



**REQUEST FOR APPLICATION
RFA #22-12**

DEPOSITORY SERVICES AGREEMENT

June 7, 2022

A. INTRODUCTION

The City of Kingsville (“the City”) issues this Request for Applications (“RFA”) to eligible depository institutions to perform depository services for City funds. Only those depository institutions doing business within the city limits of Kingsville, Texas with full depository service capabilities as required in this RFA will be eligible to serve as the City’s depository (“Depository”). The City intends to manage its own investments pursuant to its Investment Policy; therefore, the Depository will not provide any investment transaction activities other than safe keeping services such as receiving and delivering securities, coupon collections, and maturity collections.

B. SEQUENCE OF EVENTS

The City will make every effort to adhere to the following schedule:

Item	Date
Mail application packets	May 20, 2022
Applications available on the City of Kingsville website at www.cityofkingsville.com	
Advertise in newspaper	May 20, 2022 & May 27, 2022
Pre-submission of applications conference	May 24, 2022 at 10:00 a.m.
Sealed application submission deadline and Public opening of sealed applications	June 7, 2022 at 2:00 p.m.
Recommended selection	June 10, 2022
Commission Presentation/ Depository Services Agreement Award	June 28, 2022
Effective date of new Depository Services Agreement	October 1, 2022

C. TERMS OF DEPOSITORY SERVICES AGREEMENT

The term of the Depository Services Agreement will commence on October 1, 2022 and continue until September 30, 2026 or until a new Depository is appointed and qualified. The Depository Services Agreement will provide that the City may terminate the Agreement immediately for cause. The Depository Services Agreement will also provide that the City reserves the right to terminate any agreement, during the initial term and any option terms, upon ninety (90) days prior written notice of its intent to terminate any agreement. Unless terminated, the Depository Services Agreement will automatically renew for two additional one-year terms. All service fees must be guaranteed for the initial term of the Agreement and any option year.

D. CRITERIA FOR EVALUATION AND SELECTION

The City will review each application to determine the type and cost of services offered by the depository. After considering the following evaluation and selection criteria, the City will determine in its sole discretion which application to perform depository services is most advantageous to the City. Applications must address the issues and questions specified in this RFA.

The City will determine the “most advantageous” application in two stages. First, the City will consider the following matters:

1. whether the depository institution is a bank, credit union or savings association as defined in Section 105.001 of the Texas Local Government Code, doing business within the city limits of Kingsville, Texas;
2. whether the depository institution can perform the required services set out in this RFA;
3. whether the depository institution is of sufficient financial strength to serve as the City’s Depository;
4. whether the depository institution is able to satisfy the collateral requirements set out in this RFA; and

After determining which applications are still acceptable after evaluating them according to the above criteria, the second stage of determining the most advantageous application will involve the evaluation of the applications submitted. Applications will be evaluated according to the following evaluation and selection criteria, with a maximum number of points allowed per item. Once the points are awarded, that number will be multiplied by the respective weight factor to determine the score for the particular item.

Max Points	Weight Factor	Description of Item
25	25.0%	Cost of depository services, including safekeeping and securities clearance fees, and the cost of conversion and implementation of depository services.
20	20.0%	Cut-off time for accepting deposits for same-day credit, Funds availability schedule, and hours of operation.
15	15.0%	Ability, experience and success in providing depository services and electronic cash management services to other public funds customers in Kingsville, Texas, as well as quality reports.
7.5	7.5%	Restrictions regarding individual check amounts, wire transfer amounts and daylight overdraft policy.
7.5	7.5%	Account Reconciliation Service and sample reconciliation statement.
7.5	7.5%	Stop payment orders- effective time.
7.5	7.5%	Depository’s procedures for direct deposit of employee payroll.
5.0	5.0%	Back-up arrangements for check processing and history of missed notification deadlines.
5.0	5.0%	Problem resolution process.

GENERAL INSTRUCTIONS

1. Depository institutions must submit applications in a sealed envelope, marked “Application to Perform Depository Services for the City of Kingsville, RFA Number 22-12” to one of the following addresses by 2:00 p.m. on June 7, 2022:

Applications may be mailed to:

City of Kingsville
Charlie Sosa Purchasing Manager
P.O. Box 1458
Kingsville, Texas 78364

Alternatively, Applications may be hand delivered to:

City of Kingsville
Finance Department
City Hall, 3rd Floor
400 W. King Ave.
Kingsville, Texas 78363

APPLICATIONS WILL NOT BE ACCEPTED AFTER 2:00P.M., June 7, 2022.

