



City of Lavon, Texas

Request for Proposal

Depository Bank Services

November 16, 2022

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Calendar of Events

Wednesday, November 16, 2022	RFP available to prospective financial institutions
Friday, December 2, 2022	Deadline for questions due to City Administrator by 4:00 P.M.
Friday, December 9, 2022	Responses due to City Administrator by 2:00 P.M.
Tuesday, December 20, 2022	Anticipated City Council consideration of award (7:00 P.M.)
Sunday, January 15, 2023	New Depository Services Contract period begins

Introduction

The City of Lavon, Texas (the "City") acting through its designated officer (Kim Dobbs) is requesting applications from qualified financial institutions, to provide the City with primary depository services. The award of the depository services contract is scheduled for consideration by the City Council of Lavon, Texas, at the address 120 School Road, Lavon, TX 75166, at its meeting to be held on Tuesday, December 20, 2022.

The City desires to enter into a depository services contract of mutual party benefit and reserves the right to contact and negotiate with all applicants regarding their applications prior to award, to clarify, verify, or request information regarding any application. The City Council will award the depository services contract to the applicant(s) whose application provides the most advantageous terms for the City, based on compliance with the RFP requirements and the City's needs. The City may request presentations and/or demonstrations from any one or all applicants, and reserves the right to waive any formality or irregularity, (with the exception of the due date and time) and to make awards to more than one applicant, or to reject any or all applications.

Delivery Instructions:

Applications will be accepted until 2:00 P.M. on Friday, December 9, 2022, via delivery of a USB Flash Drive in a SEALED Package to:

City of Lavon
Attn: City Administrator
2022 Banking RFP
120 School Road
Lavon, TX 75166

The Proposal MUST be SEALED and be clearly marked on the outside "2022 Banking RFP"

Governing Statutes:

Chapter 105, Texas Local Government Code
Chapter 2256, Texas Government Code, "Public Funds Investment Act" as amended
Chapter 2257, Texas Government Code, "Public Funds Collateral Act" as amended.
Investment Policy adopted 7/19/22.
Chapter 131, Sub-chapter Z, Sec. 131.903, Conflict of Interest, Texas Local Government Code, "Finances".

Term of Contract:

The term of the depository services contract will be for a maximum of five (5) years.

Application Requirements:

1. One complete copy of the application response as a PDF file on a USB Flash Drive
2. The MS-Excel Bank Service Fee Schedule on a USB Flash Drive

Authorized City Contact:

All inquiries and or, questions should be in writing no later than 4 PM on Friday, December 2, 2022, directed to Kim Dobbs at kdobbs@lavontx.gov.

Pursuant to Chapter 105 of the Texas Local Government Code, this RFP is intended to serve as the application submission form. There are multiple blanks to fill in and questions to be answered. The evaluation of all applications received will be based on the responses included herein.

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

Each of these exceptions, conditions, or qualifications to the City's specifications may be included, as appropriate, in the awarded depository services contract documents. Items and matters not explicitly notated in this manner shall be deemed to be in conformance with the City's specifications.

The services and fees represented in the RFP submission response from the awarded financial institution, shall overrule any and all previous service or other contracts between the City and the financial institution, as they relate to the accounts and services included herein. The City will not be obligated by any charges and fees not clearly and accurately presented in the RFP submission from the awarded financial institution. Services initiated after consummation of the depository services contract shall carry charges and fees mutually agreed to, in writing, by the City and the awarded financial institution. Regardless of time delay, the awarded financial institution shall refund or credit the City for any erroneous charges and fees not agreed to in writing.

Designated Officer

This RFP is offered by the following person duly authorized to act on behalf of the City:



Kim Dobbs
City Administrator

Account Activities

Transactions by Account						
August 2022						
Description	Beginning Balance	Credits		Debits		Ending Balance
		Number	Amount	Number	Amount	
General	1,407,407.75	61	740,814.32	107	530,377.72	1,617,844.35
Sewer Fund	1,997,369.55	4	50,673.18	7	123,761.09	1,924,281.64
Utility	1,508,076.99	101	177,121.80	15	167,293.54	1,517,905.25
Dedicated	2,126,909.32	14	63,740.51	7	19,136.95	2,171,512.88
I&S	1,801,427.19	10	11,415.49	0	-	1,812,842.68
Lakepointe PID	486,585.42	1	289.28	0	-	486,874.70
Savings	3,065,897.74	14	18,552.46	0	-	3,084,450.20
LVFD	9,937.72	1	6,400.00	11	6,800.00	9,537.72
Total	10,996,203.93	206	328,192.72	147	316,991.58	11,007,405.07

Monthly payroll is around \$151,000 with about 28 FTE's. 100% of employees are on direct deposit. We pay employees on Wednesday at 8 am and submit by Tuesday at 3 pm to the bank.

