

CITY OF HORSESHOE BAY, TEXAS

REQUEST FOR PROPOSAL FOR BANKING SERVICES

I. INTRODUCTION

The City of Horseshoe Bay (City) is requesting proposals from qualified financial institutions to serve as the Depository Bank (Bank) for the City and to provide banking services to the City as described below. Service provided will be in accordance with the Bank Depository Contract and attachments executed between the City and the Bank selected.

This Request for Proposal, (RFP), outlines the proposal procedures, scope of banking services to be provided, and information about the City accounts. The objective of this request is to identify the banking institution that can offer the highest quality service at the lowest cost to the City and, that has the current capability to meet the expanding banking needs and customer service initiatives of the City for the foreseeable future.

II. PROPOSAL INSTRUCTIONS AND QUALIFICATIONS

A. MINIMUM QUALIFICATIONS

A proposer must be a Federal or State of Texas chartered banking institution with banking facilities physically located within the city limits of Horseshoe Bay with the ability to offer the full range of banking services required by the RFP and must be able to provide those services by November 1, 2022. Requirements for depositories of municipal funds are established by State law under Chapter 105 of the Local Government Code of Texas. The proposal submitted will become part of the final contract.

B. CONTRACT TERMS

The selected Bank shall be designated as the City's depository effective November 1, 2022 until October 31, 2027. The Depository Bank Contract will be awarded to the Bank whose proposal conforms to the RFP specifications and is the most advantageous and cost effective to the City.

The following additional agreements will be executed between the designated Bank and the City effective November 1, 2022, and will become part of the Depository Contract:

1. Depository Custodial and Safekeeping Agreement
2. Wire Transfer Agreement
3. Collateral Agreement
4. Automated Clearing House Services Agreement

Additional contracts and agreements relating to the normal conduct of banking transactions may be required during the term of the Bank Depository Contract. All supplemental contracts and agreements will be attachments to the Bank Depository Contract and will be incorporated into the Depository Contract.

The Depository Contract shall provide that the City reserves the right to cancel any agreement at any time upon ninety (90) days prior written notice of its intent to terminate any agreement. The designated depository shall provide the City ninety (90) days prior written notice of its intent to terminate any agreement.

Upon being awarded the contract, the Bank will execute the Bank Depository Contract within ten (10) business days after being notified of selection. In addition to executing the Depository Contract, the Depository Bank shall provide a document certifying that the Depository Contract was approved by the depository's Board of Directors and said approval is recorded in the minutes of a meeting of the Board.

C. PROPOSAL SUBMISSION INSTRUCTIONS

1. Proposal Format:

In order to fully and equitably evaluate each Bank's ability to meet the banking services needs of the City, a standard reply format is required. Each proposal must include a response to each item in the RFP in the order given. Only proposals submitted in the prescribed format and using the exhibit forms provided will be evaluated for contract award.

2. Submission Requirements:

Two (2) paper copies and one electronic copy of the Proposals must be submitted in sealed envelopes clearly identified as "Proposal For Banking Services" and delivered to the following address no later than **2:00 p.m., Friday, August 5, 2022:**

Margie Cardenas, Finance Director
City of Horseshoe Bay
P.O. Box 7765 (if by mail)
#1 Community Drive (if delivered in person)
Horseshoe Bay, Texas 78657

Proposals must contain the following sections in the order indicated:

1. Cover Letter - This section should contain the name of the proposing Financial Institution, the address of the proposing office, and the individuals authorized to answer technical, price, and/or contract questions together with their telephone numbers and mailing addresses. A person authorized to bind the Financial Institution must also sign the cover letter.
2. References - Indicate the Bank's background in providing financial services to public organizations. List any financial services contracts currently in place. Provide a list of client references for other public organizations using the Bank's services. Include client name, contact persons, and phone numbers.

3. Required Information and Other Additional Data – All Banks must provide, as part of the proposal:
 - Proof of Federal or Texas Charter lawfully authorized to conduct business in the state of Texas
 - Ratings for the Bank from at least two rating agencies
 - Audited financial statements for the most recent fiscal year
 - Copy of the current call report
 - Copy of most current rate sheet
 - Statement regarding any recent or foreseen merger or acquisition
 - Statement of capability of providing required services by November 1, 2022
 - Overview of the Bank’s disaster recovery plan
 - Reporting capabilities - Paper vs. Electronic vs. Internet

Give any additional information considered essential to the proposal in this section. Include any examples of schedules or reports.

4. Attachment A – Banking Services Charges (Bid Form) - The City requires a price per item fee with monthly and/or annual payments for services rendered, if applicable. The compensation proposal should be documented by completing the Bid Form and submitting it to the City with the RFP. The Bid Form will include all of the unit prices for services requested, along with the required documentation listed in more detail in Section III – Required Banking Services. The contract award will not necessarily be made to the Bank that provides the lowest cost proposal but rather to the Bank that submits the most responsive proposal meeting the City's requirements.