2. **By submitting an application in response to this RFA, depositories will be deemed to agree to the inclusion of certain mandatory contract provisions specified herein.**
3. The City may conduct discussions with any and all depositories deemed by the City to be reasonably eligible for selection for award of the Depository Services Agreement. At the City’s discretion, discussions may include but are not limited to: requests for additional information, application modification, and interviews.
4. The City reserves the right to:
 - a. waive any defect, irregularity, or informality in any application or application procedures;
 - b. reject any and all applications;
 - c. cancel this Request for Applications;
 - d. re-issue a Request for Applications; or
 - e. extend the application submission deadline time and date.
5. All costs incurred by the depository in preparing its application will be the responsibility of the depository.

Request for Application
Depository Services Agreement – City of Kingsville

6. Except at the meeting described below, questions concerning this Request for Applications must be in writing only and addressed to:

Charlie Sosa Purchasing Manager
City of Kingsville
P.O. Box 1458
Kingsville, Texas 78364

Such questions must be submitted no later than May 24, 2022 at 5:00 p.m. Questions may be submitted by fax machine to (361) 595-8035 or email csosa@cityofkingsville.com.

Notwithstanding this deadline, questions must be submitted with sufficient time to allow for a reply to reach depositories before the deadline for submission of applications. Any information given to a depository will be furnished to all depositories as an addendum to this Request for Applications if the City determines that such information is necessary for depositories to submit applications or that the lack of such information would be unfairly prejudicial to uninformed depositories.

7. A meeting at which depositories may ask questions of City staff concerning this Request for Applications is scheduled for 10:00 a.m. on May 24, 2022 in the Conference Room, 3rd Floor City Hall at 400 W. King Street, Kingsville, Texas. Depositories may submit applications in response to this Request for Applications whether or not they attend the meeting.
8. Once the contract negotiations are successfully concluded and the Depository Services Agreement is signed by the selected depository, a recommendation will be submitted to the City Manager concerning award of the Depository Services Agreement. The Depository Services Agreement is attached to this RFA as Exhibit E. If the City Manager approves this recommendation, the Depository Services Agreement will then be submitted to the City Commission for consideration. The City will not be bound under any such Depository Services Agreement until the City Commission authorizes the City Manager to execute the Depository Services Agreement and the City Manager or his designee actually executes the Depository Services Agreement.
9. Depositories should submit three (3) identical copies of the applications by the submission deadline. All applications must be typewritten on 8 1/2 x 11 inch paper.
10. To the extent permitted by law, applications will be opened in a manner that avoids disclosure of the contents to competing depositories and keeps the application secret during negotiations. All applications are open for public inspection after the Depository Services Agreement is awarded, but trade secrets and confidential information in the applications are not open to public inspection. It is specifically provided, however, that each depository must identify any information contained in its application that it asserts is either a trade secret or confidential information. Such material must be identified conspicuously by marking each page concerning such information.

In the event such material is not conspicuously identified, then by submitting its

application, a depository agrees that such material will be considered public information.

11. In case of a discrepancy between unit price and extended price, the unit price will prevail.
12. The City believes that the information contained in this Request for Applications is sufficient for preparation of applications. The information is believed to be accurate; however, the City does not guarantee the accuracy of the information.
13. A questionnaire is attached to this Request for Applications as Exhibit D. The questionnaire must be completed and included in the response to this Request for Applications. **If the application includes incomplete questionnaires, the City will reject the application.**
14. Pricing summary forms are attached to this Request for Application as Exhibit C. The pricing summary forms must be completed and included in the response to this Request for Applications. **The prices must be guaranteed for the initial term of the Depository Services Agreement as well as any option year.**

If the application includes any incomplete applicable pricing summary forms, the City may reject the application.

15. The Depository Services Agreement, RFA amendments, RFA, and Depository's Application will constitute the contract documents. Unless specifically referenced by an RFA amendment, all requirements, terms and conditions stated in the original RFA will apply. Any inconsistencies will be resolved in the following order of priority:
 - a. Depository Services Agreement
 - b. RFA Amendment
 - c. RFA
 - d. Depository's Application
16. During any option year of the Agreement, the terms of the Agreement will remain materially the same as the Agreement applicable during the primary term.
17. The applicant who is awarded the Depository Services Agreement by the City Commission will be required to complete and return a Conflict of Interest Disclosure Form and a Form 1295-Certificate of Interested Parties.

