**Depository Bank Services DUE: November 7, 2017**



**SOLICITATION OVERVIEW**

***The Laguna Madre Water District is soliciting proposals for:***

**Title: Primary Depository Bank Services Proposal**

 **RFP #DEPBNK-11-07-2017**

 **Due Date: Tuesday, November 7, 2017 – 10:00 A.M.**

 **Deliver to: Laguna Madre Water District**

**Attn: Sanjuana Garcia, Director of Finance**

**105 Port Road**

 **Port Isabel, Texas 78578**

***Pre-Proposal Conference\*:***

 **Date & Time: Tuesday, October 17, 2017 – 11:00 A.M.**

 **Location: Laguna Madre Water District**

 **Board Room**

 **105 Port Road**

 **Port Isabel, Texas 78578**

**\*Attendance at this conference is strongly recommended, but not mandatory.**

***Public Opening of Proposals:***

**There will be a public opening of proposals in the District offices immediately following the submission due time/date. Only the names of proposers will be read aloud. Interested parties are invited to attend.**



**REQUEST FOR PROPOSALS**

**PRIMARY DEPOSITORY BANK SERVICES**

     The Laguna Madre Water District, Port Isabel, Texas (the “District”) is soliciting sealed proposals from qualified financial institutions to provide primary depository bank services. The initial contract period will begin May 1, 2018 and end April 30, 2020. At the option of the District, the contract may be extended for three (3) additional 12-month periods under the same terms and conditions.

Sealed proposals will be accepted until 10:00 A.M. on Tuesday, November 7, 2017 addressed to the Laguna Madre Water District, Attn: Sanjuana Garcia, Director of Finance, 105 Port Road, Port Isabel, Texas 78578. Proposal envelopes shall be sealed and designate on the front lower, left hand corner the following:

**“Primary Depository Bank Services Proposal, RFP #DEPBNK-11-07-2017”**

**Note: Proposals received after 10:00 A.M., Tuesday, November 7, 2017 will not be considered.**

The sealed proposal submission shall include the following:

1. One original (so marked) and three (3) complete bound copies of the proposal.
2. The bid bond check.
3. One complete copy of the proposal response as a PDF file (provided on a flash drive).
4. The completed MS-Excel Fee Schedule (provided on a flash drive).

The proposal shall be accompanied by a bid bond, in the form of a cashier’s check, in the amount of $5,000.00 made payable to the Laguna Madre Water District, which shall be returned to each proposer upon final acceptance and execution of a contract with the successful proposer. Any proposals received after the time and date stated above, regardless of delivery, will not be considered and will be returned to the proposer unopened.

All bid forms, specifications and all necessary information may be obtained from the District’s website: <http://lagunamadrewater.com/Bids-RFPs-RFQs-RFI>. All prospective proposers are strongly encouraged to attend a non-mandatory pre-proposal conference at the Laguna Madre Water District, Board Room, 105 Port Road, Port Isabel, Texas 78578 at 11:00 A.M. on Tuesday, October 17, 2017. Questions concerning this RFP should be directed in writing to Mr. Carlos J. Galvan, Jr., General Manager via email at cgalvan@lmwd.org and Ms. Sanjuana Garcia, Director of Finance via email at sgarcia@lmwd.org.

The District reserves the right to reject any and all proposals and to waive all formalities except time of filing.

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# INTRODUCTION

     The Laguna Madre Water District, Port Isabel, Texas (the “District”), pursuant to Chapter 49, Texas Water Code is requesting proposals from eligible and qualified financial institutions to provide the District the banking services as described below. The services provided will be in accordance with this Request for Proposal (the “RFP”) and attachments. It is District’s intent that a Depository Bank Services Agreement detailing the services to be provided will be duly executed between the District and the selected financial institution.

Any and all charges and fees associated with the Depository Bank Services Agreement must be clearly and accurately included in the RFP response. The charges and fees represented in the RFP response shall overrule any and all previous bank service or other agreements between the District and the financial institution, as they relate to the accounts and services included herein. The District will not be obligated by any charges and fees not clearly and accurately presented in the RFP response. Services initiated after consummation of the Depository Bank Services Agreement shall carry charges and fees mutually agreed to, in writing, by the District and the financial institution. Regardless of time delay, the financial institution shall refund or credit the District for any erroneous charges and fees not agreed to in writing.

The philosophy incorporated into this RFP is to solicit proposals for banking services currently utilized or being considered by the District. The District intends to manage its funds to minimize service charges and optimize investment income as authorized by policy and permitted by State law. Depending upon market conditions, future collected fund balances may be reduced and invested in other available investment alternatives.

While the District expects the contract duration to be five years, the new agreement period will be for a two-year period of May 1, 2018 through April 30, 2020 with a provision for three (3) one-year extensions under the same terms and conditions, at the option of the District. The agreement will also provide for a transition period not to exceed ninety (90) days for migration to a new bank at the end of the term.

The District reserves the right to open or close any number or types of accounts, as it deems necessary throughout the term of the agreement. Any fee charged for services not listed but later requested by the District will be mutually agreed upon in writing. All fees, rates, and conditions shall be fixed for the entire contract period, including extensions.

