

**CITY OF CROCKETT, TEXAS**

REQUEST FOR PROPOSAL ("RFP") BANK DEPOSITORY SERVICES

AUGUST 1, 2023

**CITY OF CROCKETT, TEXAS**

**REQUEST FOR PROPOSAL (“RFP”) FOR BANK DEPOSITORY SERVICES**

1. **INTRODUCTION**
   1. **BACKGROUND**

The City of Crockett (City) is requesting proposals from eligible and qualified financial institutions to serve as the Depository Bank to the City of Crockett and provide a full complement of banking services as described below. The philosophy incorporated into this Request for Proposal (RFP) is to solicit proposals for banking services currently utilized or open for consideration, based on projected activity and transaction volumes. The City intends to invest its funds to maximize interest income as authorized by the City Investment Policy and permitted by state law. From this perspective, the interest rates that will be earned on its deposits and investments through the financial institution will be an important element in consideration of the net cost/benefit of the relationship to the City. This RFP is for banking services only and does not include any investment transaction activity other than safekeeping services to include receiving and delivering securities, coupon and maturity collections.

To ensure the optimum utilization of taxpayer funds, the City has implemented a comprehensive and cost-effective cash management system that requires an extensive array of banking services. While the City is receptive to suggestions and recommendations for improvement, the proposals should be submitted to address the services requested.

The Bank Depository is an important component of the treasury and cash management system of the City. From this perspective, the City is seeking a financial institution that is capable of providing the services required by the City at the least possible cost; willing to be attentive and responsive to the money matters of the City; and financially sound.

This RFP proposal form for the Bank Depository agreement has several blanks to fill in and questions to be answered. The evaluation of the proposal will be based on these responses. The RFP also requests certain information to be attached and specifically labeled. Proposals must be complete, address all aspects of the RFP, and include all requested information to receive full consideration by the City in the selection process.

The proposer agrees that during the performance of its contract, it will treat all applicants and employees without discrimination as to race, color, religion, sex, national origin, marital status, age, or disability and identify itself as an “Equal Opportunity Employer” in all help wanted advertisements or requests. The proposer shall be advised of any complaints filed with the City alleging that proposer is not an Equal Opportunity Employer. In determining whether to terminate any portion of this contract, the City reserves the right to consider reports from its Director of Human Resources in response to discrimination complaints. However, the proposer is specifically advised that no Equal Opportunity Employer complaint will be the basis for cancellation of this contract.

# SUBMISSION INSTRUCTIONS

* + 1. The proposal must be sealed and clearly marked “**Banking Depository Services Proposal,**” and shall be delivered to the following person **by 3:00 p.m., on Wednesday, August 16, 2023**:

Butch Calvert Crockett City Hall 200 North 5th Street

Crockett, Texas, 75835

# LATE PROPOSALS WIL NOT BE CONSIDERED

* + 1. The proposing institution shall use this RFP as the Official Form to submit prices, rates, and to answer questions. Any alterations, changes, or deletions to this RFP may be grounds for the City to disregard and reject the proposal.
    2. The City reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the proposal after opening of proposals.
    3. The City reserves the right to reject any and all proposals, and to accept the proposal submitted by a Proposer that is determined to be the most advantageous to the City based on the selection criteria listed in Section III of this RFP.
    4. Any questions concerning this RFP should be directed in writing to John Angerstein, City Administrator. Inquiries should not be made to other City officials or employees. Responses to all material questions submitted in writing will be communicated to each prospective bidder.
    5. Transfer of funds will commence at such time the successful Proposer has provided the City with all required forms and supplies necessary to insure uninterrupted day-to-day operations. The proposer shall, upon termination of the contract, cooperate with the new Depository Bank for transfer of funds within 60 days from the date the City Council designates a depository.
    6. If a bank declines to submit a proposal, the bank is requested to submit a letter that they are declining to submit a proposal and the reasons for not submitting a proposal.

# MINIMUM QUALIFICATIONS FOR SUBMITTING A PROPOSAL:

* 1. Charter: Federal or Texas Charted Bank located in Crockett.
  2. Approved Collateral: A bank submitting a proposal must have identifiable collateral which meets the requirements of Texas law for public depositories and which is sufficient to cover the deposits of the City at all times. Collateral must be provided not later than 5 days before the commencement of the term of the depository contract.
  3. Adequate Size to Provide Service: A bank submitting a proposal must have adequate organization, facilities, equipment and personnel to provide prompt and efficient service to the City.
  4. Designated Bank Contact Personnel: The Depository shall provide a list of contact personnel within the Bank who are qualified to provide information and assistance in the following areas on a daily basis:
* General Information
* Investments and Safekeeping
* Accounting/Bookkeeping
* Deposit Discrepancies
  1. ACH Services: A bank submitting a proposal must provide ACH services.

