

**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, 2022 through April 30, 2025. 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 Director of Finance of the City of Gonzales at 820 St. Joseph Street, P.O. Box 547, Gonzales, Texas 78629 and the City of Gonzales website; www.gonzales.texas.gov. 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. March 25, 2022, to Laura Zella, Office of the Director of Finance, 820 St. Joseph Street, P.O. Box 547, Gonzales, Texas 78629. All sealed proposals must be addressed to the Director of Finance, 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 on April 14, 2022 at 6:00 P.M. at City Hall, 820 N. St. Joseph Street, Gonzales, Texas 78629. The City Council reserves the right to reject all bids.

I. INTRODUCTION

The City of Gonzales, Texas (hereinafter referred to as the “CITY”) is seeking applications from eligible and qualified financial institutions to serve as the Banking Service Depository (the “Depository”) for the public funds. This includes the basic services of receiving deposits, paying items, wiring funds out, and receiving wired funds, stop payments, time deposits, financing the purchase and/or lease-purchase of property and equipment, and other normal business banking activities. It is not presently contemplated that the agreement will cover any investment transaction activities other than safekeeping services and possible purchase of certificates of deposit within a predefined limit. The CITY plans to manage its own investment portfolio.

The philosophy incorporated into this Request for Proposal (RFP) is to solicit comparable market charges for services provided and to pay for services provided by the Depository. The proposal specifications and evaluation criteria have been developed and are described herein.

Depository Agreement

The successful institution shall be required to execute a Depository Agreement with the City (hereinafter referred to as the “Depository Agreement”) substantially in the form attached as Exhibit A. The successful Depository will also be required to execute a Security Agreement (Pledge) substantially in the form of Exhibit B hereto (the “Pledge Agreement”), and to execute and cause to be executed by the Custodian named therein, a Custodian Agreement substantially in the form of Exhibit C hereto (the “Custodian Agreement”). The term of the Depository Agreement shall be for a period (primary and renewals) not to exceed five years. The primary objectives of the Depository Agreement are as follows:

- To seek an institution that is capable of providing banking services and willing to be attentive to the City’s money matters;
- To maximize the total dollars earned by the City on account balances in order to be prudent and effective custodians of the financial resources;
- To adequately compensate the Depository for services provided, subject to competitive forces in the market place;
- To maintain a good working relationship with the Depository; and
- To fully comply with the requirements of Texas Local Government Code Chapter 105, as amended (the “Local Government Code”).

Proposal Submission

This RFP is intended to become part of the Depository Agreement. **There are several blanks to be filled in and questions to be answered. Any alterations, changes, or deletions to the RFP may be reason for the City to disregard and reject the proposal.** Any terms in this RFP which are in conflict with Chapter 105 of the Local Government Code shall be deemed superseded by such Chapter. Conflicts discovered between this RFP and state law should be noted in the proposal form. The City will disregard any exceptions which conflict with Chapter 105 referenced above. The proposal submitted shall become part of the final Depository Agreement.

Each Proposal must be complete and specifically address the requirements described in this document. **Proposals must be submitted in the format provided. All fees related to the required services must be**

included within the fee schedule. Exceptions to the specifications and proposed Depository Agreement or other exhibits will be considered only if listed in the Proposal. **If exception is taken to any term of the proposed Depository Agreement or other exhibits, recommended changes must be noted thereon and returned with the proposal.**

Questions regarding this RFP or the services requested will be accepted in written form at the following address on or before 5:00 p.m. no later than seven business days prior to the deadline for submission of proposals, as indicated below: **City of Gonzales, Attn: Laura Zella, P.O. Box 547, 820 St. Joseph Street, Gonzales, TX 78629, (830) 672-2815, (830) 672-2813 (fax).** Responses to all material questions submitted will be communicated to each prospective bidder.

Each proposal must include a response to each item in the RFP in the order given. Only proposals submitted in the prescribed format as specified in this RFP will be evaluated for contract award.