The Depository Bank Services Agreement is an important component of the treasury and cash management system of the District. From this perspective, the District is seeking a financial institution that is:

* Capable of providing the services required by the District,
* Willing to be attentive and responsive to the District’s financial matters, and
* Financially sound and meets the District’s requirements.

# REQUEST FOR PROPOSAL

     This RFP is intended to serve as the proposal form for the Depository Bank Services Agreement. There are multiple blanks to fill in and questions to be answered. The evaluation of the proposals will be based on the responses included herein.

Exceptions, conditions, or qualifications to the provisions of the District’s specifications or requirements must be clearly identified as such, with the reasons therefore, and alternate language proposed by the respondent, if any, clearly stated and inserted in the appropriate place in the proposal submission.

Each of these exceptions, conditions, or qualifications to the District’s specifications may be included, as appropriate, in the contract documents. Items and matters not explicitly excepted in this manner shall be deemed to be in conformance with the District’s specifications.

The RFP also requests certain information to be attached and specifically labeled. Responses must be complete, address all aspects of the RFP, and include all requested information to receive full consideration by the District in the selection process. The District may choose to waive any irregularities in any responses received and reserves the right to reject any and all proposals.

The District desires to enter into a contract of mutual party benefit and will answer all questions pertaining to this RFP. Please note the following calendar of events for the dates and times of key elements in the proposal process.

# CALENDAR OF EVENTS

Thursday, October 5, 2017 RFP distributed to prospective financial institutions

Tuesday, October 17, 2017 Non-Mandatory Pre-Proposal Conference (11:00 A.M.)

Wednesday, October 18, 2017 Deadline for Questions/Requests for Additional Information (1:00 P.M.)

Friday, October 20, 2017 Responses to related questions provided to prospective financial institutions (3:00 P.M.)

Tuesday, November 7, 2017 **Responses due to the Director of Finance (10:00 A.M.)**

Thursday, December 14, 2017 Proposer demonstrations, if requested

Wednesday, February 28, 2018 District Board consideration of contract award (5:30 P.M.)

Tuesday, May 1, 2018 New Depository Bank Services Agreement period begins

# PROPOSAL REQUIREMENTS

     One original (so marked) and three (3) complete copies of the proposal and the bid bond check, sealed and clearly marked **“Primary Depository Bank Services Proposal, RFP #DEPBNK-11-07-2017”**, shall be delivered to the Laguna Madre Water District by 10:00 A.M., on Tuesday, November 7, 2017 and addressed:

Laguna Madre Water District

Attn: Sanjuana Garcia, Director of Finance

105 Port Road

Port Isabel, Texas 78578

(956) 943-2626 (ext. 300)

**NO PROPOSAL SHALL BE ACCEPTED AFTER 10:00 A.M. ON TUESDAY, NOVEMBER 7, 2017.**

The proposer shall use this RFP as the Official Response Form. Submitted prices, rates, conditions, and answers shall be included in final contract form. The signed, submitted response must include printed copies of all completed worksheets and will be deemed the respondent’s official response. To reduce errors and increase the ease of both response and evaluation, the District is providing the RFP in a MS-Word format and Fee Schedule in MS-Excel format. The RFP is a protected Word document to enable the proposer to respond to the questions and incorporate comments into the RFP. The MS-Excel worksheet of the Fee Schedule is to provide unit prices for the bank service items listed and will be extended for the activity volume indicated for each item, to arrive at a total service cost.

**The Excel fee schedule information and a PDF of the complete proposal are required to be provided on a flash drive with the proposal.**

**BASIS OF AWARD**

The District will award the contract to the proposer(s) whose response provides the best value for the District based on all factors which have a bearing on price and performance of the required services including, but not limited to, compliance with all RFP requirements, delivery, and the District’s needs.

The District reserves the right to contact any proposer, at any time, to clarify, verify or request information with regard to any proposal. Unless stipulated in the attached RFP, the contract will be awarded to the proposer who provides goods and services specified herein at the best value for the District.  The District reserves the right to waive any formality or irregularity, to make awards to more than one proposer, or to reject any or all proposals.

Proposers must qualify under current Texas law as a State or National bank to serve as a depository bank.

Proposers shall supply a bid bond of $5,000.00. The bid bond shall be in the form of a cashier’s check made payable to the District, and shall be returned to each unsuccessful proposer immediately following contract award and to the successful proposer upon final acceptance and execution of the contract. Should the institution selected as the successful proposer by the District fail to become a bank service provider, for whatever reason, the bid bond will be forfeited to the District as liquidated damages.

Transfer of funds will commence at such time the successful proposer has provided the District with all required forms and supplies necessary to ensure uninterrupted day-to-day operations. The successful proposer commits its “best efforts” to complete the execution of documentation and transfer of funds by the May 1, 2018 contract period start date. Failure to complete by the start date, at the discretion of the District, could be considered grounds for bid bond forfeiture and alternative bank selection.

The successful proposer, upon termination of this contract, agrees to cooperate with a new bank for transfer of funds.

There will be no reading of the proposals or other details provided when the sealed proposals are opened following the proposal submission deadline. Upon written request, non-confidential information on the accepted proposal will be available after the District Board selects the successful proposer.