CITY DEMAND DEPOSIT ACCOUNT INFORMATION

The term "demand deposit account" means a deposit of funds that may be withdrawn on the demand of the depositor. The City requires that the Depository provide depository services for the following demand deposit accounts:

- A. The City currently maintains the following interest bearing demand deposit accounts with

Federal Tax ID Number 74-6001513:

1. City of Kingsville: CMA Account
2. City of Kingsville: Insurance Fund
3. City of Kingsville: PD Federal Forfeiture
4. City of Kingsville: PD State Forfeiture
5. City of Kingsville: PD Pending
6. City of Kingsville: HOT Monies
7. City of Kingsville: Volunteer Fire Department

B. The City currently maintains the following zero balance accounts with Federal Tax ID Number 74-6001513

1. City of Kingsville: Payroll Fund
2. City of Kingsville: Accounts Payable Fund

MANDATORY REQUIREMENTS FOR DEPOSITORY SERVICES

This section identifies the mandatory requirements for the provision of depository services for City funds. Additional required services are listed on Exhibit C. The depository must be able to provide the mandatory required services to maintain the demand deposit accounts described herein and any other accounts which the City may establish.

Electronic Cash Management Services. The City requires that the Depository provide electronic cash management services to the City via electronic data transmission. By using an IBM-PC (or IBM compatible), the City must be able to access and transmit through a secure internet account a variety of balance and transaction information. Software for these services, including but not limited to, stop payments, wire transfers, account balance and transaction information, and transmission of ACH debit or credit transactions, will be furnished and be made available by the Depository at **no cost to the City.**

Deposits. The Depository must accept all deposits made by the City during the term of the Depository Services Agreement for deposit in the City Demand Deposit Accounts identified herein. At a minimum, the City requires that the Depository accept City deposits for ledger credit until 2:30 p.m. each business day.

Automated Information Reporting. By using an IBM-PC (or IBM compatible), the City must be able to access through a secure internet account, for each City account, the previous day's ending ledger balance, collected balance, float, and debit/credit detail by 8:00 a.m. daily. By this same deadline, this information must be combined to reflect totals for all City accounts taken together.

Items Processing Service. The Depository must process all deposited items of checks and cash. Such processing services include encoding services, credit and debit notification given to the City within three business days of the debit or credit, clearing returned items, and return of stamped duplicate deposit slips to the City within one business day of deposit. The City intends to deposit

all revenues directly to the Depository by courier. The deposits will be made in batches with a tape to be provided for each batch. If item processing discovers an error in the deposit, then the City requires a credit or debit notification to be mailed to the City immediately after the account has been adjusted with the appropriate documentation attached to justify the correction. Appropriate documentation is considered to be a copy of the City's tape with the item in question marked and a copy of the check in question.

Fine Sorting Required. Any account that has more than 100 checks per monthly statement may be required to be fine-sorted in numerical order by the Depository.

Insufficient Funds (NSF)/Returned Items. A complete description is to be provided on all NSF/returned items deposited into City accounts. The description should include the Payer's name, applicable City department, and reason for return. All NSF/returned items must be charged back to the account to which the items were deposited provided that the City department is identified by endorsement stamp or other readily identifiable means on the item. The Depository will send the NSF/returned items to the office designated by an Authorized City Representative.

Stop payments. Stop payments must remain in effect for at least six (6) months. By using an IBM-PC (or IBM compatible), the City must be able to initiate stop payments through a secure internet account. Placement of stop payments through a PC transmission does not require written authorization follow-up by the City.

Automatic payroll deposit services. By using an IBM-PC (or IBM compatible), the City will electronically transmit City employee payroll data to the Depository through a secure internet access. The Depository will receive the data and prepare an ACH debit so that the Depository payroll account will be debited no sooner than the date of payroll. Attached, as Exhibit A, is the Payroll Calendar for FY 2021-2022.

General Wire Transfer Services. By using an IBM-PC (or IBM compatible), the City must be able to initiate general wire transfer services including initiation of repetitive and non-repetitive wire transfers through a secure internet account. The Depository must act upon all electronic, written or verbal transfer requests within one hour from the time received from an Authorized City Representative, and use any means for the transmission of the funds the Depository may consider suitable up until **2:30 p.m.**

The Depository must record all telephonic instructions from the City received by the Depository's wire transfer department and retain the recordings for sixty-one (61) days (the period for City notification of discrepancies) following such requests.

In the event there is a loss of interest or use of funds as result of a Depository error for failure to execute a transfer request on the date received, or such other error within the Depository's control, compensation for loss must be corrected by adjusting the aggregate ledger and collected balances of the City accounts to reflect properly the average balances of the amounts that would have resulted had no error occurred.

Account reconciliation services. All depository statements and paid items, except those relating to the City employee payroll account, must be on a monthly cycle and must be cutoff on the last calendar day of the month. Payroll is bi-weekly. Exhibit A contains a list of the FY 2021-2022 payroll dates. The depository statements, including all deposit slips and cancelled checks, must be available for pick-up no later than the fifth working day following the assigned cut-off date.

A depository statement checklist must be completed by the depository and sent with the bank statements. A sample checklist is attached as Exhibit F.

If a statement for a City depository account is not cut off as specified by the City, the City will require that the Depository reimburse the City for the costs incurred to reconcile the statement, including City employee overtime costs.