II. CALENDAR OF EVENTS

March 3, 2022	Advertise RFP notice in (Official Newspaper)
March 25, 2022	Receive proposals from interested institutions no later than 3:00 p.m., Official opening of Bank Depository RFP's at 3:00 p.m., Office of Director of Finance.
March 25, 2022	Department of Finance considers proposals.
April 14, 2022	City Council considers contract for Bank Depository Agreement at City Council Meeting
May 1, 2022	New Bank Depository Agreement

III. CRITERIA FOR EVALUATION

A. Staff shall receive and review the submitted applications carefully and present the specifications of each application to the City who will then select a Depository. The City Council will award the Depository contract based on the proposal determined to be in the best interests of the City and its taxpayers. Evaluations of proposals will be made on the basis of the following objectives:

- Time deposit interest rates 25%
- Cost of Service 25%
- Service Availability 25%
- Safety and creditworthiness of Bank 25%

B. Each proposal must provide the following information:

1. The amount of paid-up capital stock and permanent surplus for the Depository.
2. Audited financial statements for the most recent reporting year.
3. A list of the Depository Officers.
4. A list of the Depository Directors.
5. Ratings on outstanding debt.

6. Proposed wire transfer agreement/contract.
7. Sample account analysis and monthly statement.
8. Availability of funds schedule.
9. Any additional contracts or agreements requiring City approval.
10. RFP documents including fee schedule.
11. Daylight overdraft policy.
12. A copy of the current call report.
13. A statement regarding any recent or contemplated merger or acquisition.

C. Questions about the institution:

1. Is the Depository insured by the FDIC?
2. Is the Depository audited annually by an independent CPA firm? If yes, by whom?
3. How does the Depository define non-performing loans and what percent of current loans are so classified?
4. Does the Depository have any significant problems noted by regulatory agencies in the past twenty-four months? If yes, please explain.
5. With what money center bank does the Depository have its primary correspondent agreement? What is the Comptroller of the Currency's rating of this institution?
6. Name the bank holding company or parent, if any, with whom the institution is associated (if applicable) and describe the legal and financial relationship between the institution and such holding company or parent.
7. Is the institution a branch or will it soon become a branch of another institution? If so, please indicate which services will be provided from the Bank's present location and which will be provided from the main bank. Also, please indicate service locations throughout the proposal where applicable.
8. Indicate the Depository's capital to assets ratio for the last five years.
9. What was the Depository's return on assets for 2020?
10. Please describe the process by which service problems can be resolved. What person or organizational unit is available for complaint or problem resolution?

D. Depository shall perform all duties and meet all conditions legally required to act as the Depository for the City. Therefore, the Depository shall:

- (1) keep the municipal funds covered by the Depository Agreement;
- (2) perform all duties and obligations imposed on the Depository by law and under the Depository Agreement;

- (3) pay on presentation all checks drawn and properly payable on a demand deposit account with the Depository;
- (4) pay all transfers properly payable as directed by a designated officer of the City;
- (5) provide and maintain security at the level required by Chapter 2257 of the Texas Government Code, as amended; and
- (6) account for the municipal funds as required by law.

E. All proposals must include a completed fee schedule in the form provided. Only the charges listed in Section IV: Fee Schedule will be acceptable in the monthly account analysis. Once selected as the City’s Depository, no additional or increased fees for services in the fee schedule may be charged to the City during the contract period. An account analysis must be forwarded to the City each month for review.

F. Services may be modified by mutual agreement. It is expected the range of services described in this RFP will be used for the length of the Depository Agreement; however, the City may discontinue any service (and terminate the Depository Agreement) after sixty (60) days’ written notification to the Depository. Services may also be added, with costs of new services to be billed at the Depository’s published rate at the time.