Any questions concerning this RFP should be directed in writing by Wednesday, October 18, 2017 at 1:00 P.M. to both:

Mr. Carlos J. Galvan, Jr., General Manager

cgalvan@lmwd.org

and

Ms. Sanjuana Garcia, Director of Finance

sgarcia@lmwd.org

# PROPOSAL SUBMITTED BY

This proposal is being submitted to the District by the following person duly authorized to act on behalf of this financial institution.

Name of Financial Institution       FDIC Certificate #

Address of Financial Institution

Telephone #

Email Address

Officer Name & Title (printed)

Officer Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature indicates respondent accepts the specifications, terms and conditions of this solicitation and that respondent is not delinquent on any payment due the District or involved in any lawsuit against the District.

Date:

# CRITERIA FOR EVALUATION

The District shall carefully review the submitted proposals. The evaluation of the proposals will be based on, but not limited to, the following criteria, in no particular order of priority:

1. Ability to perform and provide the required and requested services;
2. References provided and quality of services;
3. Cost of services;
4. Transition cost, retention and transition offers and incentives;
5. Funds availability;
6. Interest paid on interest bearing accounts and deposits;
7. Earnings credit calculation on compensating balances;
8. Completeness of the proposal and agreement to points outlined in the RFP;
9. Convenience of location(s);
10. Previous service relationship with the District; and
11. Financial strength and stability of the institution.

# REQUIRED DISCLOSURES

**Disclosure of interest:** Pursuant to Chapter 176 of the Texas Local Government Code, a person, or agent of a person, who contracts or seeks to contract for the sale or purchase of property, goods, or services with the Laguna Madre Water District, Texas must file a completed conflict of interest questionnaire which is included in this solicitation or available at [www.ethics.state.tx.us](http://www.ethics.state.tx.us).  The conflict of interest questionnaire must be filed with the Laguna Madre Water District, Texas no later than the seventh business day after the person or agent begins contract discussions or negotiations with the District or submits to the District a proposal, response to a request for proposal or bid, correspondence, or writing related to a potential agreement.  An updated conflict of interest questionnaire must be filed in accordance with Chapter 176 of the Local Government Code.  An offense under Chapter 176 is a Class C misdemeanor.

**Certificate of interested parties:** In 2015, the Texas Legislature adopted House Bill 1295, which added section 2252.908 of the Government Code and applies to all contracts entered into on or after January 1, 2016.  The law states that a governmental entity may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity at the time the business entity submits the signed contract to the governmental entity.  The law applies to all contracts/purchases of a governmental entity that require action or vote by the governing body of the entity.

**Written Verification of Compliance with Chapter 2270:** In compliance with House Bill 89, which added section 2270 of the Government Code, all proposers shall submit a written statement with their response stating that the proposer affirms that it abides by Chapter 2270 and does not boycott Israel and will not boycott Israel during the term of the contract.

In compliance with Senate Bill 252, which added sections 2252.151 through 2252.154 of the Government Code and applies to all contracts entered into on or after September 1, 2017, the District will not enter in a contract with a company that does business with Iran, Sudan, or any known terrorist organization.

# ACCOUNT ACTIVITIES

The District anticipates establishing an account configuration that consists of the following bank accounts:

* General Operating
* Payroll
* Water System Development Charge
* Sewer System Development Charge
* Meter Deposit Payable
* Universal Tax Bonds Reserve
* Revenue Bonds Reserve
* 2007 WW and SS Revenue Notes
* Universal Tax Interest and Sinking
* Tax Bond 2012
* Tax Bond 2016
* TWDB 2016 Loan Revenue
* Water Rights
* Water Infrastructure Rehab
* Sewer Infrastructure Rehab
* Emergency Fund

The District employs a “pooled cash” system with the General Operating Account. It is an interest-bearing public funds checking account into which wires and ACH transfers are received, bank deposits are made, credit card settlements are cleared, and receipts from direct account debits and payments received through the internet are deposited. From this account, wire and ACH transfers are initiated, credit card fees and charge backs are presented, returned checks and deposit corrections are posted, and bank services account analysis fees are to be debited. Investment activity of purchases and sales are made from this account, as well.

The District has approximately a 78-person payroll paid bi-weekly with an approximate amount of $200,000 per month, $100,000 biweekly. The District offers its employees direct deposit of payroll with 60 employees utilizing direct deposit. The ACH file is prepared and transmitted on Wednesday for employee payment receipt on Friday (before noon) from this account. Payroll cards are not currently utilized.

Collected tax payments are deposited into the Universal Tax Interest & Sinking account and disbursements are made from it for bond payments.

The other accounts have limited activity on a periodic basis. An analysis of the purpose and effectiveness of these other accounts may result in updates to the current account structure.

The District’s account activity for July and August 2017 is tabulated in Exhibit 1 and targeted on the Fee Schedule. Actual balances and transaction activity could vary significantly.

# REQUIRED SERVICES

The following services are required to be provided as described and/or be provided in an alternative form that results in essentially the same outcome or capability.

