

**CITY OF BALCONES HEIGHTS, TEXAS
REQUEST FOR PROPOSAL (RFP)
FOR BANKING SERVICES**

Any alterations to this proposal that are not clearly identifiable may be cause its rejection

I. INTRODUCTION

The City of Balcones Heights is requesting proposals for a banking services contract for the period from November 1, 2020 through October 31, 2023 (three-year initial term), with automatic renewal for two additional one-year terms provided a 60-day notice to cancel is not provided by either party. Through this contract, the City intends to minimize banking costs, improve operational efficiency, and maximize investment capabilities. This Request for Proposal (RFP) represents the cash management goals, specifies all banks' required qualifications, the banking services required, the estimated activity volumes on all accounts, the method and terms of compensation, submission instructions and the contract award provisions.

II. PROPOSAL INSTRUCTIONS AND QUALIFICATIONS

A. Minimum Qualifications

To assure a close working relationship, to facilitate available services, and to support local business, the entity may give priority to those banks with full-service capabilities within the City limits. Any required statement regarding equal opportunity and affirmative action should be included if required/desired. The proposal submitted will become part of the final contract.

B. 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 physical copies of the proposal must be submitted along with one electronic copy. Proposals must be submitted in a sealed envelope marked "RFP DEPOSITORY SERVICES", received no later than 12 noon Monday, August 3, 2020, and addressed to:

City of Balcones Heights
Delia Sanchez, City Secretary
3300 Hillcrest Drive
Balcones Heights, Texas 78201-7044
dsanchez@bhtx.gov

3. Questions regarding the RFP or the service requested will be accepted in written form at the email address below on or before 12 noon Monday, July 27, 2020. Response to all material questions submitted will be communicated to prospective bidders on the city's website

Delia Sanchez, City Secretary
<mailto:dsanchez@bhtx.gov>

4. Request for Proposal Amendments

Modifications or additions may be made as a result of questions submitted. If applicable, notification will be provided on the city's website.

5. Selection Criteria

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

| | |
|-------------------------------------|-----|
| Time deposit interest rates | 20% |
| Cost of Service | 40% |
| Service availability | 20% |
| Safety and creditworthiness of bank | 20% |

6. Award of Bid and Service Initiation

The contract is expected to be awarded by City Council at its regular meeting at 6 p.m. on Monday, August 24, 2020, at the City Hall Justice Center and/or by video teleconference. These dates and times are subject to change. The City Council will award the contract based on the proposal determined to be the best value or most advantageous to the City. The City reserves the right to accept or reject any or all proposals, and at its discretion to waive any defect or informality in the proposal.

7. Contract Term and Other Stipulations

The term of the contract shall begin November 1, 2020. The initial term of the agreement shall be for three years, with two automatic renewals of one year each, unless either party gives notice of intent not to renew at least sixty days prior to the renewal date. In

accordance with state law, the term of the agreement and any renewals shall not exceed five years. The bank agrees to honor and continue any investments made during the term of this agreement that will mature after the expiration date at the same rate of interest.

The City expressly reserves the right to terminate the depository agreement with or without cause at any time by providing written notice to the bank to close its accounts. The bank's records relating to the City accounts shall be open to review by either City staff members or City appointed independent auditors during normal business hours.

III. REQUIRED FINANCIAL INSTITUTION INFORMATION

All banks must provide, as part of the proposal:

- audited financial statement for the most recent fiscal year,
- ratings on outstanding debt,
- a copy of the current call report,
- a statement regarding any recent or foreseen merger or acquisition; and
- any agreements that require City approval.

IV. REQUIRED BANKING SERVICES

This section lists all the services to be provided by the bank under this agreement. Attachment A lists each of these services. The bank should use this Attachment to provide the specific price for each service.

A. Consolidated Account Structure

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

General Fund (IB)
Insurance Trust – ACH Outbound Payments (NIB)
PEG (Public, Education & Government Access) (NIB)
Red Light Camera Program
Seized Cash

B. Wire Transfer Services

The City currently generates numerous incoming and approximately two outgoing wires each month. A standard wire transfer agreement will be executed with the bank. This proposal should include a copy of your standard transfer procedures and 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. Automated Daily Balance Reporting

The City requires an automated PC-based reporting system for access to the closing ledger and available balances. Stipulate the time at which the access is available and describe the system to be used. Reporting should include balance and detail reporting. Sample 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. If the bank is proposing overnight repurchase agreements, an executed Master Repurchase Agreement is required. In order to fulfill GASB III requirements for reporting, if a repurchase agreement is executed with bank itself, the collateral must be held in the trust department of the bank in a separate account.

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 transfer 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 deposits 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 ten business days of the next 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

Describe the requirements and deadlines for computer tap for ACH transactions. The proposal should indicate when funds will be available in participating banks.

K. Daylight Overdraft Provisions

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

L. Stop Payments

The proposal must include a statement on the proposed stop payment 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 of \$ 250,000. Securities used to pledge against time and demand deposits must be held in an independent third-party safekeeping institution outside the bank's holding company. The bank will execute a tri-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.

N. Additional Services

If new services become available and are provided during the period of this contract, they will be charged at the bank's then published rate.

O. Errors

Depository errors resulting in lower City balances or reduced earnings shall be corrected by the Depository to the satisfaction of the City. The Depository and the City shall mutually agree upon the method of reimbursement or correction.

P. Returned Checks

All checks deposited by the City that do not clear the first time shall be submitted a second time before returning the item to the City. A returned check that does not clear on the second attempt shall be returned to the City within two (2) business days.

V. OTHER SERVICES

The City is interested in obtaining service and cost information on additional services for possible use during the contract period. These services are not required but will be evaluated in terms of availability, feasibility, service levels, service providers and cost. The City will make its determination after receipt of proposals as to either a service will be used. If the service is accepted later in the contract period the services and charges stipulated in the proposal will be applied.

VI. BANK COMPENSATION

Any net settlement on compensating balances will be made annually. If fees are chosen as the payment methodology, fees will be paid monthly after receipt of the account analysis. Services for which a bidder intends to charge a fee must have all applicable fees indicated on a submitted fee schedule. Any service that does not have a fee indicated on the submitted fee schedule will be considered to be free of any and all charges in the Banking Services Contract.

ATTACHMENT A - BANKING SERVICES CHARGES

Any and all anticipated service charges must be shown on this form to be applicable under the agreement. 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 month | |
| Reconciliation | Per month | |
| Sort list tape | Per transaction | |
| Sort and 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 | |
| Wire Transfers | | |
| Incoming | Per transaction | |
| Outgoing | Per transaction | |
| Investment Safekeeping | | |
| S/keeping interest/credit | Per transaction | |
| S/keeping receipt deposit | Per transaction | |
| S/keeping outgoing | Per transaction | |
| Securities DVP FRB | Per transaction | |
| Securities DVP NY | Per transaction | |
| Check Printing | Per transaction | |
| Extra Statements | Per transaction | |
| Disposable Bank Bags | Per Item | |
| Lockbox | Per month | |
| Cutbacks | Per transaction | |
| Special handling | | |