IV. REQUIRED BANKING SERVICES

Account Structure and Description

The City intends to establish the following bank accounts:

ACCOUNT NAME	TYPE
Pooled Cash	Interest Bearing Checking
Airport Improvement	Interest Bearing Checking
Forfeiture/Seizures	Interest Bearing Checking
Hotel Motel Tax	Interest Bearing Checking
Meter Deposit	Interest Bearing Checking
Miller Estate Royalties	Interest Bearing Checking
Municipal Court Designated Fees	Interest Bearing Checking
Robert L. Brothers Jr. Library	Interest Bearing Checking
DSF Governmental Activities	Interest Bearing Checking
Gonzales Memorial Museum	Interest Bearing Checking

The City reserves the right to open or close any type of accounts throughout the period.

Fee Schedule

<u>PER UNIT</u>	<u>ESTIMATE</u>	<u>FEE CHARGED/VOLUME</u> <u>DESCRIPTION OF SERVICE</u>
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1. _____	10 accounts	Account maintenance
2. _____	600/Year	Deposit tickets
3. _____	3600/Year	Encoding
4. _____	1800/year	Items paid
5. _____	1200/Year	Foreign items processed
6. _____	36/Year	Wire services
7. _____	12/yr.	Stop payment requests
8. _____	600/yr.	Deposit slips requests
9. _____	5	Night Depository bags
10. _____	1800/Year	Canceled checks returned
11. _____	120/Year	Transfer between accounts
12. _____	12/Year	Returned items
13. _____	300/Year	ACH Transmissions to Depository
14. _____	2-5000	Line of Credit/Expense Account
15. _____	100/Year	Deposit Pick Up
16. _____		
17. _____		

Items 14-17 are for any additional services of the institution. 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 whether 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.

The proposal should indicate when funds will be available in participating banks. Please provide an estimate on the cost for this service based on 800 transactions per year: _____ per item. In addition, please detail any costs associated with the initial set up (i.e., training, software, and/or fees).

Account Reconciliation

The City will process its own reconciliation for its accounts but requires data as follows:

Monthly statements on all accounts detailing overall activities shall be mailed within seven (7) working days after the close of the calendar month. Statements shall include deposits made on the last day of the period. The City requires a report reflecting all items paid in serial number sequence, which is balanced to the bank statement (partial account reconciliation).

(Please provide a sample monthly statement with your Proposal).

Earnings Credit

The City intends to pay for all account services provided by the Depository as set forth in Section IV: Fee Schedule. The method expected to be used for the payment of these services shall be to compensate the Depository if earnings on its account balances are not adequate to offset calculated charges shown by account analysis. The City shall require computer statement analysis each month that shall clearly show volume counts, fees charged, and total price for serving the account. The account analysis shall also show average ledger balances, average collected balances, interest rates, and the amount of interest paid or credited to the account.

(Please enclose a sample account analysis with your Proposal).

Deposit Availability

The Depository shall provide same day credit for all funds deposited and shall receive the best availability on deposits as well as any future improvement to the availability schedule. (Please enclose an availability schedule with your Proposal). Please give the name and address of the deposit locations that will receive the City's deposits.

Account Interest

The rate of interest per annum which the Depository shall pay the City on its accounts shall be _____ basis points (above/ or below) the current month's average of three month U.S. Treasury Bills rate at weekly auction. Alternative Proposal: _____

Sweep Account Provisions

If the City elects, the Depository shall be responsible for automatically sweeping the balances in all accounts daily to an investment option (money market fund, repo, etc.); alternatively, the Depository may pay interest on account balances without sweeping accounts, such interest to be at the same rate and in the same amount as if sweeping had been affected. **Describe the sweep options and, if a money market fund is used, provide a prospectus.** The accounts shall be swept to the compensating balance.

Describe all conditions and exceptions, if any, as to the payment of interest and averaging.

Wire Transfers

The City shall submit all outgoing wire transfers to the Depository according to its published cutoff times established for current customers. The Depository shall maintain wire transfer facilities to the Federal Reserve Bank for investment purchases or sales and other transactions with financial institutions. Written confirmation of such transactions will be provided to the City and a duplicate copy of the debit or credit shall be furnished to the City within twenty-four (24) hours. Notification to the City of incoming wire transfers or problems with outgoing wire transfers shall be made within one (1) hour of the transaction. The City requires that all outgoing wire transfers be released within one hour of secondary approval. Since the posting of security transactions may not occur until overnight processing, a facility (i.e., line of credit) to insure wire transfers are released within one hour may be necessary.