1. ONLINE BANKING SERVICES – The District **requires** online banking services accessible through the internet that at a minimum include balance reporting, initiation of ACH debits and credits and wire transfers, interbank account transfers, and placement of stop payments on checks. Additional capabilities should include the ability to reprint statements and export information to MS-Excel. The minimum balance reporting information should be for intra-day and previous business day and include: ledger balance, collected balance, one-day float amount, two-day float amount, total credits, total debits, and detail debits and credits, and should allow transaction search capability. Historical information should be maintained online and accessible for a minimum of six months.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. ACH – The District **requires** a robust ACH system with the capability to create ACH credits for direct deposit of payroll and vendor payments, and to direct debit customer accounts for A/R and utility billing charges.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. ACH DEBIT BLOCKING – The District **requires** ACH debit blocking capabilities on its accounts, with the ability to selectively permit specified ACH debits on certain accounts and restrict all ACH debits from certain accounts.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. POST NO CHECKS – The District **requires** the fraud protection feature or service that prevents checks from being posted to designated electronic-only accounts.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. Remote Deposit Capture – The District **requires** direct deposit capture services for electronically preparing and submitting deposits. Please provide information related to scanners offered and their prices, and technology specifications or system requirements.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. WIRE TRANSFERS – The District **requires** an online banking system that provides for initiating wire transfers. Wires may be one time wires or set up as repetitive wires of varying amounts.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. POSITIVE PAY AND ACCOUNT RECONCILIATION SERVICE – The District **requires** positive pay and full account reconciliation services on designated accounts from which checks are issued. The District would electronically transmit the issued check file to the bank. The bank would only honor those checks issued by the District that are pre-authorized through the positive pay system. Payment verification criteria will be date, check number, amount, and payee name. Please indicate what time exceptions are reported and when District instruction must be received.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. TAMPERPROOF BANK BAGS – The bank can provide tamperproof bank bags at no charge. If there is a charge, please provide cost information.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. FUNDS AVAILABILITY – The District **requires**, at a minimum, same day credit for all transactions submitted before 4:00 P.M., subject to the bank’s availability schedule.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. EMPLOYEE CHECK CASHING – The District **requires** the bank to cash checks issued to employees (with proper identification) without service charges or fees to the employee or the District and without requiring the employee to open an account with the bank.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. RETURNED CHECK REPROCESSING – The District **requires** deposited checks to be processed for collection at least twice before making non-paid check images available for download by the District within two business days of the final rejected presentment. The District **requires** same day notification of all returned items in excess of $5,000.00.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. ACCOUNT ANALYSIS – The District **requires** account analysis statements by individual account and at group level, which will reflect average ledger balance, average uncollected funds, average collected balance, reserve requirement, average available balance, rate and amount of earnings credit, detail of services provided with quantities and unit fees for each, and total service cost, delivered to the District on a monthly basis. **This is also a requirement for “No Fee” or “Fee Waiver” proposals.**

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. BANK STATEMENTS – The District **requires** that Statements be rendered within five (5) working days after the close of the calendar month. Accounts shall not be placed in dormant mode for inactivity. The statement shall include debits and credits made on the last day of the period and the detail items. Bank statements should be received on a monthly basis, even if there is no activity for the account. Bank Statements must include copies of deposit slips, and copies of the front and back of all checks.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. PAYMENT FOR SERVICES – The District **intends** to pay for all services provided by the earnings credit amount generated by account balances, or by direct payment, or a combination of both.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. ACCOUNT SETTLEMENT – Settlement of the excess/deficient condition as reflected by the group level account analysis is **required** to occur on a **quarterly** basis. If deficient, settlement is to be made by direct debit to the District’s General Operating Account.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. RESEARCH – The District **require**s that all research requests are responded to within three business days of the request.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. BANK ERRORS – Bank errors resulting in lost interest to the District will be reimbursed by the bank to the District. The bank and the District will agree upon the method of reimbursement.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. INVESTMENT ACCOUNT – Please provide a description of the bank’s best “hard dollar” interest earning option the District may utilize for cash in excess of general operating needs. If a sweep option is proposed, confirm its compliance with Local Government Code Chapter 2256, the “Public Funds Investment Act”, and the District’s Investment Policy.

 [ ]  Yes, can provide as requested/required. [ ]  No, cannot provide as requested/required.

***Comment:***

1. AUDIT CONFIRMATIONS – Bank will provide electronic account balance audit confirmations to the District’s audit firm annually at no charge.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Balance ASSESSMENT – State how the bank will treat any Balance Assessment or balance based fee applicable to the District (i.e. Deposit Supervisory Fee, Premium Assessment Fee, etc.): (**Also, please reflect treatment on the attached Fee Schedule**)

 [ ]  Fees to be waived.

[ ]  Fees to be partially waived.

 [ ]  Fee to be passed in full to the District.

***Comment:***

1. RESERVE REQUIREMENT – State whether or not the bank imposes a reserve requirement on balances used in calculating earnings credit.

 [ ]  Yes.

[ ]  No.

