



City of Burnet

Request for Proposal

2021-2026 Bank Depository Services

REVISED 8/10/21 (Proposal due date has been extended)

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CITY OF BURNET
REQUEST FOR PROPOSAL
BANKING SERVICES

I. INTRODUCTION

REQUEST FOR PROPOSAL

The City of Burnet (the "City") is requesting proposals from qualified financial institutions to serve as the Depository Bank (the "Bank") for the City and to provide banking services to the City as described below. The City administers the finances of the Burnet Economic Development Corporation (BEDC), whose accounts are also a part of this request for proposal. Service provided will be in accordance with the Bank Depository Contract and attachments executed between the City and the Bank.

This Request for Proposal, (RFP), outlines the proposal procedures, scope of banking services to be provided, and information about the size and nature of City accounts. The objective of this request is to identify the banking institution: 1) that can offer the highest quality service at the lowest cost to the City and, 2) that has the current capability to meet the expanding banking needs and customer service initiatives of the City for the foreseeable future. Net bank service costs will be calculated from the requested information. Each proposing bank will be subjected to credit worthiness tests to ensure the safety of public funds.

MINIMUM QUALIFICATIONS TO SUBMIT PROPOSALS

A proposer must be a federal or State of Texas chartered banking institution with the ability to offer the full range of banking services required by the RFP. Requirements for depositories of municipal funds are established by State law under Chapter 105 of the Local Government Code of Texas.

CITY DEPOSITORY PROPOSAL FORM

Proposing banks are required to complete the "City Depository Proposal Form" which will serve as the primary basis for evaluating proposals. Banks may suggest alternative approaches or provide any additional information in support of their submission. Contact Patricia Langford, Finance Director, at (512) 715-3205 if there are any questions regarding the request for proposal.

CONTRACT TERMS

The selected bank shall be designated as the City's depository for a five (5) year period beginning September 1, 2021 and ending August 31, 2026. 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 ~~September 1, 2021~~, **October 1, 2021**.

1. Depository Custodial and Safekeeping Agreement
2. Funds Transfer Authorization (Wire Transfer)
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.

If the Bank fails to execute a Bank Depository Contract within ten (10) business days after being notified of selection, the City may give notice to the Bank of the City's intent to select the next most qualified proposing bank or call for new proposals, whichever the City deems most appropriate.

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 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.

II. PROCEDURES

SEALED PROPOSALS

To be eligible for consideration under this request, two (2) original paper copies and one (1) electronic copy (on thumb drive) of the proposal shall be submitted in a sealed envelope, clearly identified as "Proposal to Serve as Bank Depository" and delivered to the following person no later than 2:00 p.m., ~~August 11, 2021~~ **September 8, 2021**:

City of Burnet
Request for Proposal – Bank Depository Services
Patricia Langford, Finance Director
P.O. Box 1369
1001 Buchanan Drive, Suite 4
Burnet, Texas 78611

DO NOT OPEN

NO PROPOSAL WILL BE ACCEPTED AFTER 2:00 P.M., ~~August 11, 2021~~ September 8, 2021

RESPONSES

The City reserves the right to reject any or all proposals, waive any irregularities or informalities, and select the best proposal for the City. Award will be made by the City Council.

All responses must be presented on the standardized "City Depository Proposal Form" which has been provided. It is required that the form be completed in its entirety.

If a service requirement cannot be met by a proposer, then the term "No Proposal" should be entered on the form for that specific requirement. In the case of a "No Proposal" remark, the proposer may offer an alternative equivalent service for the City's consideration. Supporting material may be provided.

Services for which a proposer intends to charge a fee must have the applicable fee indicated on the form in its entirety. Do not leave any blank with a reference to any other fee schedules. Any service which does not have a fee indicated on the form will be considered to be free of charge in the Depository Bank Contract. If there are items not listed on the form which your bank charges for, include the charge under "Other". All charges for required services that will be assessed by the proposing bank must be included on the form.