The Finance Director or an authorized designee will authorize all wire transfers on behalf of the City. In the event of computer problems or other unexpected difficulties, the Depository shall use whatever means necessary to ensure that the City's outgoing wire transfers are completed on the date specified through City initiated instructions. The City agrees to advise the Depository of any changes in the name of the City employees authorized to initiate wire transfers on behalf of the City.

The City requires adequate security provisions and procedures. **The response to this RFP shall include a copy of the standard transfer procedures & the standard wire transfer agreement utilized by the proposing institution.**

Debit and Credit Adjustments

The Depository shall mail a copy of all debit and credit adjustments to the Finance Director or designee with supporting documentation, as the entries are made throughout each month. The City's monthly statement should also include a copy of all debit and credit adjustments. Adjustments should include description dates and amounts in order for the City to properly adjust its books. The City shall not be responsible for the cost of credit and debit adjustments.

Deposit Slips

The City uses two-part encoded deposit slips. The Depository shall validate and return a copy of each deposit slip at the time of transaction. The second copy of each deposit slip or a copy of the second copy shall be returned to the City in the monthly statement. Telephone notification is required for discrepancies in deposits and the City will designate a contact person.

Errors

Depository errors resulting in lower City balances or the Depository to the satisfaction of the City shall correct reduced interest earnings. The Depository and the City by agreement will negotiate the method of reimbursement or correction.

Research Requests

The Depository's response to all research requests shall be returned to the City within three (3) business days of the request. Additional response time may be granted by the City upon the Depository's written request identifying the reasons (s) that an extension of time is needed.

Returned Items

All checks deposited by the City that do not clear the first time, shall be submitted a second time before returning them to the City. Returned checks that do not clear on the second attempt shall be returned to the City within two business days. The City shall receive same day telephone notification of all returned items in excess of \$500 per item.

Stop Payments

The Depository shall be required to issue stop payment upon telephone notification from authorized City personnel. The City shall provide all required confirmation documentation. The Depository shall provide the City with written confirmation of each stop payment.

Designated Depository Contact Personnel

The City may require a review meeting occasionally to evaluate the working relationship between the City and the Depository. The objective shall be to address any problems or to discuss the procedures involved in protecting the City's funds and pledged collateral. Upon selection, the Depository agrees to send a qualified representative to attend all such meetings and shall provide a list of contact personnel who are qualified to provide information and assistance in the following areas on a daily basis:

- General Information

- Investments and Safekeeping
- Accounting/Bookkeeping
- Deposit Discrepancies
- Wire Transfers
- Balance Reporting

In addition, there shall be designated one officer, responsible for overseeing the City's accounts, which serves as a liaison with the City.

Financing of Equipment

The Depository may be asked to finance the purchase or lease-purchase of equipment from time to time. Provide a schedule of terms, including rates, in providing this service.

Transition Schedule

Depository shall provide a schedule documenting the transition process for transferring the City's banking services from the current Depository to the new Depository.

V. INVESTMENT ACTIVITIES

The City may choose to invest in certificates of deposit in the Depository or any other financial institution. Alternatively, the City may invest in other types of securities as permitted under its investment policy and State Law.

Interest on all certificates of deposit shall be computed on an actual day basis, and interest shall be paid to the City on the last business day of the month or the maturity date, whichever is earlier. Payment shall be made by crediting a designated City bank account. Interest calculations shall include the first day in the investment period but shall not include the day of maturity.

