

**CITY
OF
GONZALES**

**BANK
DEPOSITORY
SERVICE**

RFP

NOTICE TO FINANCIAL INSTITUTIONS
PROPOSAL FOR DEPOSITORY CONTRACT

- Notice is hereby given that the Governing Body of the City of Gonzales, Texas, subject to the provisions of Chapter 105 Local Government Code, will receive sealed proposals from all interested institutions to serve as the depository of the City of Gonzales and maintain custody of selected funds for the period of May 1, 2015 through April 30, 2018. The City reserves the right to add participating institutions as conditions dictate and whereas local investments are not competitive during the term of this contract.
- Depository Proposal forms are available at the office of the City Secretary, at 820 St. Joseph Street, P. O. Box 547, Gonzales, Texas 78629 and the City of Gonzales' website at <http://www.cityofgonzales.org/bidrfp.php>. All forms and other information pertinent to submission of a Depository Proposal will be available at the above address between the hours of 8:00 A.M. and 5:00 P.M., Monday through Friday.
- Deadline for submission will be 3:00 P.M. Thursday, February 19, 2015, to the Office of the City Secretary, 820 St. Joseph, P.O. Box 547, Gonzales, Texas 78629. All sealed proposals must be addressed to the City Secretary, City of Gonzales, and bear the title "The City of Gonzales, Texas – Bank Depository Services" along with vendor's name and address. Submit five (5) completed copies. Facsimile copies will not be accepted. Late proposals will not be considered.
- Proposals will be awarded by the City Council at their regular meeting April 7, 2015. The City Council reserves the right to reject all bids.

CALENDAR OF EVENTS

<u>TARGET DATE</u>	<u>DESCRIPTION OF EVENTS</u>
Thursday, February 5, 2015	Public Notice to Paper of Record RFP distributed to prospective financial institutions
Thursday, February 19 2015 Secretary	Deadline for submissions to Office of City Secretary
Friday, February 20, 2015	Official opening of Bank Depository RFP's at 3:00 pm, Office of the City Secretary.
March, 2015	Department of Finance consider proposals.
Tuesday, April 7, 2015	City Council consideration of contract award.
Friday, May 1, 2015	New Bank Depository Services Agreement

INTRODUCTION

It is requested that each proposal be completed by filling in the blanks and agreeing to the following specifications. All blanks must be filled in, as applicable, for the proposal to be properly evaluated. Use of addendum or attachments may disqualify the proposal.

Please complete all appendices of the proposal as The City of Gonzales' Depository and sign the Depository Agreement and "Appendix F".

Each institution desiring to be the City's depository will be required to submit a proposal based upon cost of services listed less credit for any earnings credit. The basis for the earnings credit that will be offered by the Depository should clearly indicate a basis for the credit and an example of how the institution intends to make the calculation. (Example should be illustrated on "Appendix E").

In addition, other services may be required from each institution at listed cost to the City of Gonzales, Texas. The cost of service will be chargeable through the bank's account analysis and the City shall pay for net cost of services monthly. During the tenure of this contract, the City reserves the right to pay for services rendered by the bank and to withhold such payment for services not completed in accordance with the terms of this agreement until such time that the bank can fully meet all of the services incorporated herein.

Anticipated deposits will exceed the FDIC limits. The Depository will provide collateral to secure all deposits with eligible securities listed in Chapter 2257 of the Texas Government Code - "The Public Funds Collateral Act" and the City's Investment Policy. All Collateral submitted to the City of Gonzales, Texas shall be subject to the approval of the Investment Officer or his/her designee.

The following criteria will be used to evaluate proposal responses and to make a recommendation for award to the City of Gonzales.

1. The completeness of the response to all required items on proposal summary for "Appendix F".
2. The cost of banking services detailed in "Appendix D" and "Appendix E".
3. The experience and continuity of bank officials who have been identified as primary contact personnel in "Appendix C".
4. The physical convenience of the institution for the City Council and Staff.
5. The ratio analysis indicating the financial strength and management skills of the organization in "Appendix F".
6. Prior experience with governmental agencies or non-profits in dealing with the City's investments, daily operations and security transactions.
7. Internet banking availability and usability of e-banking software.

