECONCILIATION - ITEM	206.00		
		WIRE IN - DOMESTIC	6.83		
		WIRE OUT DOMESTIC - CEO	6.33		
		ACH ORIGINATED - ADDENDA REC	35.33		
		ACH FAX SERVICE	15.50		
		ACH RECEIVED ITEM	170.50		
		ACH EXCEPTION PROCESS-DUPLICAT FILE	1.00		
		ACH WELLS FARGO NOC - FAX ADVICE	2.00		
		ACH NOC - FAX ADVICE	4.33		
		ACH PAYMENTS ONLINE BATCH RELEASE	17.67		
		RECOUPMENT MONTHLY IB	14,562.62		
		COMMERCIAL CARD ISSUANCE	2.00		
		COMMERCIAL CARD TRANSACTION	249.83		
		COMMERCIAL CARD PROGRAM MAINT FEE A	1.00		

Attachment A

Account Name	6-Month Avg Collected Balance	Description	Monthly Volume Avg	Proposed Unit Price	Total Proposed Cost
		COMMERCIAL CARD-IMAGING 1ST YR/PAGE	1.00		
		COMMERCIAL CARD CCER MONTHLY BASE	1.00		
TIRZ	\$281,616	DEPOSITED CHECKS - ON US	1.20		
		BRANCH DEPOSIT	1.20		
		ACCT MAINTENANCE	1.00		
		DDA CHECKS PAID	1.75		
		CEO WIRE XFR DETAIL US ACCT MO BASE	1.00		
		ACH CEO SUBSCRIPTION - ACCOUNT	1.00		
		ACH CEO SUBSCRIPTION - ITEM	1.00		
		ELECTRONIC CREDITS POSTED	1.00		
		DEBITS POSTED	1.00		
		ACH RECEIVED ITEM	1.00		
		RECOUPMENT MONTHLY IB	284.89		
Animal Shelter	\$2,229	ACCT MAINTENANCE	1.00		
		ELECTRONIC CREDITS POSTED	18.00		
		DEBITS POSTED	1.00		
		ACH RECEIVED ITEM	19.00		
		RECOUPMENT MONTHLY IB	2.39		
Medicare	\$31,857	ACCT MAINTENANCE	1.00		
		CEO WIRE XFR DETAIL US ACCT MO BASE	1.00		
		ACH CEO SUBSCRIPTION - ACCOUNT	1.00		
		ACH CEO SUBSCRIPTION - ITEM	7.00		
		ELECTRONIC CREDITS POSTED	18.50		
		DEBITS POSTED	1.25		
		ACH RECEIVED ITEM	18.83		
		RECOUPMENT MONTHLY IB	36.76		
Parks - Credit Card *	\$9,731	ACCT MAINTENANCE	1.00		
		CEO WIRE XFR DETAIL US ACCT MO BASE	1.00		
		ACH CEO SUBSCRIPTION - ACCOUNT	1.00		
		ACH CEO SUBSCRIPTION - ITEM	5.00		
		ELECTRONIC CREDITS POSTED	25.83		
		DEBITS POSTED	5.67		
		ACH RECEIVED ITEM	30.83		
		RECOUPMENT MONTHLY IB	9.23		

\* In the process of closing