ACH collection for payments from utility customers is a service the City provides to its utility customers. At the present time, approximately 1,530 customers take advantage of this payment method. The City will transmit the data to the Bank by direct transmission from the City’s computer system.

* 1. Online services: A bank submitting a proposal must have the ability to provide the City with access to perform banking services online, including but not limited to the following:

1. Account administration:
   * 1. Ability to view daily reporting of ledger, collected and available balances
     2. Ability to view and print cancelled checks, deposit slips
     3. Ability to download daily and monthly account information into Excel format
     4. Ability to transfer/upload files for consumer-initiated transactions
     5. Ability to transfer/upload files for utility customer pre-authorized direct draft payments.
     6. Ability to receive on-line account reconciliations and analysis data for daily activities.
     7. Ability to retrieve and download current & prior period monthly statements online
2. Ability to initiate and authorize on-line banking transactions via software provided by the selected financial institution to include:
   1. Fund transfers of outgoing wires (using established templates) and incoming wire transfers.
   2. Stop payments
   3. Electronic capability to perform a low volume transfer of funds between accounts housed at the selected financial institution (book transfers). Volume unlimited per month.
   4. Transfer funds to accounts at other financial institutions.
3. Provide samples of several reports which will be available on-line which show selections requested in this section. (Attachment A)
4. Outline internal controls built into the On-line Banking system, along with areas of potential risk for the City.
   1. Anti-boycott Israel Clause: As required by Chapter 2270, Texas Government Code, bank hereby verifies that it does not boycott Israel and will not boycott Israel through the terms of this Agreement. For purposes of this verification, “Boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

# SELECTION CRITERIA

The City Staff shall carefully review the submitted proposals. The staff recommendation to the City Council shall be based on the proposal determined to be the most advantageous to the City. The evaluation of the proposals will be made based on the following criteria:

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| --- | --- |
| A. Ability to perform and provide the required and requested services in the RFP | 15% |
| B. Cost of proposed banking services and the cost of conversion and implementation of the banking services | 15% |
| C. Completeness of application and agreement points outlined in the RFP | 10% |
| D. Funds availability | 10% |
| E. Earnings credit on average available account balances | 10% |
| F. Financial strength and stability of the proposer | 5% |
| G. Ability to provide the City with effective and innovative cash management services | 15% |
| H. Ability to meet the legal qualifications and conditions specified in the RFP | 5% |
| I. Ability to provide sufficient collateral for deposits | 5% |
| J. Experience and success in providing banking services to municipalities in Texas | 5% |
| K. Securities clearance and safekeeping procedures | 5% |

# TERMS AND CONDITIONS

* 1. Contract Term: The term of the contract shall be for four years beginning September 1, 2023 and ending August 31, 2027, with a provision for two-year extensions under the same contract terms and conditions, with the mutual agreement of both parties. The contract shall be automatically extended for 90 days if the City is seeking new proposals for the services required herein.
  2. Right to Reject: The City reserves the right to waive any irregularities in any proposal, to request additional information and to accept or reject all proposals.
  3. Modifications and Amendments: The City reserves the right to negotiate such additions, deletions or changes, as it deems necessary during the term of the agreement.
  4. Effective Date: The selected proposal will become effective upon approval by City Council for the accounts. The Bank will commence operating pursuant to this agreement as soon as practicable.
  5. Termination: Any party may terminate the contract for cause upon written notice to the other party 90 days in advance of termination.
  6. Bank Failure: Should the Bank or the local branch fail, close, or be forced into reorganization during the term of this contract, the City reserves the right to cancel the contract or a portion there-of and re- propose for the City’s depository services.
  7. The contract is governed by the laws of the State of Texas. Branch location shall be exclusively in City of Crockett.
  8. The City reserves the right to open or close any number or types of accounts, as it deems necessary through the term of the agreement. Any services not listed but later requested by the City will be charged for at a mutually agreed upon fee. Fees proposed are fixed for the entire contract period.
  9. The proposer shall submit a copy of the latest annual financial statements, the last two most recent quarterly FDIC call reports, and the Uniform Bank Performance Report for the latest fiscal year end, and a statement regarding any recent or foreseen merger or acquisition all as Attachment B.
  10. The City is interested in obtaining service and cost information on additional services for possible use during the contract period. These services are not required but will be evaluated in terms of availability, feasibility, service levels, service providers and cost. The City will make its determination after receipt of proposals as to 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.
  11. The successful proposer shall notify the City in writing within ten days of any changes in Federal or State regulations or laws that would affect the Depository Agreement.