The cost of banking services under "Appendix D" and "Appendix E" will be analyzed in the following manner:

- a. Cost of Services to be provided under "Appendix D" will be based upon the anticipated volumes for one (1) month.
- b. The earnings credit formula offered by the proposing institution. "Appendix E".
- c. Cost of services to be provided under "Appendix E" will be based upon a per unit basis.
- d. Please do not co-mingle price for banking services between "Appendix D" and "Appendix E"; we prefer to have these quoted as independent sections.

DEPOSITORY AGREEMENT

STATE OF TEXAS

*
* KNOW ALL MEN BY THESE PRESENTS
*

This Depository Agreement is made and entered into by and between the City of Gonzales, in Gonzales County, a political subdivision of the State of Texas, hereinafter called "the City", and _____, a commercial bank selected as the City's Depository Bank by the City Council of the City of Gonzales, hereinafter called "Depository Bank".

WHEREAS, _____ Bank was on the 1st day of May, 2015, duly and legally selected by the City Council of the City of Gonzales as the City's Depository Bank; and

WHEREAS, the selected City Depository Bank must qualify by pledging collateral as required by the City of Gonzales;

NOW, THEREFORE, the City and the Depository Bank mutually agree as follows:

I.

A. The Depository Bank shall qualify as the City's Depository Bank by pledging and providing within 15 days after execution of this Agreement, security for the funds to be deposited by the City with the Depository Bank. The Depository Bank may secure these funds, at the option of the City Council of the City of Gonzales by:

1. Personal bond; surety bond; bonds, notes, and other securities; certificates of deposit; or a combination of these methods or
2. Investment securities or interest in them as provided by the Texas Government Code Chapter 2257, The Public Funds Collateral Act. Any and all collateral pledged and/or provided by the Depository Bank as of the date of execution of this Agreement shall be set out in appendix A of this Agreement.

B. Any and all collateral required under this Agreement pursuant to the Texas Government code shall be subject to audit at the Depository Bank at any time by the City's Staff or representative of the City. All collateral (110% of Market value) pledged by the Depository Bank to secure the public funds on deposit, shall meet the criteria for safety and liquidity as prescribed by the City Council of the City of Gonzales and the City's Investment Policy.

C. All collateral pledged to secure the public funds must be maintained at an independent third party safekeeping agent. Depository safekeeping receipts shall be

furnished evidencing the pledged securities required in the City's possession on the date of a deposit. Detailed information on the Depository independent third party safekeeping agent shall be set out in Appendix A of this Agreement.

D. The Depository Bank may withdraw collateral when the market value of pledged securities exceeds the amount of deposits, provided that collateral will then be increased when the market value is less than the deposits. The right of substitution of securities shall be granted, provided the securities substituted meet with the requirements of applicable law, and are prior approved by the City Council of the City of Gonzales through the Investment Officer.

E. The parties to this Agreement further agree as follows:

1. That the above bound pledgor, _____ Bank, shall faithfully do and perform all the duties and obligations devolving on it by law as the City's Depository of the City of Gonzales, and shall upon presentation pay checks drawn on it by the City's staff or representatives of the City on "checking" accounts in such depository; and shall faithfully keep said City funds, and accounts for same according to law, and shall faithfully keep and account for all funds belonging to the City which are deposited with it under the requirements of the laws of Texas, and shall include State funds collected by the Tax Collector, and shall pay the interest at the time and at the rate hereinafter stipulated and in portions of the proposal specifications contained in the Request for Proposals for Depository Contract filled in by the Bank and accepted by the City Council of the City of Gonzales, and shall, at the expiration of the term for which it has been chosen, turn over to its successors all funds, property, and other things of value, coming into its hand as depository. Until this Agreement expires, the securities specified in part A shall remain in full force and effect. Once this Agreement expires, the above specified securities shall be returned to the Depository Bank; provided, however, the City Council of the City of Gonzales may sell at public or private sale, with or without notice to the Depository Bank, the securities, or any part thereof, and apply the proceeds of sale to the satisfaction of many indebtedness arising by virtue of the violation of any or all terms, provisions or conditions of this Agreement.
2. The above provision is given in addition to any remedy the City may have in any suit brought on this Agreement in any court of this State.
3. The Depository Bank hereby represents and certifies to the City of the City of Gonzales that any securities pledged pursuant to part A above shall be offered at their fair market value, and not at face value.

