

CITY OF EAST BERNARD

BID PROPOSAL

FOR

CITY DEPOSITORY CONTRACT

I. INTRODUCTION

The City of East Bernard, Texas is seeking applications from eligible financial institutions to be the depository for certain public funds of the City. The contract period will be **(36)** months beginning **May 1, 2018** and, thereafter, until the successor depository shall have been duly selected and qualified according to state laws. At the outset, the City wishes to communicate the primary objectives of the depository agreement, a vital component of the overall treasury and debt management program of the City:

- To seek a bank that is both 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 invested monies by having all accounts as interest-bearing accounts in order to be a prudent and effective custodian of the taxpayers' financial resources;
- To maintain a good working relationship with the depository bank; and
- To seek a bank that will assure the safety of City monies on deposit through the pledge of securities in amounts adequate to ensure said monies.

This Bid Proposal is intended to serve as the bid form for the depository agreement. There are several blanks to fill in and questions to be answered. The depository agreement will be prepared based on the bidder's response to this proposal. All points outlined, and materials requested should be incorporated into the bidder's reply to be considered for evaluation.

Attachments will be appropriate in order to answer some of the enclosed questions.

***NOTE:** Banking institutions receiving these specifications will note that the City of East Bernard has reserved the right to invest certain of its funds in institutions other than the depository bank pursuant to the Public Funds Investment Act, Chapter

2256 of the Texas Government Code, as amended. However, if a banking institution submitting a bid pursuant to this proposal would bid differently if all funds of the City were to be deposited in the depository bank, please so submit such alternate bid and the same will be considered by the Board of Aldermen as such.

II. CRITERIA FOR EVALUATION

The Board of Aldermen and City Staff will review submitted proposals very carefully. The recommendations will be based on the bid determined to be best on behalf of the City and taxpayers. As an indication of what will be considered in the evaluation of the proposals, the following areas are listed:

- Financial strength and ability to perform the requested services.
- Agreement to points outlined in this Bid Proposal.
- Interest rates paid on time deposits.
- Cost and spectrum of banking services.
- Convenience to the City.

III. ACCOUNT ACTIVITIES

A. The City intends to open the following accounts:

<u>NAME</u>	<u>TYPE</u>
GENERAL FUND	CHECKING
MUNICIPAL COURT FUND	CHECKING
MUNICIPAL COURT-TECHNOLOGY	MONEY MARKET
MUNICIPAL COURT-COURT SECURITY	MONEY MARKET
_____	_____

The City reserves the right to modify the number of accounts throughout the period if necessary.

ALL ACCOUNTS MUST BE INTEREST-BEARING ACCOUNTS.

Please specify the minimum interest rate or rates the bank will pay on each of the following accounts and any factors that influence such rates; such as minimum account balances:

Checking Accounts: _____

Money Market Accounts: _____

Note: The interest rates specified shall be the minimum payable during the term of the Contract.

B. The services that should be made available to the City include, but are not limited to, the following:

<u>Fee Charged / Per Unit</u>	<u>Description of Service</u>
1. _____	Account Maintenance
2. _____	Deposit Tickets
3. _____	Return Items
4. _____	Printed Checks Specified by City
5. _____	Wire Services
6. _____	Stop Payment Requests
7. _____	Lock Box Service
8. _____	Courier Service
9. _____	Direct Deposit
10. _____	On-Line Banking
11. _____	Cashier's Checks

Please specify any other services available to the City, which may be thought to be beneficial or that may apply to the City. State all related fees.

<u>Fee</u>	<u>Service</u>
_____	_____
_____	_____
_____	_____

- C. Bank statements should be rendered within five (5) working days after the cut-off date furnished by the City. The cut-off date will be the last day of the calendar month. The statements must include deposits made on the last day of the period.