Reserve Requirement %

***Comment:***

1. EARNINGS CREDIT RATE – The bank must state the ECR and rate formula being proposed.

 ECR %

***Comment:***

# SERVICES THAT MAY BE CONSIDERED

The following services may be considered; please indicate the bank’s ability to provide the services as described and the associated set-up, maintenance and/or per item processing charges:

1. ONLINE PAYMENTS ACCEPTANCE – The District is currently accepting payments for water and sewer charges through its online interactive website using the service of EZ Pay for payments by credit card, direct debit, funds transfer, etc. The service is provided at no cost to the District with the patrons paying a $3.00 convenience fee to compensate EZ Pay. Please provide information on services and costs associated with the Bank’s ability to continue this service. A function of the system would be the preparation of the accompanying remittance information.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. CONSUMER BILL PAY PROCESSING – The District may consider the use of consumer bill pay processing (sometimes referred to Electronic Lockbox) for receipts of water and sewer payments generated from personal customer bank bill pay programs. On a daily basis, the remittance data and payment amount captured during processing would be transmitted to the District for the update of the accounts receivable file.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. ZERO BALANCE ACCOUNTS – The District may consider the use of Zero Balance Accounts (ZBA) for designated accounts with the General Operating Account as the master funding account to the ZBAs. The bank teller function must identify the account as a ZBA to ensure honoring of presentments made at the bank.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. PAYROLL CARDS – The District may consider the use of Payroll Cards for compensating employees that do not have bank accounts if the need arises. Of the employees receiving checks, 10 to 15 may utilize Payroll Cards.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. ARMORED CAR SERVICES – The District currently has an employee take deposits to the bank as needed, however the District is interested in having the bank or a third-party pick up deposits for transport to the bank. Can the bank provide an armored car service for the District? If so, please provide the details of the service and how it would be billed.

[ ]  Fees to be waived

[ ]  Fees to be partially waived; billed through analysis

[ ]  Fee to be passed in full to the District; billed through analysis

[ ]  Cannot provide.

***Comment*:**

1. COURIER SERVICE – The District currently has an employee take deposits to the bank as needed, however the District is interested in having the bank or a third-party pick up deposits for transport to the bank. Can the bank provide a Courier service for the District? If so, please provide the details of the service and how it would be billed.

[ ]  Fees to be waived

[ ]  Fees to be partially waived; billed through analysis

[ ]  Fee to be passed in full to the District; billed through analysis

[ ]  Cannot provide.

***Comment*:**

1. ELECTRONIC DATA INTERCHANGE – The District may consider the use ofElectronic Data Interchange (“EDI”) service capability with the ability of obtaining monthly reports and transacting vendor payments.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

# COLLATERAL REQUIREMENTS

1. COLLATERALIZATION – The successful bank shall pledge collateral to satisfy the requirements of the Public Funds Collateral Act, Chapter 2257, Government Code, and the District’s Investment Policy. **Ledger balance** shall determine the total balance level. The successful bank shall pledge collateral equal to or in excess of the required level on a **same day basis**.

The District shall approve, in advance and in writing, all proposed collateral.

If **prior day ending ledger balance** is to be used as the basis for calculating the required collateral pledge, in order to minimize any period where the District balances could be under collateralized, the District will require that the pledged amount be maintained at a minimum of 110% of the **prior day ending ledger balance**.

[ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. Collateral Amount – The maximum ledger balances could exceed $30,000,000 in the aggregate. Historically, the average balances are less than $15,000,000. Please clearly explain any collateral limitations or fees. The District shall approve, in advance, all proposed collateral increase and reduction requests. The District reserves the right to maximize or minimize bank balances regardless of historical patterns. It is expected that the successful bank will monitor the collateral adequacy on a daily basis and provide additional collateral to secure balances as required.

[ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. COLLATERAL Custody – The pledged securities shall be held at an independent custodian acceptable to both the District and the successful bank. Monthly holding reports shall be filed with the District’s Director of Finance. Please provide the name of the proposed independent custodian as well as any related fees.

***Name of Proposed Custodian:***

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. Collateral Substitution – Any substitutions of the pledged securities or reductions in the total amount pledged shall be made only by and with the proper written authorization of an authorized District signatory.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment*:**

1. Collateral Report – The successful bank **and** the custodian shall provide the District a monthly pledged securities report or additional reports at any time requested by the District. The report should describe the total pledged securities by:

 Name

 Type / Description

 CUSIP

 Par Value

 Current Face Value

 Market Value

 Maturity Date

 Rating by Moody’s or Standard & Poor’s

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Board Resolution – The Board of Directors or designated committee of the successful bank will be required to provide a FIRREA compliant resolution of certification approving the award of the agreement and commitment for delivery of the collateral to the custodian not later than five days before the commencement of the agreement period. The following is an extract of the FIRREA requirement from the FDIC Code:

e)  AGREEMENTS AGAINST INTERESTS OF CORPORATION.--
    (1)  IN GENERAL.--No agreement which tends to diminish or defeat the interest of the Corporation in any asset acquired by it under this section or section 11, either as security for a loan or by purchase or as receiver of any insured depository institution, shall be valid against the Corporation unless such agreement--
      (A)  is in writing,
      (B)  was executed by the depository institution and any person claiming an adverse interest thereunder, including the obligor, contemporaneously with the acquisition of the asset by the depository institution,
      (C)  was approved by the board of directors of the depository institution or its loan committee, which approval shall be reflected in the minutes of said board or committee, and
      (D)  has been, continuously, from the time of its execution, an official record of the depository institution.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

# INVESTMENT ACTIVITIES

The Public Funds Investment Act in conjunction with the District’s Investment Policy shall govern the District’s investment activity and the successful bank will be required to provide services within the constraints of both.

1. Direct Investment Alternative – The District’s direct investment activities may take place in any and all of the District accounts. The District shall have the right, at its sole discretion, to direct investment of its funds. Interest earnings on interest bearing accounts shall be credited monthly regardless of the amount, with no minimum amount restriction.