Depository Reconcilements. Automated depository reconcilements are required for the Vouchers Payable and Payroll accounts and other accounts as required by an Authorized City Representative as transaction volume increases. By using an IBM-PC (or IBM compatible), the City will electronically transmit reconcilement data to the Depository through a secure internet account. Reconcilements must be available for pick up by the City by the ninth working day following the day the data was transmitted to the Depository. “Add/delete” adjustment forms will be provided by the Depository. The Depository will be required to transmit reconcilement information to the administrators of the City’s health care and worker’s compensation accounts and others as designated by the City.

Checking with Interest Accounts. If designated by an Authorized City Representative, a demand deposit account will be set up as interest bearing and interest will be paid monthly. Interest rates will be those set for public fund interest bearing accounts.

Controlled Disbursement Service. Specific accounts as designated by an Authorized City Representative will be controlled disbursement accounts. By using an IBM-PC (or IBM compatible), the City must be able to access by 10:15 a.m. same day information concerning controlled disbursement clearings through a secure internet account.

Zero Balance Accounts. As designated by an Authorized City Representative, specific demand deposit accounts will be zero balance accounts for ease in reconciling and record keeping.

Depository will pay on presentation all checks drawn and properly payable on a City demand deposit account at no charge to the payee or to the City.

Deposit Locations. The City will make Deposits at the Depository’s main Kingsville office or at any of Depository’s Kingsville branches, if any. A deposit ticket will be presented to the Depository with each deposit. The Depository will route specified deposit ticket copies to the City on a daily basis.

Escrow Accounts. Periodically during the term of the Agreement, the City may require that an escrow account be established at the Depository. The service fees charged for the escrow account must be the same as the service fees charged to the City for its demand deposit accounts.

SERVICE FEE REQUIREMENTS

The City desires an equitable reimbursement arrangement for the depository services provided. A direct fee basis for services provided by the Depository with an offsetting earnings credit for available balances is the method required by the City. This process requires the monthly calculation of a net depository service cost. The Depository will calculate the total monthly service costs for all accounts and the total monthly earnings credit for all accounts on the account analysis statement. The net of total service costs and total earnings credits equals net banking service costs for the month. Earnings credit must be given to the City for all account balances grouped together and not for just single account balances.

A written invoice evidencing the fees for services must be provided to the City at the end of each month for each account. This invoice must also contain a section summarizing the fees for services for all accounts. The City will have five working days to confirm the services performed prior to authorization of the debit advice(s). The Depository will not debit a City depository account for service fees until the Depository and the City agree that the fees are correct. Fees will be allocated among accounts as designated by an Authorized City Representative.

FUNDS TRANSFER REQUIREMENTS

Incoming wire transfers may occur regularly. The Depository must give both ledger and collected credit the day of the wire receipt, regardless of the time the Depository receives the transfer through the Fedwire System. Credit to City accounts for incoming wire transfers must be immediate.

The City may invest in marketable securities. An outgoing wire transfer will be made in the morning for the reinvestment of funds expected by an incoming wire transfer. The Depository must allow the City to reinvest and to wire funds out in anticipation of an incoming wire transfer later in the day.

The Depository must not charge the City for daylight overdrafts. When a daylight overdraft is anticipated, an Authorized City Representative will notify the designated depository official of the situation.

Notification to the City of incoming wire transfers or problems with outgoing wire transfers must be made within one hour of the transaction. The City allows five authorized employees to initiate repetitive transfers. All authorized employees must be issued a personal identification number in order to initiate wire transactions. If the wire transfer is initiated over the telephone, the City will require that the Depository telephone the City and specifically request to speak to an Authorized City Representative other than the person initiating the wire to verify that the wire is authorized prior to releasing it.

OVERDRAFT PROCESSING REQUIREMENTS

The City does not intend to have an overdraft position on any of its depository accounts throughout the course of the Depository Services Agreement. In the event a check or checks presented for payment on any City account where there exists insufficient funds available for payment, the City

will require the Depository to pay said checks and promptly notify an Authorized City Representative of the existence of the overdraft situation. The City would cover the overdraft within one business day.

REQUIREMENTS FOR SECURITIES CLEARANCE AND SAFEKEEPING OF CITY INVESTMENTS

Investment securities purchased by the City will be delivered by book entry at the Federal Reserve. The purchase and sale of all securities will be on a delivery versus payment or payment versus delivery basis (i.e. for securities purchases, monies will not be released by the City's safekeeping bank until securities are received at the Federal Reserve Bank or further credit to the City's safekeeping bank. In the case of securities sales, monies will be received by the City's safekeeping bank via the Federal Reserve Bank as the securities are simultaneously released to the purchaser). In this manner, the City will always have possession of either the securities or its monies.