IV. INVESTMENT ACTIVITIES

- A. As security for the deposits of the City of East Bernard, the bank shall pledge to the City securities at lower of cost or market value, always equal to the largest balances the City of East Bernard maintains in the bank, including accrued interest or any other increases, less applicable Federal Deposit Insurance. The securities so pledged, the amounts thereof, and the time for pledging same must satisfy the requirements of V.T.C.A., Local Government Code, Sec. 105.01, *et seq.*, and all other applicable laws, rules and regulations.
- B. The bank shall provide the City with a report of securities pledged at the end of each quarter or at any time requested by the City. This report should reflect the following information at the end of each quarter:

Total pledged securities by:

- Name
- Par Value

- Type / Description
 - Market Value at Month End
 - Maturity Date and Call Date, if any
 - Coupon Rate
 - Total City Deposits By Type & Fund
- C. The securities pledged shall be held in safekeeping by a separate and independent bank other than the depository bank. (See sample contract attached hereto as Exhibit B.) The City must approve the safekeeping bank. The original security receipts shall be filed with the City.
- D. Any substitutions of the securities or reductions in the total amount pledged may be made only by and with proper written authorization approved by the Mayor or his designated representative. The City must approve all securities pledged.
- E. Subject to government regulations, the following is a schedule of bids for single maturity time deposits or certificates of deposit to be completed by the proposing financial institutions:

Certificates of Deposit – Less than \$100,000:

Certificates of Deposit – More than \$100,000:

<u>Maturity</u>	<u>Base</u>	<u>Adjustment to Base</u>
14-29 Days	*	plus/minus _____ per cent
30-59 Days	*	plus/minus _____ per cent
60-89 Days	*	plus/minus _____ per cent
90-119 Days	*	plus/minus _____ per cent

120-149 Days	*	plus/minus _____ per cent
150-179 Days	*	plus/minus _____ per cent
180-209 Days	*	plus/minus _____ per cent
210-239 Days	*	plus/minus _____ per cent
240-269 Days	*	plus/minus _____ per cent
270-299 Days	*	plus/minus _____ per cent
300-329 Days	*	plus/minus _____ per cent
330-365 Days	*	plus/minus _____ per cent
366 Days or more	*	plus/minus _____ per cent

*Note: The base shall be the Treasury Bill yield for the maturity closest to the desired certificate of deposit maturity date as published in the *Wall Street Journal* for the preceding day of the investment transaction.

F. Interest Calculations - Interest on all certificates of deposit shall be computed on an actual day basis.

G. Direct Investment Alternative - The City of East Bernard desires a depository agreement that enables all investments to be in the form of certificates of deposit issued by the bank. However, since state law allows the City to invest in direct debt securities of certain governmental entities, the City may choose to take this route in the event the C.D. rates proposed are substantially lower than what the yields would be for such securities. In the event the City elected to invest directly in T-bills, or any other permissible government securities, the City will desire for the depository bank to execute the order and effect the transaction. Should this alternative be selected, what charges, if any, would be made by the bank to the City's account?

Transaction Fee _____

Safekeeping Fee _____

Wire Service Fee _____

Other (specify) _____

H. Notwithstanding any other provision contained in these specifications to the contrary, the City reserves the right to invest its funds in other banking institutions in accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

V. OVERDRAFTS, CERTIFICATES OF OBLIGATION OR LOANS

A. The City does not intend to have a net overdraft position throughout the course of the contract. An overdraft is defined as a negative demand balance in the City accounts collectively, not by individual account. Should an overdraft occur in the aggregate, the following stipulations shall apply:

1. The maximum number of days the net overdraft will be allowed is _____.
2. The maximum amount of the overdraft to be allowed will be \$_____.
3. The interest rate will be _____ per annum computed on an actual day basis.

B. Should the City desire to borrow money through certificates of obligation or loans for the purchase of land, public works contracts, or any other specific need, specify what the bank's charges or rates will be on the following amounts. Eligible banks must have the ability to loan \$1,000,000. These charges or rates can be based on Treasury Bill yields.