Average Monthly Balances		
September 2021 – August 2022		
September 2021		908,021.23
October 2021		994,878.01
November 2021		951,106.44
December 2021		1,133,711.53
January 2022		1,040,451.00
February 2022		1,145,057.81
March 2022		1,338,040.91
April 2022		1,364,266.18
May 2022		1,393,202.29
June 2022		1,471,249.01
July 2022		1,531,273.90
August 2022		1,571,561.48
Average		1,236,901.65

Note: Operating balances will average approximately \$1,000,000.

Proposed Fee Schedule			
Volumes based on August 2022 activity			
Service	Unit Volume	Unit Price	Monthly Charge
Balance Assessment Fee	11,000,000		-
General Account Services			
Account Maintenance Fee	1		-
Credits	40		-
ACH Debit	5		-
ACH Credit	1		-
Depository Services			
Change Order	1		-
Full Strapped Currency	1		-
Rolled Coin Ordered	1		-
Branch Cash Deposited	10		-
Remote Deposit - Monthly Maint	1		-
On-Ups Items Deposited	1		-
Transit Items #2	1		-
Deposit Corrections	2		-
Return Item Fee	1		-
Rerun Deposited Items	1		-
Disbursement Recon Services			
Partial ARP and/or Pos Pay Maint	1		-
Checks Paid - Debits	125		-
Check Register Input - Item	1		-
Stop Payment	1		-
Positive Pay Exception Item	5		-
Positive Pay Exception Returned	1		-
Post No Checks - Main	1		-
General ACH Services			
ACH ID Maintenance	1		-
ACH File	1		-
ACH Transactions	2		-
ACH Chargeback Fee	1		-
ACH Delete - Item	1		-
ACH NOC Per Item	1		-
Wire Services			
Wire Transfer In	10		-
Wire Transfer Out	10		-
Information Services			
Previous Day Report	1		-
Total			-

Evaluation Criteria

The City shall carefully review the submitted applications.

The evaluation of the applications will be based on the following criteria:

1. Ability of applicant 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. Interest rates on interest bearing accounts and deposits;
6. Earnings credit rate on compensating balances;
7. Previous service relationship with the City;
8. Convenience of location(s);
9. Completeness of application; and
10. Financial strength and stability of the institution.

Expected Bank Services

The following services must be provided as described or in an alternative form that results in essentially the same outcome or capability.

ONLINE BANKING PORTAL

ONLINE REPORTING SERVICES – The City expects online reporting that at a minimum includes:

- ledger balance,
- collected balance,
- one day float amount,
- total credits,
- total debits,
- detail debits and credits,
- transaction search capability, and
- export capability to MS-Excel.

Comment:

WIRE TRANSFERS – The online banking system must offer wire transfer capability. Wires may be one time or be set up as repetitive of varying amounts. Notification of incoming wire transfers shall be made via the online banking portal.

Comment:

ACH – The City expects a robust ACH system 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.

Comment:

ONLINE BANKING HISTORICAL INFORMATION RETENTION – How long is continuous historical information retained online and accessible by the users? We understand that the standard retention period for check images is 7 years. Please list your retention period for the items listed below:

- Account transaction history (standard)
- Account transaction history (for additional fee)
- Account Statements

Comment:

ONLINE BANKING ADMINISTRATION/SELF-ADMINISTRATION – Once the service is in place, users are expected to be managed through self-administration. To confirm, can these services be completed online and without a request to the bank:

- Remote Deposit Capture access/functionality
- Positive Pay User Access
- ACH User functionality

- Are there any other functions that require the bank to make the changes rather than the self-administrators?

Comment:

MOBILE APP FUNCTIONALITY/ACCESS – The City is interested in having access to perform certain online banking functions for the City via their smart phones. If your institution offers these services, what functions are available for use?