II.

CITY SPECIFICATION/RESPONSE SUBMITTED
BY _____ BANK

The following terms, conditions, and provisions are contained in:

1. Specifications for the City of Gonzales Depository Bank issued by the City Council of the City of Gonzales in the "Request for Proposals for Depository Contract"; and
2. Portions of the "Request For Proposals for Depository Contract" filled out by the Bank and submitted to the City of Gonzales. The terms, conditions, and provisions of said specifications and portions of the Request for Proposals for Depository Contract filled out by the Depository Bank are incorporated into this Agreement by reference and are hereby made a part of this Agreement. Said services and the corresponding fees are not subject to change, without specific City approval, through the term of this Agreement.

III.

TERM

This Depository Agreement shall commence on May 1, 2015, and shall continue until 60 days after the time fixed for the next selection of a Depository Bank. This Agreement shall terminate April 30, 2018. However, this Agreement may be extended for an additional two years with the mutual agreement of both parties. In no way may the total Agreement extend later than April 30, 2020.

IV.

INVESTMENT SERVICES

The City of Gonzales reserves the right to direct the City Staff or representatives of the City to withdraw any amount of funds of the City that are deposited in the City Depository and that are not required immediately to pay obligations of the City; and invest those funds as authorized by the Texas Government Code Chapter 2256 and as adopted in the City Investment Policy.

In accordance with the increase and decrease of City deposits (time/demand), an amount equal to 110% of eligible securities (market value) must be pledged. The City will require a routine monthly reporting of the market value of pledged collateral. The Depository Bank is responsible for notifying the City of any deficiencies in its pledged collateral on a daily basis, as well as providing additional collateral to the safekeeping financial institution to cover the

deficiency.

V.

INTEREST RATES

For all funds of the City of Gonzales the Depository Bank shall pay a rate of interest of (calculated on an actual day/365-day year basis):

RATES

- 7 - 29 days = 91 day Treasury Bill Equivalent Yield + (-) _____ Basis Points
- 30 - 59 days = 91 day Treasury Bill Equivalent Yield + (-) _____ Basis Points
- 60 - 89 days = 91 day Treasury Bill Equivalent Yield + (-) _____ Basis Points
- 90 - 179 days = 6 mnth Treasury Bill Equivalent Yield + (-) _____ Basis Points
- 180 - 365 days = 1 year Treasury Bill Equivalent Yield + (-) _____ Basis Points

INTEREST EARNING CHECKING ACCOUNT

Variable Interest Rate for Interest Earning Checking Accounts for all City bank accounts except for Imprest Grant Accounts. Interest to be calculated as per the formula detailed in Appendix B and compounded monthly. (Proposing Bank should explain in detail the formula to determine the Checking account interest rate in Appendix B of this Agreement.)

VI.

BANKING SERVICES REQUIRED

The Depository Bank shall provide the following services to the City pursuant to this Depository Agreement:

1. Certificates of Deposit - Deposit instrument written for specified terms with a minimum allowable maturity of seven (7) days. Certain regulatory penalties are imposed on early withdrawal.
2. Investments - Investments shall be all transactions authorized by the City Investment Policy and amendments and updates thereto.
3. Letter of Transfer - Written authorization by the City of Gonzales, Texas to “debit” or “credit” the appropriate accounts listed on a form for the transfer of monies between accounts designated by the City.