VI. COLLATERAL REQUIREMENTS

Collateralization

The City's Depository is required to comply with Texas Government Code Chapter 2257, Collateral for Public Funds and to execute the Security Agreement. Pursuant to the Security Agreement, Eligible Securities (as therein defined) shall be deposited with a third party custodian prior to the deposit of any City funds. The pledged collateral must be maintained at all times during the term of the Depository Agreement at the levels required in the Security Agreement. In order to perfect the City's security interest in the pledged collateral under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), it is required that the Security Agreement and the Custodian Agreement be signed by all parties prior to the deposit of the City's funds. The Board of Directors shall approve the Security Agreement and Custodian Agreement in resolution form or Loan Committee of the Depository as reflected in certified minutes given to the City. The resolution should also state that the officer signing the Security Agreement and Custodian Agreement is authorized to sign on behalf of the Depository. The signed Security Agreement and Custodian Agreement, Board resolutions and minutes certifying approval of the Security Agreement and Custodian Agreement must be presented to the City prior to the deposit of funds.

Securities pledged to the City pursuant to the Security Agreement shall be approved quarterly by the Loan Committee and/or Board of Directors of the Depository and be recorded in the minutes of same so that State or Federal (FDIC) Regulatory or Audit Agencies can readily determine the securities pledged to the City. Signed copies of minutes, excluding confidential Depository information, shall be provided quarterly to the City.

By responding to this RFP, each institution responding to this RFP agrees to execute the Security Agreement and Custodian Agreement substantially in the forms attached hereto as exhibits. Institutions within the same holding company or organization as the Depository cannot be used as the custodian. Pursuant to the Security Agreement, the Depository hereby grants to the City a first priority security interest in the pledged securities and the Custodian is authorized and instructed to release the pledged collateral to the City under the circumstances set forth in the Security Agreement or Custodian Agreement.

Eligible Securities

The following investment securities are approved as collateral (the "Eligible Securities"):

1. United States Treasury notes, bills or bonds or obligations fully and unconditionally guaranteed as to principal and interest by the full faith and credit of the United States;
2. Obligations of the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation or Federal National Mortgage Association; and
3. FDIC coverage.

Government National Mortgage Association securities or any other asset backed/pooled type securities shall not be allowed as Eligible Securities.

The use of a surety bond may be considered by the City to meet the required collateral requirements. In accordance with state law requirements, the Depository shall, not later than five days before the commencement of the term of the Depository Agreement, provide collateral security for the municipal funds to be deposited in accordance with the terms of the Depository Agreement (Local Government Code Chapter 105, subsection 105.031)

Required Level of Collateral for the City

As security for the checking account deposits and time deposits of the City of Gonzales, all funds shall be secured by pledged collateral with a market value equal to no less than 102 percent of the principal plus accrued interest less an amount insured by FDIC or FSLIC. The securities comprising the pledge shall be marked to market value on a daily basis. The securities so pledged, the amounts therein and the time for pledging same shall satisfy the requirements of the Texas Collateral for Public Funds Act, contained in Chapter 2257 of the Texas Government Code.

Please state the maximum amount, if any, of pledged securities which the Depository is willing or able to commit for collateralized deposit accounts through the contract period: \$ _____.

Collateral Substitution

Pursuant to the Security Agreement, the Depository may substitute approved Eligible Securities from time to time, so long as the total value of securities pledged meets the required levels. Substitutions may be made after obtaining written authorization from the Director of Finance or his/her appointed designee. The

Depository may also request permission to release securities whenever the total amount pledged is in excess of the City requirements.

Custodian of Collateral

Securities pledged as collateral shall be retained by a third party custodian and held in safekeeping for the Depository and the City. The custodian shall be approved by the City and be:

- a state or national bank domiciled or otherwise maintaining a place of business in Gonzales County in Texas,
- a federal home loan bank, or
- a Federal Reserve Bank or branch of a Federal Reserve Bank

The City shall be provided the original safekeeping receipt on each pledged security, which will be filed with the Finance Director of the City. Written release by an authorized agent of the City is required for all releases or substitutions of pledged securities.

Monthly Collateral Report

The Depository shall provide to the City, on a timely basis, a monthly report of pledged securities. The report shall give the following minimum information:

- Name (showing joint safekeeping for Depository and City)
- Security type and description including coupon, maturity and call dates if any
- Par Value
- Market value at month end
- Moody's and/or Standard & Poor's Rating

Conflicts

In the event there is any conflict between the provisions of this RFP and the provisions of either the Security Agreement or Custodian Agreement, the provisions of such latter documents shall control.