The following are required submissions for consideration to serve as the bank depository:

1. Completed "City Depository Proposal Form;"
2. Audited financial statements for the most recent fiscal year;
3. A copy of the most recently completed Call Report that has been filed with the appropriate bank regulatory agency;
4. A sample account analysis and monthly statement that clearly indicates the method used to calculate earning credits, charges, and interest;
5. An availability of funds schedule;
6. A sample of the daily balance report;
7. Proposed wire transfer agreement;
8. Proposed custodial and safekeeping agreement;
9. Proposed collateral agreement;
10. Proposed Automated Clearing House (ACH) agreement;
11. Any other proposed agreements that would require approval by the City.

The unauthorized modification of specifications, forms, or terms may render the proposal invalid.

CALENDAR OF EVENTS (As Revised 8/10/21)

June 30, 2021 and July 7, 2021	Newspaper Publication Notices
August 11, 2021 September 8, 2021	Proposals due by 2:00 p.m.
August 11, 2021 September 8, 2021	Proposal Opening at 2:15 p.m. City Hall Conference Room
August 24, 2021 September 28, 2021	City staff will make recommendation to City Council at City Council Meeting at 6:00 p.m., located at Burnet Municipal Airport, 2402 South Water Street.
September 1, 2021 October 1, 2021	Effective Date of Contract

SELECTION CRITERIA

The selection of a depository will be based on the following criteria:

Request for Proposal
Banking Services

1. The ability to qualify as a depository for public funds in accordance with state and local laws;
2. The ability to provide requested information or financial statements for the periods specified;
3. The ability to meet all requirements in the banking request for proposal;
4. An assessment by the City of the bank's ability to timely and efficiently respond to the day-to-day banking needs of the City;
5. Complete response to all required items on the proposal form;
6. Lowest net banking service cost, or highest net service credit, consistent with the ability to provide the desired banking services;
7. The credit worthiness and financial stability of the bank.

III. ACCOUNTS AND BALANCES

The City of Burnet currently maintains the following main accounts:

1. **Concentration Account** – This account serves as the primary deposit account of the City of Burnet. Its average balance for the twelve (12) months ended December 31, 2020 was \$1,683,578. The highest balance was in December, 2020 at \$2,466,153.
2. **Disbursement Account** – This zero-balance account serves as the primary accounts' payable disbursement account.
3. **Employee Health Plan** – This zero-balance account disburses employee health insurance claim payments on behalf of the city's self-insured health insurance plan.
4. **Burnet Economic Development Corporation (BEDC)** – This account represents the cash of a related organization that administers a one-half cent sales tax for economic development. This account is administered by the City of Burnet. Its average balance for the twelve (12) months ended December 31, 2020 was \$105,305. The highest balance was in December, 2020 at \$252,085.

Other accounts are maintained based on the need to segregate funds. The City currently maintains a total of 26 accounts. As of December 2020, the total cash balance in the City's accounts at the current Depository Bank was \$4,282,445.

The City retains the right to open additional accounts and to close any accounts as it sees fit in its sole discretion.

IV. COLLATERAL AND SAFEKEEPING

The City requires its depository to maintain pledged securities valued at no less than 102% of aggregate account balances. The securities pledged shall be valued at market. Pledged securities must be held at an independent third party under a tri-party safekeeping agreement. All original safekeeping receipts must be mailed to the City. All substitutions or releases of collateral require prior written authorization from the City Manager or Investment Officer.

The City will require as collateral for its demand deposits the following securities in the minimum amount of 102% of aggregate account balances:

- U. S. Treasury Bills
- U. S. Treasury Notes and Bonds
- Other direct obligations of the U.S. Government or its agencies and instrumentalities

The above listed items constitute the only acceptable means of collateralizing the City's deposits. Government National Mortgage Association securities or any other asset backed, mortgage backed, or pooled securities are unacceptable collateral. The City requires a collateral report showing the following for each security pledged:

- Name
- Type/description
- Par value
- Current market value
- Maturity date
- Moody's and/or Standard & Poor's Rating

The collateral report must be provided monthly and at other times upon request. If for any reason the municipal funds on deposit with a depository exceed the amount of security pledged, the depository shall immediately pledge additional securities. All depositories responding to this request for proposal should provide a description of its contingency plan or procedures for assuring that the City's deposits are fully collateralized at all times.

