

CITY OF SANTA FE, TEXAS

COSFTX2023-15 REQUEST FOR PROPOSAL

DEPOSITORY SERVICES CONTRACT

1. INTRODUCTION

The City of Santa Fe invites qualified financial institutions to submit proposals to provide depository and various banking services to the City according to the provisions of this request for proposal. Banking services include the basic services of receiving deposits, paying items, electronic wire transfers, stop payments, and other normal banking activities. The City of Santa Fe considers the City of Santa Fe Section 4B Economic Development Corporation, a separate legal entity, an included component subject to the same terms and conditions of the depository contract and as such, the contract is intended to extend to the corporation. Funds of the corporation are not commingled with funds of the City of Santa Fe and are to be collateralized and secured separately.

The primary objectives of the depository agreement are:

- to seek a financial institution 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 account balances and invested funds in order to be prudent and effective custodians of the taxpayers' financial resources; and
- to maintain a good working relationship between the City and the Depository Institution.

2. CONTRACT TERM

The contract period will be for three years beginning June 1, 2023, and ending May 31, 2026, with an option to renew the contract under the same terms and conditions for an additional two years, beginning June 1, 2026, and ending May 31, 2028. The City may extend the contract for an additional 90 days, if needed, to allow for the proper transfer of funds, the securing of collateral, and the printing of supplies.

3. SUBMISSION OF PROPOSAL

In order to fully and equitably evaluate the bank's ability to meet the banking service needs of the City, this Request for Proposal (RFP) is intended to serve as the proposal form for the depository contract. Each applicant should include a copy of its latest audited financial statement, signed certification of having read the city's investment

policy, and acknowledgment that the financial institution has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the city and the financial institution. All points outlined and materials requested should be incorporated into the bidder's reply to be considered for evaluation.

It should be emphasized that the specifications contained herein represent a preferred level of service from the City's perspective. The language used should not be construed so as to preclude a bidder from presenting alternative features, in detail, to the ones stated, either in terms of providing improved service to the City or more acceptable conditions to the financial institution.

Proposals addressed to the Honorable Mayor and Council of the City of Santa Fe should be submitted by **Monday, April 17, 2023, at 12 p.m.** to:

*Rudy Zepeda, Finance Director
P. O. Box 950
12002 Hwy. 6
Santa Fe, TX 77510-0950*

Proposals shall be submitted in sealed envelopes and plainly marked in the lower left hand corner "**SEALED PROPOSAL FOR DEPOSITORY SERVICES CONTRACT.**" The proposals will be publicly opened at the same location, date, and time. Proposals faxed, emailed, or received after the deadline will not be accepted.

The City reserves the right to request additional information or to meet with representatives to discuss or clarify items in the proposal before and after submission, any and all of which may be used in analyzing the proposal. Questions about the proposal may be directed to Acting City Manager, Alun Thomas or Finance Director, Rudy Zepeda at 409-925-6412. The City also reserves the right to reject any or all proposals.

4. CRITERIA FOR EVALUATION

Selection of a depository will be made by the City Council at their regular meeting on April 20, 2023, at 7 p.m. on the basis of terms most favorable to the City. The financial institution must maintain a place of business within the State of Texas to be eligible to serve as the city's depository. As an indication of what will be considered in the evaluation of the proposals, the following areas are listed:

- Terms and conditions for the performance of depository services;
- Ability to perform the requested services;
- Financial condition of the institution;
- Costs of banking services;
- Security of funds deposited;
- Interest rates paid on demand and time deposits; and
- Convenience of physical location and hours of operation.

5. GENERAL TERMS AND SERVICES

The depository contract services are related to demand and time deposits which may consist of various operating accounts of the City of Santa Fe and the City of Santa Fe Section 4B Economic Development Corporation. The City reserves the right to open or close any number or type of accounts as it deems necessary through the term of the contract. The City shall determine the amount of funds that shall be demand deposits and time deposits and will deposit funds in the various accounts with the depository. The depository will agree to accept such deposits and will give same day credit to funds received before 2:00 p.m. In addition, the City will have same day, immediate withdrawal availability of funds deposited by the 2:00 p.m. cutoff time.

Bank statements, including imaged checks and deposits, shall be mailed to the city and shall be available for online viewing within ten (10) calendar days after the close of the calendar month. The financial institution's records relating to the City's accounts shall be open to review by authorized city staff and authorized independent auditors during normal working hours.

The City reserves the right to negotiate additions, deletions, or changes as it deems necessary during the term of the contract.

It should be noted that proceeds from the sale of future bond funds are not considered a part of this contract. The City reserves the right to make external investments in accordance with the laws of the State of Texas and the city's investment policy.

6. ON-LINE BANKING AND DIRECT DEPOSIT SERVICES

The City wishes to utilize technology through the use of Internet on-line banking services to more effectively manage funds. The City should be able to immediately review daily account transactions on-line and transfer funds between depository accounts. Please confirm your institution's ability to provide such on-line services.

The City also offers its employees payroll direct deposit services. Please indicate your institution's capability of and requirements for providing such services, including the processing time necessary before the transaction is effective.

7. COLLATERAL REQUIREMENTS

Securities Pledged. The Depository shall pledge to the City/EDC securities and coverage provided by the Federal Deposit Insurance Corporation (FDIC) sufficient to provide at least one hundred three percent (103%) of the market value of the principal

and accrued interest on deposits and investments. All securities pledged shall be identified by name, number, and any other identifying data and are subject to the approval of the City.