VII. OVERDRAFT PROVISIONS

The City does not intend to have an overdraft provision on any of its bank accounts. In the event a check or checks are presented for payment on any City account with insufficient funds available for payment, the City will require the bank to honor the City's check and immediately notify the City's Finance Director of the overdraft situation. The City agrees to cover all overdrafts within one day, unless the overdraft is caused by an error by the City's bank. The City permits the bank to sweep funds if necessary in the event an overdraft occurs.

VIII. OTHER STIPULATIONS

Regulation Notices

Throughout the entire term of the Depository Agreement, the Depository shall notify the City in writing within ten (10) days of any changes in Federal or State regulations or laws that would thereafter affect the Depository Agreement.

Right to Cancel Contract

In the event that it is ruled illegal under the provisions of any federal statute or regulation for the Depository to pay interest in the manner outlined in this RFP, then the City expressly reserves the right and privilege to terminate the Depository Agreement and to re-advertise the RFP for Depository services.

Right to Audit Records

The Depository's records relating to the City's accounts shall be open to review by either City staff members or City appointed independent auditors during normal business hours.

Contract Term

The term of the Depository Agreement shall begin upon its execution by the City. The initial term of the agreement shall be for one (3) year with one (1) automatic renewal(s) of two (2) years each unless terminated earlier by City upon 60 days' written notice. Notwithstanding the forgoing, in accordance with state law the term of the Depository Agreement and any renewals shall not, in any event, exceed five years. All fees shall be fixed for the initial term of the Depository Agreement; however, any FDIC premium increases may be passed through to the City upon thirty (30) days' notice. If the Depository Agreement is extended, fees may not increase by a percentage greater than the total increase in the most recent Austin/San Antonio Consumer Price Index as published by the Bureau of Labor Statistics. The City shall be notified in writing of any fee increases at least 75 days in advance.

The Depository agrees to honor and continue any investments made during the term of the Depository Agreement that will mature after its expiration or termination at the then prevailing rate of interest.

The laws of the State of Texas govern this RFP. Venue for any action related to this RFP shall lie exclusively in Gonzales County, Texas.

Merger or Acquisition

Notwithstanding any other provision of this RFP which may be to the contrary, the Depository Agreement and the respective rights and obligations of the parties hereunder shall remain in full force and effect and not otherwise be affected by a merger or acquisition of the Depository with or by another legal entity; provided, however, that in the event of any merger or acquisition, whether the Depository is the surviving party or not, of the Depository with or by any other legal entity, the City may terminate the Depository Agreement and, in any event, shall otherwise not be bound by the assignment of the Depository Agreement unless it agrees thereto in writing.

Continued Information Requirement

During the term of this contract, the Depository shall provide to the City a copy of all annual financial reports to the shareholders and any public information concerning changes in the ownership, management, or financial position of the Depository or its parent, if any.

Right to Reject

The City reserves the right to reject any and all proposals. The City, at its option, may waive any and all informalities, minor irregularities, and/or technicalities. The City may reject the proposal of an institution which is in litigation with the City or who has previously failed to perform properly or complete on time contracts of a similar nature, and may reject the proposal of an institution which is not, in the opinion of the City, in a position to satisfactorily perform the Depository Agreement. The City may also accept or reject any proposal if the evidence submitted by an institution, or investigation of such proposal, fails to satisfy the City that an institution is properly qualified to carry out the obligations of the Depository

Agreement and to provide the services contemplated therein.

Exceptions

Exceptions, conditions, or qualifications to the provisions of the City's specifications or contracts must be clearly identified in writing as such, with the reasons therefore, and alternate language proposed, if any, clearly stated and inserted in the appropriate place in the Proposal submission. The City will consider each exception, condition or qualification to the City's specifications and will incorporate same as considered appropriate in the City's sole discretion. Items and matters not explicitly excepted in this manner shall be deemed uncontested.