The City will send written instructions to the securities clearance department for each transaction. When a City security matures, or when a City security is purchased, funds will be transferred from or to the CMA or another account as directed by an Authorized City Representative. Most of these instructions will be sent by facsimile to assure the timeliness of the operation. The City expects the Depository to give prompt notification of any settlement problems, including securities delivered where the instructions do not match or where instructions have not been given to the Depository.

All securities must be perfected in the name of the City. All book entry securities owned by the City must be evidenced by a safekeeping receipt issued to the City. The original safekeeping receipt for each transaction will be forwarded to the City.

FINANCIAL STATUS OF DEPOSITORY

The City requires a Depository that is fiscally strong and thus requires each depository institution applying to become the City's Depository to include a completed depository credit evaluation form (Exhibit B) in its application. The City may also conduct its own credit analysis.

COLLATERAL REQUIREMENTS

Background. As security for the deposits of the City, the Depository must pledge to the City securities equal to the largest total ledger balances the City maintains in the Depository, less the amount of coverage provided by the Federal Deposit Insurance Corporation.

All funds deposited under the Depository Services Agreement must be continuously secured in accordance with applicable federal laws and regulations as well as the laws of the State of Texas, including but not limited to Subchapter C, Security for Funds Held by Depository of Chapter 105, Depositories for Municipal Funds of the Texas Local Government Code; Chapter 2257, Public Funds Collateral Act, Texas Government Code; and this RFA.

Qualification as Depository. The Depository will be required to, not later than five days before the commencement of the term of the Depository Services Agreement, pledge security for the funds to be deposited by the City at the Depository as provided by Subchapter C, Security for Funds Held by Depository of Chapter 105, Depositories for Municipal Funds of the Texas Local Government Code; Chapter 2257, Public Funds Collateral Act, Texas Government Code; and this RFA.

Permissible security. Only the following types of securities are acceptable to the City to secure City deposits:

- (1) a treasury note of the United States or other evidence of indebtedness of the United States that is guaranteed as to principal and interest by the United States with a stated maturity of five (5) years or less;
- (2) an obligation of an agency of the United States, provided that (i) the market value can be readily established, (ii) the agency note has a stated maturity date of five (5) years or less, and (iii) the obligation has been approved by an Authorized City Representative.

Custodian of Pledged Securities. The securities pledged by the Depository as collateral must be deposited with a Texas branch of the Federal Reserve Bank, (“the Custodian”), in escrow in a safe keeping account held in the name of the City. The custodian account must require the authorization of both the Depository and an Authorized City Representative to release pledged collateral. The Custodian, upon receipt of pledged securities, must promptly issue and deliver to the Finance Director trust receipts for the securities pledged. The securities must be held by the Custodian and the Custodian may not transfer or deposit the securities in another institution.

Amount of Collateral. Securities pledged by the Depository to secure City funds on deposit identified with federal taxpayer identification number 74-6001513 must have a market value of at least **two million dollars** (\$2,000,000) or as designated in writing by an Authorized City Representative. During the City’s tax season which occurs from October through March, the Depository must provide additional collateral as required by an Authorized City Representative.

The market value of a security is to be determined by an Authorized City Representative from a third party source (i.e. Primary dealer, Wall Street Journal) and is binding on the Depository.

Federally Insured Deposits. The Depository is not required to provide security for the deposit of City funds to the extent deposits are insured under 12 U.S.C.A., Sections 1811-1835a.

Additional Security. An Authorized City Representative may by written order require the Depository to pledge additional collateral at any time it is determined to be advisable. If, for any reason, the total city balance on deposit with the Depository exceeds the market value of pledged security, the Depository must immediately pledge additional securities to the City. Any additional security pledged must meet the requirements of this RFA and must be approved by an Authorized City Representative. Failure to pledge additional securities on the day the Depository is provided written notice constitutes grounds for City Commission to select a new depository as required by law and terminate the Depository Services Agreement. On the same day that notice to pledge

additional securities is received by the Depository, the Depository must execute and deliver a Supplemental Pledge Agreement in a form acceptable to the City to evidence any additions of collateral pledged to secure the deposits of the City. The Supplemental Pledge Agreement must also be placed and continuously maintained in the official records of the Depository.

Substitution of Securities. The Depository may substitute one security for another provided that the security meets the requirements of this RFA and provided that the substitution is approved, in writing, by an Authorized City Representative. Prior to such substitution, the Depository must execute and deliver a Supplemental Pledge Agreement in a form acceptable to the City to evidence any substitutions of collateral pledged to secure the deposits of the City. The Supplemental Pledge Agreement must be placed and continuously maintained in the official records of the Depository.