- Balance Reporting and Transaction Detail
- Initiate and/or Release/Approve Wire Transfers
- ACH – Release/Approve Batches
- Positive Pay Exception Decisions
- Please list any additional functionality or clarifications in the comments

Comment:

AUTHENTICATION FOR ACCESS – Please confirm the methods that are available with your bank for protecting the City against unauthorized access:

- Secure Token
- Secure Token app through cell phone
- Confirmation code sent via text message or email
- Biometric authentication

Comment:

ALERT/MESSAGING SYSTEM – The City is interested in alerts sent via email and/or text messaging to alert the City of specific activity such as incoming wires, positive pay exceptions, etc.? If your institution offers this service, how is the City charged for this service?

- Messaging is provided at no cost
- Messaging is provided for a flat monthly fee
- Messaging is provided as a fee per message/per device fee

Comment:

ELECTRONIC DATA INTERCHANGE – The City expects Electronic Data Interchange (“EDI”) service in order to see addenda information included with ACH deposits.

Comment:

PAID CHECK IMAGE OPTIONS – What options does your institution offer for providing copies of paid checks to the City?

- Image of paid checks printed on statements
- Image of paid checks printed on the online version of the statements
- PDF File downloadable to the City each month
- Online Image Inquiry/Search

Comment:

COLLECTIONS

REMOTE DEPOSIT CAPTURE – The City is considering remote deposit capture services for electronically preparing and submitting deposits. If needed, will your institution provide a scanner for the City to use?

Comment:

DISBURSEMENTS

EMPLOYEE CHECK CASHING – The City expects the institution to cash checks issued to employees (with proper identification) without service charges or fees to the employee or the City, and without requiring the employee to open an account with the institution.

Comment:

FRAUD PROTECTION SERVICES

POSITIVE PAY AND ACCOUNT RECONCILIATION SERVICE – The City expects positive pay and full/partial account reconciliation service on designated accounts from which checks are issued. The City electronically transmits the issued check files to the institution. Minimum payment verification criteria shall be payee name, date, check number, and amount. The City may approve and make pay/no pay decisions on any exception items.

Comment:

AUTOMATIC STALE DATING OF CHECKS – The City prefers the option of checks automatically becoming stale dated after a set period of time, based on the issue date in the Positive Pay system. Does your institution offer this feature, and if so, how does the institution handle items presented after they are stale?

Comment:

POST NO CHECKS – The City expects the fraud protection feature or service that prevents checks being presented for payment to be posted to the accounts from which checks are not issued.

Comment:

ACH POSITIVE PAY / ACH FRAUD FILTER – The City expects ACH positive pay/filter capabilities on its accounts, with the ability to selectively permit specified ACH debits on certain accounts and restrict all ACH debits from certain accounts.

Comment:

LOCKBOX

CONSUMER BILL PAY PROCESSING - The City expects this service (often referred to as ELockbox) for receipts of utility and other payments generated from personal customer bank bill pay applications. The

remittance data and payment amount captured during processing must be transmitted to the City daily for the update of the accounts receivable file. If provided, what percentage of bill payments submitted do you capture?

Comment:

MISCELLANEOUS

ACCOUNT STATEMENTS – The City expects that statements be rendered within five (5) working days after the close of the calendar month. Monthly cutoff of statements must occur on the last calendar day of each month. Bank will notify City before inactive accounts are placed in dormant status for inactivity. The statement shall include debits and credits made on the last day of the period and the detail items. Bank statements must be received monthly, even if there is no activity for the account. The City expects to have access to online bank statements with images for at least the previous twelve months of statements.

Comment:

ACCOUNT ANALYSIS – The City expects account analysis statements by individual account and at group level, reflecting 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 City on a monthly basis. This requirement applies to “No Fee” or “Fee Waiver” applications.

Comment:

PAYMENT FOR SERVICES and ACCOUNT SETTLEMENT – The City expects to pay for all services provided by the earnings credit amount generated by account balances, or by direct payment, or a combination of both. The City prefers that settlement of the excess/deficient condition as reflected by the group level account analysis occur on a quarterly basis. The City reserves the right to select Monthly Settlement if the pricing structure of the awarded financial institution favors Monthly Settlement. If deficient, settlement is to be made by direct debit to the City’s designated account.

Comment:

BALANCE ASSESSMENT – State how the institution will treat any Balance Assessment or balance-based fee applicable to the City (i.e., Deposit Supervisory Fee, Premium Assessment Fee, etc.). Please indicate if the assessment will be for all depository balances or non-interest-bearing balances only. **(Also, please reflect treatment on the attached Fee Schedule)**

- Fees apply to only non-interest-bearing balances.
- Fees to be waived.
- Fees to be partially waived.
- Fee to be passed in full to the City.