**As part of the District’s investment strategy the District reserves the right to open any number of accounts at other financial institution(s), in the form of DDA, MMA, and/or CDs as deemed appropriate by the District’s management and adopted Investment Policy. The Investment Policy outlines the District’s options for investing. The Policy is subject to annual review and revision by the District Board.**

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Certificates of Deposit – Certificates of Deposit (CDs) purchased for the District shall be non-negotiable and shall be registered in the name of the District. The CDs must be fully insured by the FDIC or collateralized in accordance with the RFP requirements. Proof of collateral must be supplied to the District prior to CD settlement.

 Extension of CDs – The successful bank agrees to honor and continue any CD made during the term of the agreement that will mature after the expiration date of the agreement at the same rate established at the time of placement.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. SECURITY CLEARANCE/SAFEKEEPING SERVICES – The District **requires** that the bank provide safekeeping services for the securities owned by the District, or offers an alternative option for safekeeping services. All securities will be handled on a Delivery Versus Payment (DVP) basis as they are cleared into and out of the District’s account.

The bank will act as securities clearing agent for all security purchases made by the District and for sales of securities from the investment portfolio, and will provide the necessary wire transfer and physical delivery services required to support investment activities. Necessary controls will be negotiated with the bank. Confirmation of trades must be provided to the District within one (1) business day.

Security clearance and safekeeping services shall be governed by a "Safekeeping Agent” or similar agreement executed between the District and the bank. All interest payments on securities held are to be posted on the due date or on the next business day in the event the due date falls on a weekend or bank holiday. The District must be notified within seven (7) days of a call date notice for any securities being called prior to maturity.

The District prefers a web-based safekeeping transaction monitoring and reporting mechanism.

All fees related to investment services provided by the bank, including safekeeping services, should be itemized and included on the Fee Schedule submitted in response to this RFP. Also, please provide a schedule of securities safekeeping fees as a part of the Response Attachments.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. SEPARATE SECURITIES CLEARANCE/SAFEKEEPING SERVICES – The District may select a separate bank for Securities Clearance and Safekeeping Services for securities owned by the District. If the bank would consider such a relationship, please clearly indicate and provide all itemized fees related to a separate securities clearance and safekeeping services agreement as a part of the Response Attachments under Securities Safekeeping Fees. The requirements of the Securities Clearing and Safekeeping Services relationship are described above.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. COST SHARING OR CREDIT FOR THIRD PARTY SAFEKEEPING SERVICES – If the bank would consider a cost sharing arrangement or offer a credit for third party securities clearance and safekeeping services, please provide details of the offer.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

# OVERDRAFT PROVISIONS

1. Net overdraft defined – The District does not intend to have a net overdraft position occur during the course of the agreement period. A net overdraft shall be defined as a negative balance in the District’s accounts **collectively**, not by individual account.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Notification – In the event a check or checks shall be presented for payment where there are insufficient funds in District’s collective accounts, the successful bank agrees to promptly notify the District’s Director of Finance or other signatory person, by telephone or other means, of the overdraft condition, and to provide the District a period not exceeding one business day to respond and rectify the condition.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Stipulations – Should a net overdraft condition occur; the following shall apply:

 Maximum number of banking days the overdraft shall be allowed:

 Maximum amount of the overdraft: $

 Interest rate per annum computed on the overdraft:      %

***Comment:***

# OTHER STIPULATIONS

1. Regulation Notifications – The successful bank shall notify the District in writing within thirty (30) days of any changes in Federal or State regulations or laws that would affect the agreement.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. INCOMING WIRE TRANSFERS – Notification of incoming wire transfers shall be made by telephone or other means to the District’s Director of Finance within one hour of the transaction and a written confirmation mailed to the District the same day of the transaction.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Right to cancel under Federal or State Law rulings – In the event it would be ruled illegal under the provisions of any Federal or State laws or regulations for the successful bank to comply with the requirements of the agreement, then the District expressly reserves the right and privilege to cancel the agreement and to re-solicit proposals.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Access to Bank Records – The successful bank’s records relating to the District’s accounts shall be open for review during normal business hours by designated District staff members or appointed independent auditors.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Right to Open & Maintain other accounts – The District reserves the right to open and maintain one or more demand, money market, NOW, and/or CD accounts at financial institutions not affiliated with the successful bank.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Secondary Bank Depository – As a component of its disaster recovery plan, the District would consider maintaining a contractual agreement for a secondary depository bank relationship should an event occur that makes the primary depository bank inaccessible to the District. Depending on the outcome of this solicitation for a primary depository bank relationship, would the bank consider entering into this secondary relationship?

[ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Right to terminate – The District expressly reserves the right to terminate the agreement with or without cause at any time by providing ninety (90) days written notice to the successful bank to close its accounts.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Terms fixed – All fees, rates, rate formulas, and conditions shall be fixed for the entire agreement period, including any and all continuations.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. One relationship officer – The District requests **one** relationship manager to coordinate the successful bank’s efforts and remain directly responsible for facilitating all District/Bank interaction:

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Name** | **Title** | **Phone** |
| Relationship Officer |  |  |  |

**Note: Valley View Consulting, L.L.C. is assisting the District with the preparation of this RFP and the evaluation of proposals received.**

# MISCELLANEOUS

1. Semi-annual meeting – The District shall require a review meeting at least once every six months to evaluate the working relationship between the District and the successful bank. The objective shall be to address any problems and to seek solutions, as well as keeping abreast of changes, new services, or new requirements.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

1. Formal Agreement Required – The final appointment of the successful proposer shall be made by the Laguna Madre Water District Board. The successful bank shall be required to enter into an agreement that incorporates all of the requirements of their official response to this RFP, along with the accompanying related schedules and materials as called for in this RFP. Additional agreement attachments include: collateral custodial agreement, FIRREA bank certification, and PFIA investment provider certification. ***A sample of the Proposed Agreement form is found as Exhibit 2***.

 [ ] Yes, can provide as requested/required. [ ] No, cannot provide as requested/required.

***Comment:***

This Request for Proposal is being offered by the following person duly authorized to act on behalf of the District.

Sanjuana Garcia, Director of Finance

# EXHIBIT 1

## Bank Transactions by Account - July

Transactions from July 2017 Bank Statements

# EXHIBIT 1 - CONTINUED

## Bank Transactions by Account - August

 Transactions from August 2017 Bank Statements

# EXHIBIT 2

## Sample Depository Bank Services Agreement

**THIS DEPOSITORY BANK SERVICES AGREEMENT** hereinafter called the “Agreement”, is made and entered into on the date last herein written by and between the Laguna Madre Water District, hereinafter called the “District”, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ a banking association, organized under the law of the United States and authorized by law to do banking business in the State of Texas, hereinafter called the "Bank”, and provides as follows:

1. **Designation of Depository**. The District, through action of the District Board, on February 28, 2018, hereby designates Bank as a primary depository bank for the period beginning May 1, 2018, and **continuing** through April 30, 2020, with the option for three (3) one-year extensions under the same terms and conditions.
2. **General**. All services rendered to District by Bank under this Agreement shall be performed in accordance with accepted commercial banking standards for public fund organizations and under the overall direction and instructions of District pursuant to Bank’s standard operations, policies, and procedures.
3. **Scope of Services**. Bank agrees to provide those services as described in the Laguna Madre Water District, Port Isabel, Texas Request for Proposal for Depository Bank Services released on October 5, 2017 hereinafter referred to as the “RFP”. The RFP and Bank’s response to the RFP, hereinafter referred to as the “Proposal”, are incorporated herein by reference. Bank acknowledges that all services performed by Bank are subject to the approval of District.
4. **District Representatives**. During the term of this Agreement, District will, through appropriate action of its District Board, designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of District in any and all matters of every kind arising under this Agreement and to (a) appoint and designate, from time to time, a person or persons who may request withdrawals, orders for payment or transfer on behalf of District in accordance with the electronic funds or funds transfer agreement and addenda, and (b) make withdrawals or transfer by written instrument.
5. **Custodian**. District and Bank, by execution of this Agreement, hereby designate \_\_\_\_\_\_\_\_\_\_\_\_\_\_ as custodian, hereinafter called “Custodian”, to hold in trust, according to the terms and conditions of this Agreement, the collateral described and pledged by Bank in accordance with the provisions of this Agreement.
6. **Custodian Fees**. Any and all fees associated with Custodian’s holding of collateral for the benefit of District will be paid by Bank and District will have no liability therefore.
7. **Entire Agreement**. The entire agreement between Bank and District shall consist of this Agreement, District’s RFP (except to the extent Bank took specific exceptions in the Bank’s Proposal), Bank’s Proposal, the Custodial Agreement with Custodian, and other such bank service agreements, policies and documents as may be required and approved by the parties (together, the “Banking Agreements”), each incorporated by reference as they presently exist and each listed in governing order of precedence in the event of conflict among the documents. This Agreement supersedes any and all prior representations, statements, and agreements, whether written or oral. The terms and provisions of this Agreement may not be amended, altered, or waived except by mutual agreement evidenced by a written instrument signed by duly authorized representatives of both parties.
8. **Collateralization**. All funds on deposit with Bank to the credit of District shall be secured by collateral as provided for in the Public Funds Investment Act (Chapter 2256 of the Texas Government Code as amended), the Public Funds Collateral Act (Chapter 2257 of the Texas Government Code), District’s Investment Policy, and Bank’s Proposal.

If marketable securities are pledged, the total market value of the securities securing such deposits will be in an amount at least equal to the minimum required amount as per District’s Investment Policy. The market value of any pledged securities (collateral) will be obtained from non-Bank-affiliated sources. Bank will monitor and maintain the required collateral margins and levels at all times.

Bank has heretofore, or will immediately hereafter, deliver to Custodian collateral of the kind and character above mentioned of sufficient amount and market value to provide adequate collateral for the funds of District deposited with Bank. Custodian will accept said collateral and hold the same in trust for the purposes herein stated. Said collateral or substitute collateral, as hereinafter provided for, shall be kept and retained by Custodian in trust so long as deposits of District remain with Bank. Bank hereby grants a security interest in such collateral to District.

If at any time the collateral in the hands of Custodian shall have a market value in excess of the required balances, District may authorize the withdrawal of a specified amount of collateral, and Custodian shall deliver this amount of collateral (and no more) to Bank.