The depository must allow for an unrelated third-party safekeeping/custodial arrangement for the safekeeping of the direct investments of the City.

V. BALANCE REPORTING AND STATEMENTS

The City requires daily reporting of ledger, collected and available balances for all City accounts. This information is to be available no later than 9:00 a.m. local time. The information should be available on-line.

Monthly statements are required for all accounts. Statements should include sorted deposit slips, sorted checks, all debit and credit slips, and wire transfers or facsimiles thereof. The statements shall be delivered to the City within two (2) business days from the end of the month.

VI. INVESTMENTS

The City may choose to invest in Certificates of Deposit (CDs) in the Depository or any other financial institution. Alternatively, the City may invest in other types of securities as permitted by the City's written investment policy.

CDs shall be registered in the name of the City and must be fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the RFP requirements. Proof of collateral must be supplied to the City prior to CD purchase. Interest on all CDs shall be computed on an actual day basis, and the interest shall be paid to the City as mutually agreed. The selected bank agrees to honor and continue any CD made during the term of the Bank Depository Services Agreement that will mature after the expiration date of the Agreement at the same rate established before the expiration of the contract.

All security purchases are to be on a delivery-versus-payment basis. Safekeeping is to be in accordance with the safekeeping agreement. All original safekeeping receipts must be mailed to the City, to the attention of the Director of Finance.

VII. OTHER INFORMATION

Deposit Availability – Please state your cut-off time for same day credit in your Service Proposal. The City expects to receive the best availability on deposits as well as any future improvements to the availability schedule. Please submit a funds availability schedule in your proposal. Identify the name and deposit location that will receive City deposits.

Returned Items – All checks deposited by the City that do not clear the first time should 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. All returned items shall be debited to the account the check was first submitted.

Check Safekeeping Service – All cleared checks or facsimiles thereof shall be returned to the City monthly, sorted in serial sequence along with the monthly statement. An electronic copy of the front and back of the check is preferred.

City's reservation of rights–The City reserves the unilateral right to:

(1) Waive any and all informalities, minor irregularities and/or technicalities;

(2) Reject any and all proposals, for reasons including but not limited to, proposer the following: (i) the proposer is, or was, in litigation with the City; (ii) the proposer's work on a prior contract was found to be unsatisfactory, or untimely; proposer or (iii) the City determines, by the review of the submission or by its own investigation, the proposer is not qualified to carry out the obligations of the contract; and

(3) Accept or reject any of the alternates that may be set forth in a proposal. The City reserves the right to reject any proposal if the evidence submitted by, or investigation of, such proposer fails to satisfy the City that such proposer is properly qualified to carry out the obligations of the contract and to complete the work contemplated therein.

Remote Deposit Capture – Please provide information on your ability to support remote deposit services including associated costs of equipment, maintenance, and transaction fees.

VIII. SUPPLEMENTARY REQUIRED SERVICES

The City requires a commitment from a respondent that certain services be made available when needed by the City in order for that bank to receive consideration as a qualifying depository. Following is a description of these services. This is not intended to be a complete listing of services to be provided, only a listing of required supplementary banking services. The "City Depository Proposal Form" will include a list of other basic services required under this proposal. Alternative services that accomplish the same objectives will be considered.

Controlled Disbursement/Zero Balance Accounts – This service allows the City to maximize its earnings by identifying, on a daily basis, the amount of funds necessary to cover items presented to the depository for payment from the City's account(s), and transferring the exact amount needed to cover the items from the concentration or maintenance account to the controlled disbursement or zero balance account.

On-line Account Access/Transactions – The City requires access to its account information and activity over a secured internet connection. Access to this function should contain appropriate password restrictions and should be available 24 hours a day. This feature should include the ability to transact wire transfers and ACH debits and credits and initiate stop payment notices. Additionally, all ACH-EDI information must be made available either on-line or on the monthly bank statements.