4. Checks - All checks will be in the paper weight of 24-pound first copy and 16-pound for each additional copy prepared in accordance to City specifications.
5. ACH Notification – All payment-related information contained within the addenda records of CCD, CTX, and CIE entries will be provided by the opening of business on the second banking day following the settlement date of the entry.
6. Earnings Credit – As per outlined in Appendix E.
7. Imprest Grant Accounts - Non-interest bearing accounts with the sole purpose of maintaining Grant Funds. Deposits will be from the granting agency. Disbursements will be issued by the City. No banking or service fees are to be accessed.
8. The Depository Bank shall provide the City with Designated Bank Contact Personnel whose responsibilities shall be to serve as liaisons between the Depository Bank and the City. (Appendix C)
9. The Depository Bank shall provide the City with a statement of account balance on the 5th, and, in no case, later than the 10th day of the following month, on each account. Monthly account statements with all corresponding checks, debit and credit memo, etc.. Sorting all paid checks during the month into check number sequence for each account. This statement shall indicate the number of checks, drafts, collected balance for the month and other items on which charges are based. For purposes of this section, images are acceptable in lieu of checks.
10. The Depository Bank agrees to reconcile any differences in account balances within a period of time mutually agreeable to both the City and the Depository Bank following notification of such discrepancies.
11. Provide unlimited access for e-banking. E-banking software is to provide adequate security and authorization as require by the City. E-banking transaction are to include ACH debits and credits, transfer between City accounts, wires, stop payment placement and on line check search engine.

The charges per unit for each service listed above are set out in Appendix D to this Agreement. The City of Gonzales may select hard dollar, compensating balance or a combination of both methods to compensate the Depository Bank for the banking services provided pursuant to this Agreement. Payment of services made by balances and earnings credit shall be based on the formula detailed in Appendix E, except as ordered by a Court of law, maintained with the Depository Bank for the duration of this Agreement.

VII.

GENERAL PROVISIONS

1. This Depository Agreement shall be subject to:
 - a. All applicable banking statutes enacted by the Congress of the United States;
 - b. All applicable federal banking rules or regulations promulgated by the Board of Directors of the Federal Deposit Insurance City or its successor(s); and
 - c. All applicable Texas banking statutes including but not limited to all City depository statutes.
2. To qualify as the City Depository, the selected Depository Bank shall provide collateral in the form (s) of a pledge and/or bond as required by the City and in the amount (s) as required by the City pursuant to the City depository statutes.
3. At any time during the term of this Depository Agreement, the City's Depository Bank shall, as required by the City, provide an additional bond (s) or a new bond (s) as provided for in the Texas Government Code.
4. The Depository Bank shall provide the services specified under this Agreement and all appendices attached to this Agreement in accordance with all applicable federal statutes, including but not limited to, the City depository statutes.
5. The Depository Bank shall be in default of this Agreement if:
 - a. The Bank fails to perform its obligations pursuant to this Agreement and all appendices incorporated by reference into this Agreement in accordance with the terms and conditions of this Agreement and all appendices incorporated by reference into this Agreement.
 - b. The Bank fails to perform its obligations pursuant to this Agreement in accordance with all applicable federal statutes and regulations and all applicable Texas bank statutes, including but not limited to, the City's depository statutes.
 - c. The Bank becomes insolvent or takes any steps towards bankruptcy; or
 - d. The Bank fails to provide the pledge (s) bond (s), and/or other collateral, as required by the City.
6. Upon the Depository Bank's failure to provide the pledge (s), bond (s), and/or other collateral, as required by the City, the City may immediately

terminate this Depository Agreement and select another City Depository Bank in accordance with the applicable City depository statutes.