In addition, the Bank should include the cost and supporting documentation of any services not itemized on the Bid Form which the Bank feels must be included to provide the required services. The Bank may also include the billing rate for special projects, which may be entered into during the contract period but are not a part of the total cost proposal. Volume discount prices may also be indicated where appropriate.

5. Attachment B – List of Bank Balances as of 4/30/2022 by account for the City.

3. RFP Questions:

Questions regarding this RFP may be submitted by email to mcardenas@horseshoe-bay-tx.gov or in written form to the address below on or before 5:00 p.m. Thursday, August 4, 2022:

Margie Cardenas, Finance Director
City of Horseshoe Bay
P.O. Box 7765
Horseshoe Bay, Texas 78657

4. Request for Proposal Amendments:

Modifications or additions may be made as a result of questions submitted. Written notification of any such change will be made to all known bidders.

5. Selection Criteria:

Evaluation of proposals will be made on the basis of the following objectives:

- Ability to meet the legal qualifications, terms, and conditions specified in the RFP.
- Financial strength and stability of the proposer.
- Completeness of the Bid Form and submission of the required information.
- Ability to provide sufficient collateral for deposits.

Scoring Requirements

- Safety and Creditworthiness 35 points
- Experience and Service Availability 35 points
- Cost of Services 15 points
- Interest Rates 15 points

6. Award of Bid and Service Initiation:

The contract is expected to be awarded by a vote of the City Council at its meeting on **September 20, 2022, at 3:00 p.m.** at City Hall located at #1 Community Drive, Horseshoe Bay, Texas, 78657. The City reserves the right to accept or reject any or all proposals, to accept the proposal it considers most advantageous to the City, and at its discretion to waive any defect or informality in the proposal.

III. REQUIRED BANKING SERVICES

This section includes, but is not limited to, the required banking services listed on Attachment A to be provided by the Bank under the contract. The Bank should use the Attachment A to provide the specific price for each service, along with required supporting documentation. All fees shall be fixed for the entire contract period.

A. Consolidated Account Structure:

The Bank is to provide a master consolidation account and zero balance accounts from which daily balance and detail report is available. The City's current account structure contains the following accounts:

Account Title:

- Disbursement Account
- General Fund Operating Account
- Utility Fund Operating Account
- Police Forfeiture Account
- Escondido PID Account
- Friends of the Parks Account

The City reserves the right to open or close any number or type of accounts as it deems necessary throughout the term of the contract.

B. Wire Transfer Services:

The City currently generates incoming and outgoing wires each month. A standard wire transfer agreement will be executed with the Bank. This proposal should include a copy of your standard wire transfer agreement. The City requires adequate security provisions and procedures. If the wire transfer requests are available on line, full information should be submitted detailing the use.

C. On-Line Banking Services:

The City requires on-line banking services accessible through the internet that at a minimum include balance reporting, initiation of ACH debits and credits and wire transfers, inter-bank transfers between accounts, and placement of stop payments on checks. The minimum balance reporting information should be for intra-day and previous business day and include: ledger balance, collected balance, one day float amount, two day float amount, total credits, total debits, and detail debits and credits. Historical information should be maintained on-line and accessible for two months. Stipulate the time at which the access is available and describe the system to be used. Reporting should include balance and detail reporting. Samples of the reports are to be included in the proposal.

D. Sweep Account Provisions:

If the City chooses, the Bank will be responsible for automatically sweeping the balances in all accounts daily to an investment option (money market fund, repo, etc.). Describe the sweep options and, if a money market fund is used, provide a prospectus. The accounts will be swept to the compensating balance.

E. Investment of Idle Funds and Safekeeping of City Securities:

All certificates of deposit bought by the City will be bought on a competitive basis. The City has no obligation to invest its funds with or through the Bank. All securities will be handled on a delivery versus payment (DVP) basis as they are cleared into and out of the account. All clearing and safekeeping will be in the Bank or its correspondent. All correspondent and safekeeping arrangements will be stipulated in the proposal.

F. Standard Disbursing Services:

Standard disbursing services for all accounts are required to include the payment of all checks upon presentation.

G. Standard Deposit Services:

The Bank must guarantee immediate credit on all incoming wire transfers and U.S. Treasury checks upon receipt and all other checks based on the Bank's published availability schedule. The Bank should specify in their proposal their deposit requirements and commercial and retail deposit locations, including night deposit services and procedures.

H. Reporting and Account Analysis:

Monthly account analysis reports must be provided by the Bank on a timely basis for each account and on a total account basis. A sample account analysis format must be provided

as part of the proposal. Samples of monthly statements should also be provided. The monthly statements are to be received within two (2) working days after the close of the calendar month.