The City is the final judge of acceptability for items quoted in this RFP.

Termination

The City may terminate the Depository Agreement for any reason by giving sixty (60) days' written notice.

Service Exclusions

The RFP does not include the City retirement or deferred compensation programs. Additionally, the City retains the right to invest its funds with any financial institution that provides the City with the best rate of return. The City also retains the right to separately contract for services provided by other institutions in addition to those contained in the Depository Agreement.

IX. PROPOSAL INSTRUCTIONS/REQUIREMENTS

A. Five copies of the sealed proposal clearly marked "Depository Application" shall be delivered to the office of the following Designated officer by 3:00 p.m., March 25, 2022:

City of Gonzales
Attn: Laura Zella, Director of Finance
820 St. Joseph Street
P.O. Box 547
Gonzales, Texas 78629

NO PROPOSAL SHALL BE ACCEPTED AFTER 3:00 P.M., March 25, 2022, AND SHALL BE RETURNED UNOPENED.

B. The proposing Depository shall use this RFP form as the OFFICIAL FORM to submit rates and to answer questions. Any major changes or deletions that alter the intent of this RFP may be grounds for the City to disregard and reject the Proposal. Variations or exceptions must be noted as specified herein.

C. Each page of the RFP shall be initialed by the person duly authorized to sign the proposal indicating acknowledgement and acceptance of the terms and conditions outlined in the RFP.

D. The City reserves the right to request additional information or to meet with representatives from proposing institutions to discuss points in the proposal before and after submission.

E. The City reserves the right to reject any and all proposals.

X. OTHER MISCELLANEOUS

A. The City Council of the City shall make the final appointment of the Depository. The Depository understands that this RFP and Depository proposal submitted in response thereto shall become a part of the Depository Agreement that shall be executed by an authorized officer of the Depository

B. This Request for Proposal has been duly advertised and is being offered for consideration to financial institutions, as permitted by State Law.

C. Upon being awarded the contract, the Depository Bank shall designate an individual to be the official contact person for all correspondence. The Depository shall be responsible for training and communicating the terms of the Depository Agreement to Depository employees.

This proposal is submittal by the following person duly authorized to act on behalf of the Depository:

Officer's Name and Title (please print)

Officer's Signature

Name of Depository

Date

Address

Telephone Number

Email Address

Fax Number

EXHIBIT A

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, 2022, 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 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, 2022 and shall continue until 60 days after the time fixed for the next selection of a Depository Bank. This Agreement shall terminate April 30, 2025. However, this Agreement may be extended for an additional two years with the mutual agreement of both parties, in writing 60 days before the termination date of April 30, 2025. In no way may the total Agreement extend later than April 30, 2027.

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 month 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 a three-part form 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 required by the City. E-banking transaction are to include ACH debits

and credits, transfer between City accounts, wires, stop payment placement and online 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, or 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:

T. Daniel Santee
Denton Navarro Rocha Bernal & Zech
2517 N. Main Avenue
San Antonio, Texas 78212

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 _____, 2022.

_____ Bank

By: _____
Chairman, Board of Directors

Attest:

Secretary of the Board:
(Bank Seal)

City of Gonzales, Texas

By: _____
Connie Kacir, Mayor

Date: _____

Attest:

Kristina Vega
City Secretary

(City Seal)

EXHIBIT B
ANTICIPATED SECURITIES PLEDGED AS COLLATERAL

INDEPENDENT THIRD PARTY SAFEKEEPING AGENT

NAME: _____

ADDRESS:

Mailing: _____

Physical: _____

ACCOUNT NAME: _____

ABA#: _____

CONTACT PERSON: _____

EXHIBIT C

AUTHORIZED REPRESENTATIVES

The following individuals are authorized representatives of the City empowered to direct the Bank and the Custodian for the Bank, in regard to collateral pledges, releases and substitutions in the joint safekeeping account as well as authorized to represent and act for the City in any and all matters including execution of agreements and transfer of funds.

City Representative's Signature

Name and Title

Bank Representatives

Name and Title