7. If the Depository Bank defaults in its performance of this Agreement, the City shall be entitled to any and all rights and remedies allowed under applicable Federal, State and Local law (statutes, cases, regulations, and ordinances).
8. The rights and remedies to which the City is entitled for any and all default under this Agreement are cumulative, and the use by the City of any one or more rights of remedies shall not preclude or waive the City's rights to use and all other rights and remedies allowed under Federal or Texas law.
9. The waiver by the City of any default by the Depository Bank shall not constitute a continuing waiver of such default or be a waiver of any subsequent default of the same kind or any subsequent default of a different character.
10. The City shall be entitled to any and all rights and remedies allowed under Federal and Texas law. The provision of such liquidated damages shall not be construed to limit in any way the rights and remedies to which the City is entitled in the event the Bank fails to give bond as required by law.
11. Pursuant to this Agreement, the Depository Bank shall provide the services designated in this Agreement and all appendices incorporated by reference into this Agreement at the authorization or direction of the City Council of the City of Gonzales.
12. The City and the Depository Bank agree and stipulate that all obligations under this Agreement are fully performable in the City of Gonzales, Texas, and venue for any dispute arising out of this Agreement will lie in the appropriate court of Gonzales County, Texas.
13. The Depository Bank shall be responsible and liable to the City for any errors of commission or omission committed by the Bank in the performance of its obligations pursuant to this Agreement and pursuant to all appendices incorporated by reference into this Agreement.
14. The Depository Bank agrees to indemnify and hold the City harmless from any and all claim or claims, including attorney's fees, arising in whole or in part out of or resulting in whole or in part from any intentional or negligent acts, omission(s) by the Bank, its officials, agents, or employees with respect to the Bank's performance of its obligations pursuant to this Agreement and all appendices incorporated by reference into this Agreement.

15. If the Depository Bank defaults on this Agreement by becoming insolvent or taking any step toward bankruptcy, or if for any reason, on account of the deposit of the trust funds in the hands of the City with the depository, and part of said funds are lost, the Depository Bank shall save and hold harmless the City from any and all claims, including attorney's fees, from any and all owners of trust funds deposited by the City in said Depository Bank.
16. All notices to any party to this Agreement shall be in writing, and may be hand delivered or sent postage prepaid by certified mail, return receipt requested.

Notice shall be sent to the City pursuant to this Agreement by mail or hand delivered to the following address:

City of Gonzales
820 St. Joseph Street
P. O. Box 547
Gonzales, Texas 78629

Notice to the City will not be effective unless a copy of such notice is sent by mail to the City Attorney's Office, the attorney for the City Council as authorized through an Administrative Agreement with the City of Gonzales, at the following address:

Jackie L. Williamson
931 St. Joseph
P. O. Box 887
Gonzales, Texas 78629

All notices sent to the Depository Bank pursuant to this Agreement shall be sent to the address designated by the Bank in their application.

17. The Depository Bank shall not assign any of its duties or obligations pursuant to this Agreement to any other individual banker, banking City, banking association, or any other financial institution without the consent of the City.
18. Subject to the prohibition of assignment as stated in paragraph 17, the terms and provisions of this Agreement are binding upon the Depository Bank, its officials, agents, representatives, and their successors and assigns, and the City Council of the City of Gonzales, its officials, agents, representatives, and their successors and assigns.
19. The terms and provisions of this Depository Agreement may not be amended or modified, unless such amendment or modification is in writing, dated subsequent

to the date of this Agreement, and duly executed by the City and the Depository Bank. No agent, employee, official, or representative of the City has the authority to amend or modify the terms of this Depository Agreement except in accordance with such express authority as may be granted by the City Council of the City of Gonzales.

20. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.
21. This Agreement constitutes the entire agreement between the Depository Bank and the City of Gonzales, Texas, and this Depository Agreement supersedes any prior understandings or written or oral agreements that the City may have had with the Bank with respect to the subject matter of the Agreement.
22. As used in this Agreement, the terms "application form" and "specifications" are synonymous.
23. The Depository Bank shall be subject to the provisions of the Texas Government Code during the term of this Agreement and shall continue to be subject to the provisions of said statutes even if said statutes are recodified.
24. The Depository Bank shall not discriminate in its employment practices against any person on the basis of race, color, religion, sex, national origin, or handicap.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed in triplicate by their duly authorized officers, one of which shall be filed in the City Secretary's Office of the City of Gonzales.

Executed this _____ day of _____, 2012.