\$0 to \$100,000 _____

\$100,000 to \$500,000 _____

\$500,000 to \$1,000,000 _____

\$1,000,000 to \$2,000,000 _____

\$2,000,000 to \$3,000,000 _____

\$3,000,000 to \$4,000,000 _____

\$4,000,000 to \$5,000,000 _____

VI. OTHER STIPULATIONS

- A. The successful bidder will 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.
- B. Notification of wire transfers shall be made within one (1) hour of the transaction and a duplicate copy furnished to the City within twenty-four (24) hours.
- C. The bank agrees to honor and continue any investments made during the term of the depository contract that will mature after the expiration date of the depository agreement at the same rate of interest as if investment matured before the expiration of the contract.
- D. The banks records relating to the City's accounts shall be open to review by either City staff or City appointed independent auditors.
- E. The proposing bank should submit a copy of the most recent audited financial statements for the most recent fiscal year.
- F. A copy of the current call report, and a statement regarding any recent or foreseen merger or acquisition.
- F. The term of the contract period will be for **thirty-six (36) months beginning May 1, 2018 and ending April 30, 2021.**

VII. BIDDING INSTRUCTIONS / REQUIREMENTS

- A. Sealed bids or proposals clearly marked "Depository Application" must be delivered to the following person by **4:00 p.m., local time, April 12, 2018.**

**City Secretary Audrey Searce
City of East Bernard
704 Church Street
East Bernard, Texas 77435**

- B. The proposing bank should use this Bid Proposal form to submit rates and answer questions wherever possible. However, any point that the bank cannot agree with should be clearly noted with attachments, which explain the disagreement. Please reference the section and paragraph in these cases. Also, please clearly restate the question when supplying answers on any supplemental page.
- C. The City reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the proposal before and after submissions, any and all of which will be used in forming recommendations.
- D. The City reserves the right to reject any and all of the bids.

VIII. OTHER MISCELLANEOUS

- A. The City of East Bernard shall review, at least every six (6) months, the working relationship between the City and the depository bank. The objectives will be to address any problems and to seek a reasonable solution.
- B. This Bid Proposal and the responding proposals may result in a contract to be signed by both City officials and bank officials. The form of the contract is attached hereto as Exhibit A.

This proposal is submitted by the following person duly authorized to act on behalf of the bank:

Officer's Name and Title

Name of Bank

IX. APPENDIX

A. Depository Contract.

“EXHIBIT A”
DEPOSITORY CONTRACT FOR THE
CITY OF EAST BERNARD, TEXAS

THE STATE OF TEXAS §
 §
COUNTY OF WHARTON §

This Contract is made and entered into by and between the City of East Bernard, Texas (the “City”), acting by and through the Board of Aldermen of the City, and _____, located at _____ (mailing address) (the “Depository Bank”), acting by and through the Board of Directors of the Depository Bank.

WHEREAS, the Board of Aldermen of the City published notice and requested and received applications for a depository of City funds in accordance with Chapter 105 of the TEXAS LOCAL GOVERNMENT CODE, as amended; and

WHEREAS, _____, the Depository Bank, was selected and designated as City Depository by the Board of Aldermen of the City to serve as depository until, at the sole discretion of the City, a successor depository shall be selected and qualified according to State law;

NOW, THEREFORE, it is agreed by the parties hereto as follows:

1. The recitations set out above are true and correct. Pursuant to Chapter 105 of the TEXAS LOCAL GOVERNMENT CODE, as amended, and the action taken by the Board of Aldermen of the City on the _____ day of _____, 2018, _____ was selected as the Depository Bank for the City for a period commencing effective May 1, 2018 and ending April 30, 2021, or when a successor Depository

Bank shall have been duly selected and qualified according to state law. Provided, however, the City reserves the right to cancel this Contract upon ninety (90) days written notice to the Depository Bank.

2. The Depository Bank agrees to follow, abide by, and be bound under the terms of the application which it submitted to, and which was accepted by, the City. A copy of said application is attached hereto as Exhibit "A" and is incorporated herein by reference as if fully set forth herein.

3. The Depository Bank states that it is a banking institution chartered under the laws of the United States and the State of Texas, and that its banking house is located at _____
_____.

4. The term "Funds" shall mean all cash, securities, and investments, sinking funds, trust funds, and other funds or assets that may come into the possession of the Depository Bank by virtue of this Contract.