Safekeeping. Collateral pledged to secure deposits and investments of the City and the Economic Development Corporation shall be held by a safekeeping institution in accordance with formal, written safekeeping agreements. The safekeeping agreements shall be executed by the Trustee institution, the Depository Bank, and the City/EDC. Deposit collateralization shall comply with all statutes applicable to governmental funds, including but not limited to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Reporting Requirements. At the end of each month, the Depository shall provide the City a report of the securities pledged which shall include at minimum the name of the security, the type and description, cusip number, par value, market value, book value, maturity date, and agency rating.

8. DEMAND DEPOSITS.

In addition to normal services and supplies furnished by the depository, the following services are standard and common to most depository contracts. These services are to be provided at no charge (n/c) except as noted below:

1. Deposit Books _____
2. Certified/Cashier Checks _____
3. Money Orders _____
4. Service Charges _____
5. Returned Items _____
6. Stop Payment Requests _____
7. Large Safety Deposit Box _____
8. Incoming wire and ACH transfers _____
9. Outgoing wire and ACH transfers _____
10. Balance Inquiries _____
11. Online/Electronic Banking _____
 - a. Account to Account Transfers _____
 - b. Balance/Transaction Information _____
12. Direct Deposit Services _____
13. Monthly Account Statements by mail _____
14. Overdrafts _____

Please list any additional services below:

Initial

A. ACCOUNT ACTIVITY

1. **Interest Bearing Operating Accounts** - The City requests no transaction limitations and no minimum balance requirements. Interest should be calculated on the average daily balance and posted once a month. Please specify the method used to determine the interest rate.

General Fund - The general fund serves as the City's main account into which all deposits will be made. Electronic funds transfers are also processed through this account. Monthly activity in this account averages \$1,500,000, representing about 100 deposits and about 40 withdrawals. Withdrawals include funds transferred to the city's disbursement fund and wire and ACH transactions with the city's outside investment pools.

Disbursement Fund Checking ZBA - City disbursements, including payroll and accounts payable, are processed through the disbursement fund clearing account. The only deposits to this account are transfers from the general fund. The average number of checks/withdrawals per month is 300 representing approximately \$650,000.

EDC Public Fund Checking - This account serves as the Economic Development Corporation's clearing account and the account maintains a balance of \$100. The only deposits to this account are transfers from the EDC money market account. Activity in this account is minimal but is likely to increase over the term of the contract.

2. **Non-Interest Bearing Operating Accounts** - The City requests no transaction limitations and no minimum balance requirements.

Cash Bond Escrow - The cash bond escrow account is a non-interest bearing account with minimal activity consisting of approximately 10 transactions per month representing approximately \$10,000.

Grant Program Accounts - The City has a few accounts used exclusively for state and federal grant deposits and disbursements. These accounts have minimal activity and often maintain a zero balance at month end.

3. **Interest Bearing Money Market Accounts** - Please state transaction limitations and minimum account balance requirements. Interest should be calculated on the average daily balance and posted once a month. Please specify the method used to determine the interest rate. The City currently has five (5) money market accounts, three with numerous deposits and two with minimal transactions. The balances range from \$500 to \$400,000. The Economic Development Corporation currently has one (1) money market account that serves as the EDC's main account.

9. TIME DEPOSITS.

The City currently has funds invested in multiple certificates of deposit, through a broker, in the aggregate of \$936,000. The City reserves the right to invest in U.S. Treasury Bills or other legally authorized investments outside the Depository at the sole discretion of the City should interest rates outside the depository be more advantageous to the city.

Any time deposits purchased the bank which have not matured on the termination date of the finally approved depository contract shall remain on deposit with the current depository until maturity under the same terms and conditions in effect during said contract to minimize loss of interest for early withdrawal.

The Bidder should propose a minimum interest rate and an alternate method for determining interest rates on a 3-month, 6-month and 1-year Time Deposit in amounts up to \$100,000 and in amounts of \$100,000 or more. The rate of interest issued at any time during the contract period shall be the greater of the minimum or alternate method, whichever is most advantageous to the City.

	<u>Up to \$100,000</u>	<u>\$100,000 or more</u>
Time Deposit minimum APR (3 month term)	_____	_____
Time Deposit minimum APR (6 month term)	_____	_____
Time Deposit minimum APR (1 year term)	_____	_____
Time Deposit alternate APR (3 month term)	<u>Note 1</u>	<u>Note 1</u>
Time Deposit alternate APR (6 month term)	<u>Note 1</u>	<u>Note 1</u>
Time Deposit alternate APR (1 year term)	<u>Note 1</u>	<u>Note 1</u>

Note 1: _____ proposes an interest rate subject to market conditions plus an additional _____ basis points.

Initial

The _____, a banking institution chartered under laws of the United States or of the State of Texas, does hereby submit this Proposal for Depository Contract Services for the City of Santa Fe and the City of Santa Fe Economic Development Corporation for a 2-year term from June 1, 2023, to May 31, 2026, with a 2-year renewal option from June 1, 2026, to May 31, 2028.

I certify that I am duly authorized to act on behalf of the banking institution. I have enclosed the following documents with this proposal:

- _____ Financial institution's latest audited financial statement
- _____ Signed certification

_____	_____
Bank Officer's Name (please print)	Phone #
_____	Bank Address:
Bank Officer's Signature	_____
_____	_____
Name of Banking Institution	_____
_____	_____
Date	_____
_____	_____
Person designated as City Liaison	Liaison Direct Phone # / Fax #
_____	_____
	Liaison email address

SEAL

If this proposal is accepted and approved by the City Council as acknowledged below, it shall become the contract between the banking depository and the City of Santa Fe, Texas. Additionally, the successful financial institution shall provide a resolution by the board of directors authorizing such depository services contract, along with a copy of the meeting minutes at which the resolution was approved.

ATTEST:

Bill Pittman, Mayor

Natalie Arnett, Asst. City Secretary

SEAL

Date