# REQUIRED SERVICES TO BE PROVIDED

The City and its component units have determined that the following services and products are the minimum necessary to fulfill the current and foreseeable future banking service requirements of the City of Crockett and its component units. The following is a description of the cash management system of the entities:

* 1. Accounts Required:
     1. Operating Account with Average Balance
     2. Accounts Payable Zero Balance Account
     3. Employee Benefits Account
     4. Flex Spending Account
  2. Deposits: Deposits to the account shall be made at various times during the business day and will require the Bank to give same day credit on collectible funds the Bank receives before 2:00 P.M. The Bank agrees to credit the accounts for all checks in accordance with Bank’s availability schedule. Banks are required to attach a copy of their availability schedule to the proposal as Attachment C.

C. Wire Transfers Out: A wire transfer agreement will be executed with the bank. The proposal should include a copy of the bank’s standard transfer procedures and wire transfer agreements as Attachment

D. Recurring and non-recurring wire procedures should be stated. Wires between City and other accounts should be protected under sufficient security procedures. Security procedures should be outlined in the proposal. Wire transfers must be processed and completed the same day as received, if received no later than 4:00 p.m. The proposal will stipulate all deadlines and cut-off times for any different types of wires.

1. Wire Transfers In: The Bank shall accept incoming wire transfer of funds for the sale of securities, interest payments and receipts from various entities. The City intends to consider these incoming wire transfers as “available for investment” either by the City or by the Bank through the overnight investment agreement.
2. Returned Items: All returned items are to be automatically deposited a second time.
3. Employee Checking Accounts: The bank shall provide basic checking account services to City employees at no cost.
4. Stop Payments: The Bank shall process stop payment requests received via online or upon telephone communication from authorized personnel. Please provide the Bank’s procedures for issuing a stop payment as Attachment E.

Overdraft Provisions: The City does not intend to have an overdraft position occur on any of the bank accounts individually or net throughout the course of the depository contract. However, should a net overdraft condition occur, the depository bank shall be required to pay said checks and promptly notify the Finance Director of the existence of the overdraft situation. The City agrees to cover the overdraft within one business day. Define in the Proposal whether the bank would consider an overdraft to be a negative balance in any individual City account or a negative balance in all of the City’s accounts collectively.

* 1. ACH Bank Drafting: The City will make available to customers the ability to pay bills by direct bank draft. Please provide the Banks procedures for this service as Attachment F.
  2. Monthly Statement: Bank statements shall be rendered within five (5) working days after the close of the calendar month. The statement shall include deposits made on the last day of the period. If copies of transaction items are returned to the City, the Bank shall be required to provide copies of the front and back of the detail document for research purposes.
  3. Account Inquiry: Daily access to an on-line bank balance-reporting system via personal computer with modem. Proposing banks should fully describe the costs of all services related to their on-line systems and the full range of services available (particularly indicating if intra-day reporting is available). Please submit as Attachment H.
  4. Account Analysis: The City shall require account analysis statements on a monthly basis by individual account and at group level that reflect average ledger balance, average uncollected funds, average collected balance, reserve requirement, average available balance, rate and amount of earnings credit, and detail of services provided with quantities and unit fees for each to arrive at a total service cost. Settlement of the excess/deficient condition as reflected by the group level account analysis is to occur on a monthly basis. Please submit a sample of the monthly account analysis statement that will be provided to the City as Attachment I.
  5. Stale-dated Checks: The bank will not accept any stale-dated checks on the account, which are not endorsed by the City as acceptable, after a 90 days time limit unless approved by a designated representative of the City.
  6. Account Executive: To insure smooth implementation and continuation of the banking services, the City will require at least one bank officer be assigned to coordinate the services and expedite the solution of any problems the City and its entities may have in regards to its banking contract. The City also requires a specific backup, someone familiar with the accounts and the transactions required, be immediately available in the absence of the designated account executive. The bank must provide the names and general background of the individuals who will be assigned to assist the City with its banking services.
  7. Other Normal Banking Services: It is the intent of the City to pay for all services specified on the Proposal Response Form on a fee basis. Incidental banking services not detailed on the Proposal Response Form or described above will be provided at no cost, or at a cost mutually agreed upon between the City and the bank.