5. The Depository Bank agrees to faithfully perform all of the duties hereof, as provided by the laws of the State of Texas, and will safely keep and disburse all Funds coming into its possession as depository, and faithfully pay over to its successor all Funds remaining in the depository, and does guarantee, indemnify, and hold harmless the City against all loss, cost, or expense, including reasonable attorney's fees, arising out of or related to the failure to perform duties imposed by law or this Contract document.

It is expressly understood and agreed that if the Depository Bank fails to faithfully do or perform any of the duties or obligations imposed upon it by law as depository of the City, or fails upon presentation to pay any check drawn on an account with sufficient funds by the authorized officers of the City, or fails to faithfully keep or account for all Funds deposited with it, or fails to

pay interest at the time or at the rates stipulated in writing, or shall otherwise fail to comply with any of the requirements of the depository laws of the State of Texas, or fails at the expiration of the term for which it was chosen to turn over to its successor or successors, all Funds, property, and things of value coming into its hands as depository, or if it is ruled bankrupt, insolvent, or failed by federal banking regulators, or it otherwise defaults in the performance of a material term or provision of this Contract relating to the City's deposited Funds, then the Depository Bank will be considered in default under this Contract, and in that event, the Depository Bank shall have no further control over the pledged securities, pursuant to paragraph 7 of this Contract, and the City will be authorized to take and have exclusive possession, custody, and control of all of the securities pledged hereunder, by substitution or otherwise, and after providing the Depository Bank at least three (3) business days prior written notice and an opportunity to cure the default, the City shall be authorized and have the power to sell at public or private sale, the pledged securities, or any part thereof, and to apply the proceeds of the sale first to the satisfaction of any indebtedness arising by virtue of the violations of any or all of the conditions of this Contract, including reasonable costs of such sale, with the excess, if any, returned to the Depository Bank. This right is in addition to any other remedies which the City may have under this Contract and without prejudice to its right to maintain any suit in any court for redress on any injuries sustained by the City under this Contract.

6. The City shall not be required under the terms and conditions of this Contract to place with the Depository Bank time deposits that carry a maturity date beyond the term of this Contract; however, the City may, at its option, do so. In the event the City places time deposits with the Depository Bank that mature subsequent to the term of this Contract, all deposits previously invested may, at the sole election and discretion of the City, remain on deposit until

maturity.

7. Security. Not later than five (5) days before commencement of this Contract the Depository Bank must provide security, as security for the City's Funds, in accordance with Section 105.031 of the TEXAS LOCAL GOVERNMENT CODE, as amended.

The Depository Bank shall continuously secure the Funds of the City by pledging as collateral securities as provided by state law. The kind and value of the securities pledged shall always be approved by the Board of Aldermen.

Any security pledged under this Contract must comply with state law, including Sections 105.031, 105.034, 105.051, and 105.053 of the TEXAS LOCAL GOVERNMENT CODE, as amended, and the Public Funds Collateral Act, Chapter 2257 of the TEXAS GOVERNMENT CODE, as amended. These statutes govern the type, level, substitution, possession, release, and method of valuation of the security for the City's Funds. The passage or amendment of any statute governing depositories and security shall supplement this list and shall be applicable to this Contract.

The securities pledged shall be transferred to and held by _____
_____, of _____
_____, _____ hereinafter referred to
as the "Safekeeping Bank," in accordance with the Safekeeping Agreement attached hereto as Exhibit "B," and incorporated herein by reference as if fully set forth herein. The securities pledged shall be of a value equal to or greater than one hundred percent (100%) of the Funds which the City may have on deposit at any one time, including accrued interest or any other increases, reduced only by the amount of the Federal Deposit Insurance Corporation insurance available.

Rated securities shall bear a rating of “A” or better, as determined by Moody’s Investor Service and Standard and Poors, Inc. Pledged securities shall be valued at their current market value. Should the value of the securities pledged ever be less than one hundred percent (100%) of the Funds to be secured, the Depository Bank shall immediately cause additional securities to be pledged in such amounts to restore the total securities pledged to one hundred percent (100%) of the amount of Funds secured. The kind and value of the securities so pledged shall be approved by the Board of Aldermen.