If surety bonds or letters of credit are utilized, District shall agree as to the issuer and form of contract prior to the pledge. The amount of surety bonds or letters of credit will be at least equal to the minimum required amount as per District’s Investment Policy. The termination or expiration of any surety bond or letter of credit shall be a minimum of two (2) business days after District anticipates withdrawing the secured deposit.

1. **Successors**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever a reference is made herein to either party, such reference shall include the party’s successors and assigns.
2. **Compensation**. District and Bank agree that any compensation for the performance of all duties and services is set forth in the Proposal accepted by District. Except as may otherwise be provided in the Banking Agreements, said compensation shall constitute full payment for all services, liaison, products, materials, and equipment required to provide the professional banking services, including services, materials, training, equipment, travel, overhead, and expenses. Fees shall be fixed for the term of the Banking Agreements, including all extensions.
3. **Consideration**. The Banking Agreements are executed by the parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.
4. **Counterparts.** The Banking Agreements may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes. A facsimile signature will also be deemed to constitute an original if properly executed.
5. **Authority to Execute**. The individuals executing the Banking Agreements on behalf of the respective parties below represent to each other and to others that all appropriate and necessary action has been taken to authorize the individual who is executing the Banking Agreements to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute the Banking Agreements in order for the same to be authorized and binding on the party for whom the individual is signing and that each individual affixing his or her signature hereto is authorized to do so.
6. **Governing Law and Venue**. This Agreement shall be governed by the laws of the State of Texas. Brazoria County will be the venue for any lawsuit arising out of this Agreement.
7. **Notices**. Except as may otherwise be specified in the applicable service-level agreements and/or set-up forms, any demand, notice, request, instruction, designation, or other communication(s) required in writing under this Agreement shall be personally delivered or sent certified mail, return receipt requested, to the other party as follows:

 Bank: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_

 District: Sanjuana Garcia, Director of Finance

 Laguna Madre Water District

105 Port Drive

Port Isabel, Texas 78578

Changes to notice information may be made by either party with written notification to the other party.

1. **Severability**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the parties, shall, if possible, agree on a legal, valid, and enforceable substitute provision that is as similar in effect to the illegal, invalid, or unenforceable provision as possible. The remaining portion of the Agreement not declared illegal, invalid, or unenforceable shall remain valid and in full force and effect for the term remaining.
2. **Binding Commitment**. Bank hereby acknowledges itself duly and firmly bound for the faithful performance of all the duties and obligations required by applicable law, including the Government Code and Local Government Code, such that all funds deposited with it as depository shall be faithfully kept by it and accounted for according to law.
3. **Continuation**. Unless this Agreement is terminated sooner, Bank’s designation as the primary District Depository will remain continuously in effect through April 30, 2020 subject to execution of the extension options if applicable.

Executed by the undersigned duly authorized officers of the parties hereto:

|  |  |  |
| --- | --- | --- |
| **LAGUNA MADRE WATER DISTRICT** |  | **BANK** |
| By:  |  | By:  |
| Name:  |  | Name:  |
| Title:  |  | Title:  |
| Date:  |  | Date:  |
|  |  |  |
| ATTEST: |  | ATTEST |
| By:  |  | By:  |
| Name:  |  | Name:  |
| Title:  |  | Title:  |

# FEE SCHEDULE

 

# RESPONSE ATTACHMENTS

(**PLEASE ATTACH IN THE ORDER LISTED**)

1. Account Analysis – A **pro-forma** account analysis statement using your format and service descriptions that reflect your proposed fees based on the volumes provided in this RFP and indicate any capability to provide the information electronically.
2. Rate Basis – Explanation of the institution’s policy and methodology used in setting rates paid on interest bearing accounts and account analysis earnings credit. Indicate if they are based on a market rate such as T-Bill discount or yield rate, or the Federal Funds rate, etc., and when the rates are changed. Also, please provide a historical schedule of rates paid.
3. Sample Collateral Agreement.
4. Security Measures – Information describing the institution’s security measures to prevent fraud and unauthorized electronic and non-electronic transfers, and protect the integrity of computer banking services and internal computer systems.
5. Technology SpecIFICATIONS – Technology specifications for use of all proposed electronic systems and services.
6. Sample Safekeeping Report – Sample safekeeping report of the District owned securities that the District will receive monthly.
7. SECURITIES SAFEKEEPING FEES – Schedule of Securities Safekeeping Fees related to District owned securities.

1. Investment Account Information – Information on the investment account recommended for use by the District. Provide information for the bank’s most attractive interest yielding option.
2. Summary Business continuity plan – Summary of the institution’s business continuation plans as they pertain to the District’s ability to perform normal banking functions during natural and un-natural bank operation disruptions, including a Statement of Commitment to provide the District continuous and ongoing bank depository services to the best of the financial institution’s ability.
3. References – List of at least three (3) comparable references and current Texas public funds clients, with total number of collateralized Texas public fund clients.
4. Sample FIRREA COMPLIANT DOCUMENT – A sample copy of the bank’s document that clearly shows that the bank’s Board or designated committee has accepted the depository contract and authorized the pledge of collateral, with a permanent record of this action to be maintained in the minutes of the bank.