I. Account Executive:

An account executive must be assigned to the account to coordinate the account services and expedite the solution of any problem. A trained and competent backup for the account executive, familiar with the account, should be assigned in the proposal. Stipulate the name and a brief biography of the account executive to be assigned to the City's account.

J. Direct Deposit:

The City utilizes direct deposit for payroll. Describe the requirements and deadlines for computer tap for ACH transactions for Direct Deposit. The proposal should indicate when funds will be available in participating Banks.

K. Overdraft Provisions:

Every effort will be made to eliminate overdraft situations on the accounts. However, in case this situation does arise, the proposal should include any and all Bank policies and overdraft charges or handling procedures.

L. Stop Payments:

The proposal must include a statement on the proposed stop payments process on an automated or manual basis.

M. Collateralization of Deposits:

The Bank must agree to obtain and maintain acceptable collateral sufficient to cover all anticipated time and demand deposits, above the FDIC insured limit. Securities used to pledge against time and demand deposits must be held in an independent third-party safekeeping agreement with the City and the Safekeeping Bank for safekeeping of these securities. Collateral will be maintained at a minimum of 102% and marked to market at least once a month. Control will be shared jointly between the Bank and the entity. Substitution will be approved by the City and not unduly withheld. Substitutions of collateral will be requested in writing and new collateral will be received before the existing collateral is released. The proposal will name the safekeeping Bank for collateral. This proposal should include a copy of your standard Safekeeping/Collateral agreement.

N. Credit Card Payments:

The City allows its customers to pay for services utilizing credit cards. The accepted credit cards are VISA, MASTERCARD and DISCOVER. These transactions are processed through a gateway and administrative third-party service.

O. Automated Clearing House Processing:

The City utilizes Direct Deposit for payroll. A standard ACH Agreement will be executed with the Bank. Please provide information on services and costs associated with the Bank's ACH processing abilities.

P. Bank Statements:

Statements shall be rendered within two (2) working days after the close of the calendar month. The statement shall include debits and credits made on the last day of the period and the detail items. Bank statements should be received on a monthly basis, even if there is no activity for the account. The statement must include photo copies of cleared checks and deposits. Please provide information on services and costs associated with providing copies.

IV. OTHER SERVICES

The City may be interested in obtaining service and cost information on additional services for possible use during the contract period. These services are not currently required but will be evaluated in terms of availability, feasibility, service levels, service providers and cost. If additional services are deemed to be necessary later in the contract period, a new proposal for these services and charges will be required during the contract period. Any fee charged for services not listed but later requested by the City will be mutually agreed upon in writing.

ATTACHMENT A - BANKING SERVICES CHARGES (BID FORM)
Any and all anticipated service charges must be shown on this form, with required supporting documentation attached, and will become a part of the contract.
Add additional lines as required.

Service Unit	Unit Charge	Cost of Service
Account Maintenance	Per Month	
Daily Balance Reporting	Per Month	
Zero Balanced Accounts		
Master Account	Per Month	
Subsidiary Accounts	Per Month	
Credits Posted	Per Transaction	
Debits Posted	Per Transaction	
Encoding charge	Per Transaction	
ACH Processing	Per Transaction	
Origination of file	Per Tape	
ACH deletions	Per Transaction	
ACH entries	Per Transaction	
Returned Checks	Per Transaction	
Controlled Disbursement	Per Account/ Per	
Reconciliation	Per Month	
Sort list tape	Per Transaction	
Sort & list	Per Transaction	
Items Deposited		
Deposits	Per Transaction	
Commercial Deposits	Per Transaction	
Group I Items	Per Transaction	
Group II Items	Per Transaction	
Group III Items	Per Transaction	
Group IV Items	Per Transaction	
Stop Payments	Per Transaction	
Overdraft Protection	Per Transaction	
Wire Transfers		
Incoming	Per Transaction	
Outgoing	Per Transaction	
Investment Safekeeping		
Safekeeping interest/credit	Per Transaction	
Safekeeping receipt deposit	Per Transaction	
Safekeeping outgoing	Per Transaction	
Securities DVP FRB	Per Transaction	
Securities DVP NY	Per Transaction	
Check Printing	Per Transaction	
Extra Statements	Per Transaction	
Lockable Bank Bags	Per Bag	
Lockbox	Per Month	
Cutbacks	Per Transaction	
Special handling	Per Transaction	

ATTACHMENT B – LIST OF BANK BALANCES

ACCOUNT	BALANCE at 4/30/22
DISBURSEMENT	\$ 1,218,698.00
UTILITY FUND OPERATING	\$ 20,414.00
GENERAL FUND OPERATING	\$ 335,816.00
PD SEIZURE	\$ 8,960.00
FRIENDS OF FUCHS HOUSE	\$ 35,372.40
ESCONDIDO PID	\$ 4,228.00