The Depository Bank shall have the right to substitute one type of authorized security for another upon obtaining the prior approval of the Board of Aldermen.

The Board of Aldermen may, by written order, require the Depository Bank to pledge additional or other securities at any time the Board of Aldermen considers it advisable or necessary for protection of the City. If the Depository Bank fails for any reason to comply within five (5) days of service of the order, the City may terminate this Contract and select a new depository in the regular manner.

The Board of Aldermen must approve all securities prior to their being pledged, in the manner set out above. Securities may only be released from the Safekeeping Bank with written authorization by the City, in accordance with the Safekeeping Agreement.

8. This Depository Contract may not be assigned or transferred, in whole or in part, without the prior consent of the Board of Aldermen, expressed by resolution, and then only under such conditions as may be prescribed therein. No assignment in law or otherwise shall be effective until the assignee has filed with the City an instrument, duly executed, reciting the fact of such assignment, accepting the terms of this Depository Contract and agreeing to comply with all of the provisions hereof. The Depository Bank shall promptly notify the City of any actual or

proposed change in, or transfer of, or disposition or acquisition by any other person or entity of control of the Depository Bank. As used herein, the word “control” is used to denote more than a fifty percent (50%) change in ownership and/or actual working control in whatever manner exercised. Every change, transfer, or acquisition of control of the Depository Bank shall make this Depository Contract subject to termination unless and until the Board of Aldermen shall have consented thereto by resolution. For the purpose of determining whether it shall consent to such change, transfer, disposition, or acquisition of control, the City may consider any factor deemed to be in the best interests of the City. Such consent shall be at the sole discretion of the Board of Aldermen and, in the event such consent is not granted, the City shall have the right to terminate this Contract in accordance with the provisions of Paragraph 10 below.

9. The Depository Bank acknowledges that the convenience of its location to the City’s offices was a material factor in granting this Contract; therefore, in the event the Depository Bank ceases banking operations at the address designated in Paragraph 3 above, the City shall have the right to terminate this Contract in accordance with the provisions of Paragraph 10 below.

10. The Depository Bank covenants and agrees that in the event any of the terms, covenants, or conditions of the application document (Exhibit “A”), this Contract document, or the Safekeeping Agreement (Exhibit “B”) are in any way breached or violated or, if for any reason, the Depository Bank has failed to perform under the terms and conditions of said documents and/or agreements, the City reserves the right to terminate this Contract or any agreement entered into subsequent to or by reason of the application previously submitted by the Depository Bank, and shall have the option of withdrawing all or part of the time and/or demand deposits from the Depository Bank, without penalty, including principal and accrued interest, or,

in the alternative, to allow said funds to remain on deposit until maturity. Failure by the City at any time or instance to exercise any of its rights under the terms, covenants, and conditions of the proposal document, this Contract, or the Safekeeping Agreement shall not constitute a waiver of any of the City's rights as stated herein.

11. Investments. Any investment of City Funds made with the Depository Bank shall be governed by the Public Funds Investment Act, Chapter 2256 of the TEXAS GOVERNMENT CODE, as amended. The City reserves the right to invest funds outside this Contract.

12. Notwithstanding the provisions set forth herein for the term or termination of this Contract, in the event the City shall elect to leave on deposit with the Depository Bank time deposits which mature after the expiration of the term or after termination of this Contract, then all the terms, provisions, and conditions of this Contract which shall be for the benefit and protection of the City, as shall be determined by the City, shall continue and be binding until all Funds have been paid to the City, and the final release of the City has been duly executed and delivered to Depository Bank.

13. Any suit arising out of or in any way connected to this Contract shall be tried in a court of proper jurisdiction in Wharton County, Texas.

14. All of the provisions and requirements of the laws governing city depositories shall be and are, by this reference, made a part of this Contract.

SIGNED AND EXECUTED in multiple originals effective the _____ day of _____, 2018.

DEPOSITORY BANK:

Signature

Printed/Typed Name

Title

ATTEST:

Signature

Printed/Typed Name

Title

CITY OF EAST BERNARD, TEXAS

Marvin R. Holub, Mayor

ATTEST:

Audrey L. Scarce, City Secretary