R. Canceled Checks: Proposing banks should provide the procedures for electronic instructions for submitting canceled checks for updating the City’s accounting system.

# PAYMENT METHOD

The City will pay for services rendered for the respective accounts by debit to the main concentration account.

1. **COLLATERAL PLEDGE/REQUIREMENTS**

A Securities Pledged: As security for the deposits, the institution shall pledge to the City securities equal to the balances the City maintain in the Bank, less the amount provided by the Federal Deposit Insurance Corporation (F.D.I.C.). The securities comprising the pledge shall be valued at market. The securities so pledged, the amounts there-of and the time for pledging, must satisfy the requirements of Chapter 105 of the Texas Local Government Code, Chapter 2257 of the Texas Government Code and any subsequent statutes passed under Texas law. Securities purchased by the depository bank under the terms of a Repurchase Agreement are not acceptable as collateral to the City of Crockett.

1. Reporting Requirements: The Bank shall provide the City and its component units a report of securities pledged at the end of each month or at any time requested by the Finance Director, the City Manager, or any other official as designated in the City’s or its component units’ investment policy. Enclose a sample of pledge collateral report as Attachment K. The report should reflect the total pledged securities itemized by:
   1. Name
   2. Type/Description
   3. Par Value
   4. Current Market Value
   5. Maturity Date
   6. Rating by Moody’s or Standard & Poor’s
2. Safekeeping Requirements: The securities pledged shall be held in safekeeping at a financial institution acceptable to the City and its component units. The original copy of all security receipts shall be filed with the Finance Director of the City of Crockett. The City and its component units will reimburse the Depository Bank for safekeeping charges that shall apply. The purchase and sale of all securities shall be on a delivery versus payment basis. The City and its component units will always have possession of either its securities or its monies.

Please submit a copy of the safekeeping agreement as Attachment L. The safekeeping agreement shall clearly state that the Trustee is instructed to release the collateralized securities to the City if the City has determined that the Depository Bank has failed to pay on any accounts, including but not limited to matured investments in Certificates of Deposit, or the City has determined that the City funds are in jeopardy for any reason, including but not limited to involuntary closure or change in ownership. The Safekeeping Agreement shall have signatories and be executed by the Trustee institution, the Depository Bank, and the City.

1. Collateral Substitutions: Any substitutions of the securities or reductions in the total amount pledged shall be made only by and with the proper written authorization approved by the City Manager, Director of Finance, Treasurer, Fiscal Services Officer or his/her designated representative. In the case of a reduction, the Bank must provide in writing that collateral will be available when needed to meet normal City balance increases throughout the year. The City must approve all securities pledged. Any state or local government bonds pledged must have a rating of at least A or A1 or better by Moody’s Investor Services or Standard & Poors Corporation.
2. City to Handle Investments: The City of Crockett will be responsible for handling the investment process. The Depository Bank, along with any eligible financial institution shall be included in the bidding process as deemed appropriate and in accordance with the City’s investment policies.
3. Safekeeping/Wire Services: The third-party safekeeping bank must be a subscriber to the Federal Security Wire System. In addition to the safekeeping account in which pledged collateral is held, the City must have access to a safekeeping account to which Federal securities can be delivered via the Federal Reserve book entry system for a customer account.
4. **PROPOSER’S SUBMISSION CHECKSLIST**
5. Sample Online Reports
6. Financial Information
7. Funds Availability Schedules
8. Wire Transfer Procedures
9. Stop Payment Procedures
10. ACH Payment Procedure
11. List of Online Services
12. Sample Account Analysis Statement
13. Cancelled Checks Procedures for Updating Accounting System
14. Sample of Pledge Collateral Report
15. Sample Safekeeping Agreement for Collateral & Investments
16. Completed Proposal Form

# PROPOSER’S CERTIFICATION

This is to certify that I am a duly authorized officer of the Banking Institution submitting this proposal. Offeror understands that the City of Crockett and its component units reserve the right to reject any or all proposals and to waive any informalities in the preceding Quotation Form. The offeror agrees that this proposal, being submitted with one original and three copies, shall be good and may not be withdrawn for a period of ninety calendar days after the scheduled closing time for receiving proposals.

Name of Financial Institution

Address of Financial Institution

Telephone Number

Officer Name & Title (Printed)

Officer Signature