Release of Security. If the securities pledged by the Depository exceed the amount required under this RFA, an Authorized City Representative may authorize the release of the excess. All security releases must be approved in writing by an Authorized City Representative.

Records and Audit. The Depository must maintain separate, accurate, and complete records relating to the deposit of public funds, the pledged investment securities, and all transactions relating to the pledged investment securities. The Custodian must maintain separate, accurate, and complete records regarding the pledged investment securities. All such records of the Depository or Custodian will be subject to audits by the City of Kingsville, its external auditors, or regulatory agencies. Audits or examinations will be performed to ascertain whether the records and pledged investment securities are in compliance with the Public Funds Collateral Act, Chapter 2257, Texas Government Code.

Documentation to Be Provided to City. The Depository and or Custodian must provide documentation relating to the description of securities pledged as collateral, substitution of pledged securities, pledge of additional securities, and withdrawal of excess securities to the Finance Director. A certificate indicating the market value of securities pledged as collateral hereunder must be provided to the City at least monthly.

Collateral Provision of Financial Institution Reform, Recovery and Enforcement Act (FIRREA). The Depository must provide certification that the Depository has complied with all requirements of the Financial Institution Reform, Recovery and Enforcement Act (FIRREA) and FDIC policies which may apply to the City's security interests in the pledged collateral and must specify the officers of the Depository who are authorized to sign agreements with the City. Prior to the initial pledge of securities under the Depository Services Agreement, the City will require that the Depository (a) execute a Security Agreement- Pledge and ancillary agreements necessary to effect the pledge of securities to collateralize all of the City's deposits in such form as is acceptable to the City; (b) deliver to the City a certified copy of excerpts from the minutes of a meeting of the Loan Committee and/or Board of Directors of the Depository, properly authorizing the Depository to enter into a Security Agreement-Pledge, and to pledge assets of the Depository to secure all deposits made by the City with the Depository; and (c) deliver to the City certification that the Depository Agreement, the Security Agreement - Pledge, and the authorization of the Board of Directors and the Loan Committee of the Depository have been placed (and will continuously be maintained) in the official records of the Depository.

OTHER REQUIREMENTS

1. The Depository must 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 Services Agreement. The Depository must also notify the City of any services, which become available to the City throughout the Agreement period.
2. The Depository's records relating to the City's accounts must be open to review by either City staff members or City-appointed independent auditors during normal business hours.
3. The successful Depository must provide to the City each quarterly CALL report (Schedule RC only) as well as any public information concerning changes in the ownership, management or financial position of the Depository or its parent company.
4. To the extent that the Depository Services Agreement is not governed by applicable federal laws and regulations, the Depository Services Agreement will be governed by and construed in accordance with laws of the State of Texas. Any suit brought in connection with the Depository Services Agreement must be filed in Kleberg County, Texas.
5. Until deposits are credited to the City as evidenced by validation of duplicate deposit slips, the relationship between the City and the Depository as to all contents must be that of Bailor and Bailee. The Depository will be responsible and liable to the City for that same degree of care required under the laws of Texas for Bailees having custody of property of other persons.
6. The Depository must be a participating bank in the Southwestern Automated Clearing House Association to be able to deliver debit and credit payments.
7. The Depository must assign one of its officers employed by the Depository in Kingsville to coordinate the depository relationship established under the Depository Services Agreement. The depository officer is responsible for responding to questions from an Authorized City Representative concerning the performance of depository services. The City will require a review meeting with the depository officer at least once every month to evaluate the working relationship between the City and the Depository and to address any problems.
8. The City will provide the Depository with a Corporate Resolution at the commencement of the contract term. Thereafter, the Depository will not require additional corporate resolutions when an Authorized City Representative opens a new account.
9. The City plans to electronically transmit data to the Depository regarding those City utility customers who have previously authorized the City to automatically debit their demand deposit accounts for City utility bills. The Depository must be able to provide this direct debit service.

SUBMISSION CHECKLIST

The depository must use the forms provided in this RFA as the forms on which to submit service fees. The depository must respond to questions provided in the attached questionnaire, Exhibit D. Any alterations, changes or deletions to these forms will be grounds for the City to reject the application. Any service which does not have a fee indicated on the forms will be considered to be free of charge in the Depository Services Agreement. Additional pages may be attached as needed to the application and should reference the questions to which a response applies. Each application must contain the following information:

1. A transmittal letter which:
 - a. identifies the depository institution making application for the performance of depository services for the City of Kingsville;
 - b. is signed by an individual, identified by name and title, who is authorized to bind the depository institution contractually;
 - c. identifies the names, titles, telephone, email address and fax machine numbers of individuals who are available to be contacted by the City concerning the application and for additional information; and
 - d. acknowledges, by number, the receipt of any and all addendums to the Request for Applications.
2. Completed pricing summary forms (Exhibit C).
3. Completed questionnaire (Exhibit D).
4. Sample depository statement for a demand deposit account.
5. Sample partial account reconciliation statement.
6. Availability of funds schedule with a clear explanation of deadlines.
7. Sample monthly pledged collateral report.
8. Explanation of basis for money market rates.
9. The most recent annual financial statement of the depository along with the last four (4) quarterly FDIC call reports.
10. Depository Credit Evaluation Form (Exhibit B).