On-line payments – The City accepts on-line payment of bills by City of Burnet customers by debit and credit transactions.

Note: Please enclose any other information, preferably in a summarized fashion, relating to other services that your bank deems would provide additional benefits to the City. In this communication, please indicate the cost of any of these additional services.

**CITY OF BURNET
CITY DEPOSITORY PROPOSAL FORM**

Bank Name: _____

Bank Address: _____

Name of Bank Official Completing Form: _____

Title of Bank Official Completing Form: _____

Official's Signature: _____

Date: _____

INSTRUCTIONS

This form is to be used to provide a proposal to serve as the bank depository for the City of Burnet, Texas. All items on this form must be completed directly. Attachments of fee schedules are welcome but do not substitute for the full and proper completion of this form. Monthly activity levels shown represent management's best estimation of future activity, based on historical data and anticipated changes. Please include all costs associated with each item.

Proposer agrees to pay City as follows for demand deposits during the five-year contract:

Interest bearing accounts with limited checks, \$1,000.00 minimum balance based on 26-week U.S. Treasury Bill discount rate quoted in the most recent Wall Street Journal, compounded, and paid monthly. Account to earn interest from date of deposit at 160 basis points under quoted rate.

Proposer agrees to pay City as follows for time deposits during the five-year contract:

1. For time deposits in amounts less than \$100,000.00.
2. For time deposits in amounts of \$100,000.00 or more.

City reserves the right to invest any and all of its funds through the managing bank or in investments authorized in the Local Government Code, and the investment policy of the City.

Proposer agrees to make loans to City, when appropriate, at the rate of 80% of the prime lending rate at the time.

Proposer charges for services and supplies required by the City are as follows. If service is unavailable, please mark "n/a" in the blank. If there is no charge for the service, please mark "n/c" in the blank.

1. Prepare monthly statements showing debits, credits, number of checks, drafts, and deposit items posted, month end balance and any items on which charges are based. Statements are to be provided within (2) two workdays after month end. \$ _____.
2. Service charges on the following account types:
 - Interest bearing accounts limited checks. \$ _____
 - Minimum balance. \$ _____.
 - Non-interest-bearing accounts. \$ _____.
3. Furnish deposit books or deposit slips \$ _____.
4. Provide stop-payment service on checks. \$ _____.
5. Provide wire transfer of funds (in or out). \$ _____.
6. Provide ACH transfers of funds (in or out). \$ _____.
7. Process checks returned to the City for any reason. \$ _____.
8. Charge for overdrafts. (Overdraft to mean that City does not have a compensating balance in other funds or accounts in Proposer's bank equaling or exceeding overdraft in City fund or account). \$ _____.
9. Furnish safe deposit box as required. \$ _____.
10. Furnish lock bags for transporting deposits from all locations at which City may have funds to deposit. \$ _____.
11. Furnish coin and paper wrappers as needed. \$ _____.
12. Furnish cashier's checks as needed. \$ _____.
13. Put checks in numerical order in monthly statements. \$ _____.
14. Positive Pay and reconciliation services. \$ _____.
15. List any other services for consideration:
 - _____ \$ _____
 - _____ \$ _____
 - _____ \$ _____
 - _____ \$ _____
 - _____ \$ _____

_____ \$ _____

ADDITIONAL INFORMATION.

1. Fully describe the bank's online service capabilities. List system capabilities (i.e., Balance reporting, wires, positive pay, stop pay, etc.).

2. Are all reporting processes and services web-based? YES / NO

3. 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.

4. Define the image and history retention features available.

5. Can customized reports draw across reporting modules and activities (cross functionality)? Describe and detail.

6. Describe back-up procedures for use by the City with any interruption in the automated system delivery of information.

7. Describe the security protocol for online services. How is authentication and authorization provided? How is the administration of the security module established and maintained?

8. What are the hours of available technical support? How is it provided?

9. 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.

10. Are check, deposit slips and other images available online? How long are images available online?

11. Is a monthly CD provided? What is on the CD? When is it available?

12. How are images charged? Are they charged when created, viewed, or one time?