_____ Bank

By: _____
Chairman, Board of Directors

Attest:

Secretary of the Board:
(Bank Seal)

City of Gonzales, Texas

By: _____
Robert Logan, Mayor

Date: _____

Attest:

Kristina Vega
City Secretary

(City Seal)

APPENDIX A

ANTICIPATED SECURITIES PLEDGED AS COLLATERAL

INDEPENDENT THIRD PARTY SAFEKEEPING AGENT

NAME: _____

ADDRESS: _____
Mailing: _____

Physical: _____

ACCOUNT NAME: _____

ABA#: _____

CONTACT PERSON: _____

APPENDIX B

CHECKING ACCOUNT INTEREST RATE

APPENDIX C

DESIGNATED BANK CONTACT PERSONNEL

The bank shall provide a list of contact personnel within the bank who are qualified to provide information and assistance in the following areas on a daily basis:

- A. General Information
- B. Investments and Safekeeping
- C. Bookkeeping/Wire Transfers
- D. Head Teller

In addition, the bank will provide a summary of qualifications for such designated personnel, indicating position, length of service, and a brief summary of their professional experience. Such information shall be updated as designated personnel are changed over time.

APPENDIX D

COST OF MAJOR SERVICES TO BE PROVIDED

Services for Three Year Period
May 1, 2015 through April 30, 2018

	<u>Service</u>	<u>Est. Volume Per Month</u>	<u>Unit Cost</u>	<u>Total</u>
1.	Credits Posted	200		
2.	Debits Posted	250		
3.	Deposit Items/IND	1		
4.	Incoming Wires Transfers	1		
5.	Outgoing Wire Transfers	1		
6.	Return Items	3		
7.	Rolled Coins	20		
8.	Strapped Currency	30		
9.	Stop Payments	1		
10.	T T & L Deposits	0		
11.	Unencoded Deposits	1		
12.	Monthly account analysis for each account, plus a summary analysis of all accounts. The analysis should list all services, charges (per unit and total amounts) and activity volumes	1		

Total Est. Cost of Services for One (1) month

(Forward this Total
To "Appendix E & F")

Appendix D continued

MISCELLANEOUS CHARGEABLE ITEMS:

	<u>Service</u>	<u>Cost</u>
eg.	Annual Calendar of Banking Hours	No Charge
	Bank Desk Pads	50/50
1.	Bank Deposit Slips	_____
2.	Checks	_____
3.	Safekeeping Fees	_____
	Total Misc. Est. Cost of Services	_____

(Forward this Total
to "Appendix F")

Other major banking services to be offered by the institution. Please provide a brief description below of services that are proposed to be rendered and related costs.

- A.
- B.
- C.

APPENDIX E
NET COST OF SERVICES
BANK ANALYSIS

Total Cost of Service - 1 Month (+) _____

(From "Appendix D")

Earnings Credit - 1 Month (-) _____

Formula at bank option, please indicate:

A. Average Available Balance x Rate () x 1 month.*
(\$800,000)

B. Average Ledger Balance x Rate () x 1 month.*
(\$800,000)

(Using the following City of Gonzales Formula)

Investable Balance: _____

Less Adjustments: _____
(Please enter type, formula,
and dollar amount)

Adjusted Investable Balance

Earnings Credit Interest Rate
Formula:

_____ x

Earnings Credit
Credit for 1 Month

Estimated Net Cost of Services (=) _____
To the City of Gonzales (Forward this total to "Appendix F")

APPENDIX F

PROPOSAL SUMMARY, TABULATIONS AND EVALUATIONS

Est. Cost of Major Banking Services
Appendix D (1 Month) _____

Est. Misc. Banking Services
Appendix D

Est. Cost of Net Banking Services
Appendix E

Ratio Analysis

In order to evaluate the individual bank's management skills in handling the City's funds and the safety thereof, each institution will be required to compute the following ration analysis. Use as a basis the most recent fiscal year of the organization

A. Capital
Deposit

B. Capital
Loans

C. Income Before
Security Transactions
Assets

Please provide copies of your institution's financial statements to support the calculations including fiscal year end statements and Consolidated Report of Condition for All insured Commercial Banks for December 31, 2014. Schedule RC-Balance Sheet, Schedule RI-Income Statement.

Financial Institution

Officer/Title

Date: _____