EXHIBIT A

PAYROLL CALENDAR FOR JUNE 1, 2022 THROUGH MAY 31, 2023

Pay Period No.	Pay Day
1	06/01/20
2	06/15/20
3	06/29/20
4	07/13/20
5	07/27/20
6	08/10/20
7	08/24/20
8	09/07/20
9	09/21/20
10	10/05/20
11	10/19/20
12	11/02/20
13	11/16/20
14	11/30/20
15	12/14/20
16	12/28/20
17	01/11/21
18	01/25/21
19	02/08/21
20	02/22/21
21	03/08/21
22	03/22/21
23	04/05/21
24	04/19/21
25	05/03/21
26	05/17/21
27	05/31/21

EXHIBIT B
DEPOSITORY CREDIT EVALUATION FORM

ASSET QUALITY RATIOS

YEAR ENDING
2021

YEAR TO DATE
2022

Equity to asset ratio	_____	_____
Reserves as % of total loans	_____	_____
Non-performing loans to total loans	_____	_____
Current loan loss to total loss	_____	_____
Loan loss reserves to total loans	_____	_____

CAPITAL ADEQUACY INDICATORS

Total capital and surplus	_____	_____
Capital to loans	_____	_____
Capital to total assets	_____	_____

PROFITABILITY INDICATORS

Return on Assets	_____	_____
Return on Equity	_____	_____
Net Interest Margin	_____	_____

LIQUIDITY RATIOS

Loans to Deposits	_____	_____
Gross loans to total assets	_____	_____
Problem loans to primary capital	_____	_____
Liquid assets to total assets	_____	_____

**EXHIBIT C
 CITY OF KINGSVILLE
 Pricing Sheets**

NO CHARGES FOR SERVICES TO CITY OF KINGSVILLE			
DESCRIPTION OF SERVICE	ESTIMATED ANNUAL VOLUME (Completed by City)	UNIT PRICE (Completed by bank)	TOTAL ANNUAL SERVICE CHARGES
DEPOSITORY SERVICES			
Deposited Items	60,000		
Deposited Items – Corrections	20		
Account Maintenance	120		
Interim Statement	120		
Payroll Interim Statement			
Debits	12,360		
Credits	790		
Zero Balance Account Service – Master	1		
Zero Balance Account Service – Sub Accounts	2		
Zero Balance Transfers	470		
Return Items	228		
Ledger Overdraft Charge	52		
Internet Stop Payments	6		
CASH VAULT SERVICES			
Deposit Correction – Cash	10		
Commercial Deposit – Loose & Strapped Currency	\$3,511,440		
Coin Verification – Mixed Bag			
GENERAL AUTOMATED CLEARING HOUSE (ACH)			
Payroll (Bi-weekly)	26		
Return Item Notices – Fax Notification	5		
ACH Credits	860		
ACH Transmission	14		
ACH Credit - Cash Management	1,939		
Utilities			
Pre-Authorized Debits			
CONTROLLED DISBURSEMENTS			
Maintenance – 1 st Account			
Maintenance – 2 nd – 4 th Accounts			
Items Paid (4 Accounts)			
WIRED TRANSFER			
Manual Wire – Outgoing Non-repetitive			
Auto Wire – Outgoing Repetitive			

NO CHARGES FOR SERVICES TO CITY OF KINGSVILLE			
DESCRIPTION OF SERVICE	ESTIMATED ANNUAL VOLUME (Completed by City)	UNIT PRICE (Completed by bank)	TOTAL ANNUAL SERVICE CHARGES
Auto Wire – Outgoing Non-repetitive	110		
Auto Wire – Book Repetitive			
Auto Wire – Book Non-repetitive			
Domestic Wire – Incoming	101		
ACCOUNT RECONCILIATION			
Full Reconciliation – 2 Accounts	2		
Payroll Checks	1		
A/P Checks	1		
Partial Reconciliation – 2 Accounts			
To be identified at later date			
To be identified at later date			
INFORMATION SERVICES			
Previous Day Balance (Ledger & Collected)	120		
Previous Day Activity Per Account Combined Operating	120		
Bond Funds			
Payroll	1		
Current Day Detail Item Combined Operating			
Clearing			
Previous Day Detail Item			
Terminal Stop Pay			
Terminal Stop Pay Inquiry – Cancel			
Current Day Maintenance			
SAFE KEEPING & SECURITIES CLEARING			
Account Maintenance	9		
Safekeeping Fees			
Deposit – Withdrawal Fee			
Securities Clearance			
MISCELLANEOUS			
Cashier’s Check			
Collateral – Minimum daily coverage for all City accounts	\$2,000,000		
On-Line Base Charge	4		
TOTAL ANNUAL SERVICES CHARGES			
ONE TIME START UP COSTS			
TOTAL ANNUAL FIRST YEAR			

EXHIBIT D

CITY OF KINGSVILLE, TEXAS DEPOSITORY SERVICES

QUESTIONNAIRE

Please answer the following questions on separate pages. Each response should reference the question being answered.

1. The City expects the best availability of funds provided to an institutional client of the Depository. Please attach the depository's availability schedule and an explanation of funds credit. The City recognizes that only collected funds may be used as available balances for investment purposes. List any ways the City could periodically improve availability of funds. List all time deadlines clearly.
2. At a minimum, the City requires that the Depository accept City deposits for ledger credit until 2:30 p.m. each business day. List the cut-off time for accepting deposits for same day credit.
3. Please describe your depository's ability to sufficiently and continuously collateralize City deposits. Enumerate the types of securities which you propose to pledge. Describe reporting methods and steps, if any, which would be employed to detect deficiencies in collateral position.
4. Please describe your securities clearance and safekeeping procedures. Please explain the method your depository uses to calculate safekeeping and securities clearance fees.
5. Please provide a detailed explanation of the depository's policy and methodology used in the setting of the earnings credit rate. Provide a schedule of the earnings credit rates offered by the depository since January 1, 2022.
6. Does the depository offer a fixed rate of interest if the City agrees to maintain a specified collected balance? If so, please provide the appropriate information.
7. List minimum ledger and collected balances required to earn interest.
8. List the interest rates currently paid on interest bearing accounts.

9. What back-up arrangements for check processing exist in case of any system failures?
10. In order to fund check presentments and manage the City's depository accounts and investments, controlled disbursement services are required. Please describe the controlled disbursement services available. Where are the disbursing depositories located? How much time delay could the City expect in utilizing this service?
11. In order to fund check presentments and manage the City's depository accounts and investments, check presentment totals must be made known to the City no later than 10:15 a.m. Notification after this time may result in the City not being able to adequately fund checks. If an overdraft occurs due to a late notification by the depository, the City will not be charged any overdraft charges. How many times has the depository missed notification deadlines and by how much within the one year period ending 12-31-22?
12. Please describe the Account Reconciliation Service offered by the depository and attach a sample reconciliation statement.
13. Does the depository have an established maximum dollar limit that may not be exceeded by an individual check or wire transfer? Are there any other restrictions regarding individual check amounts?
14. The City requires that its Depository offer automated stop payment service. At a minimum, stop payments must remain in effect for at least six (6) months. How long are stop payment orders effective? When does the stop payment order take effect?
15. Direct deposit of payroll is a service the City offers its employees. Approximately 300 employees are set up for automated payroll deposit. Explain how this process is carried out by your organization. The City will require that the payroll transfers occur electronically via terminal directly to the employee's depository account. Please provide cut-off times and other appropriate information.
16. Has the depository or its parent company had any problems noted by regulatory agencies in the past 24 months? If "yes", please explain.
17. Please describe the process by which service problems can be resolved. What person or organizational unit is available for complaint or problem resolution?

18. The City of Kingsville will frequently initiate, via terminal, time sensitive wire transfers which must be received by the beneficiary by a certain time of day, such as 10:00 a.m. Please describe the depository's daylight overdraft policy with respect to such transfers where the funding for the transfer has not yet been credited. What is the depository's internal review and approval process for releasing such transfers?
19. Describe any other cash management or depository services that could be offered to the City.
List all charges that would apply.
20. Please list all other public funds customers in Kingsville, Texas that the depository currently serves as a depository as well as the name and telephone number of a contact person.
21. The City requires that the Depository have a successful history of providing electronic cash management services. What electronic cash management services are currently provided? How long has the depository provided each of these services?
22. Please specify days on which the disbursement depository would be closed or would not receive cash letters.
23. Describe USB media resources available to replace original canceled checks.
24. The City currently electronically transmits data via computer terminal to the Depository regarding those City utility customers who have previously authorized the City to automatically debit their demand deposit accounts for City utility bills. Please state the procedure for this service and list appropriate cut-off times that would apply.
25. The City currently accepts credit card payments in designated departments of the City for citizens to pay utility bills, court fines or other fees. Please list all charges and state what arrangement the depository could make with the City to help cut costs for this service. Attach any relevant information about equipment, availability of funds, and any supplies needed.