Comment:

RESERVE REQUIREMENT – Applicant must indicate whether or not a reserve requirement on balances used in calculating earnings credit is required, as well as the Reserve Requirement Percentage.

Comment:

EARNINGS CREDIT RATE – The institution must state the current ECR percentage, rate formula, frequency of ECR adjustment if not indexed, and rate floor being proposed:

Comment:

INTEREST RATE OPTION – If balances are sufficient to cover all services and additional balances are available to earn interest, please provide answers for the following:

- Interest Rate %
- Rate Formula (i.e., is there an index or is it a bank determination?):
- Rate tiers based on balance?
- Rate Floor:
- Type of Account: (MMA, Interest Bearing Account, ICS, Investment Sweep Account):
- Any Fees associated with the recommended investment option:

Comments/additional info if desired to clarify determination of interest rate:

Safekeeping of City-owned Securities

The Public Funds Investment Act in conjunction with the City's Investment Policy shall govern the City's investment activity and the successful applicant shall be expected to provide services within the constraints of both.

The City requests that the institution provide safekeeping services for the securities owned by the City, or offer an alternative option for safekeeping services.

The institution will act as securities clearing agent for all security purchases made by the City 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. All securities will be handled on a Delivery Versus Payment (DVP) basis as they are cleared into and out of the City's account. Necessary controls will be negotiated with the institution. Confirmation of trades must be provided to the City within one (1) business day.

Security clearance and safekeeping services shall be governed by a "Safekeeping Agreement" or similar contract executed between the City and the Institution. 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 City must be notified within seven (7) days of a call date notice for any securities being called prior to maturity.

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

Please provide a schedule of securities safekeeping fees with the required Response Attachments.

Comment:

Incentives/Enhancements Offered

TAMPERPROOF DEPOSIT BAGS – Will the institution provide tamperproof bags at no charge?

Comment:

ENDORSEMENT STAMPS & DEPOSIT SLIPS – Will the institution provide endorsement stamps and deposit slips at no charge?

Comment:

REMOTE DEPOSIT SCANNERS – Is the institution offering a scanner(s) to the City at no additional cost?

- Number of scanner(s)
- Brand of Scanner
- Single feed, or Capacity of documents scanned / minute

Comment:

INCENTIVE FEE WAIVER – If your institution is offering a waiver of monthly service fees during a specific timeframe, please provide the following information for clarity of the terms of your offer.

Zero-pricing waiver (no fees assessed) during the timeframe of the offer and interest can be earned on balances during this time

- Number of months of the fee waiver:
- Maximum dollar amount of waiver (if any limitations):

Comment:

“Net” fee waiver (only waives fees not covered by balances and earnings credit)

- Number of months of the fee waiver:
- Maximum dollar amount of waiver (if any limitations):

Comment:

CASH TRANSITION ALLOWANCE / RETENTION BONUS/OFFER – If Institution is offering a cash amount to offset the cost of the transition, please provide that amount.

Comment:

Other Stipulations

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 institution to comply with the requirements of the contract, then the City expressly reserves the right and privilege to cancel the contract and to re-solicit applications.

Comment:

RIGHT TO OPEN & MAINTAIN OTHER ACCOUNTS – The City shall have the right, at its sole discretion, to direct, open and maintain accounts at other institutions.

Comment:

CERTIFICATES OF DEPOSIT – Certificates of Deposit (“CDs”) will be opened in the name of the City and must be fully insured by the FDIC or collateralized in accordance with Chapter 2257 Public Funds Collateral Act and the City’s Investment Policy until the maturity date. Proof of collateral must be supplied to the City prior to CD settlement.

Comment:

RIGHT TO TERMINATE – The City expressly reserves the right to terminate the contract with or without cause at any time by providing ninety (90) days written notice to the successful institution to close its accounts and terminate services.

Comment:

TERMS FIXED – All fees, rate formulas, and conditions shall be fixed for the entire contract period, including any and all continuations.

Comment:

SEMI-ANNUAL MEETING – The City expects a review meeting at least once every six months to evaluate the working relationship between the City and the successful institution. The objective shall be to address any problems and to seek solutions as well as keeping abreast of changes, new services, or new requirements.

Comment:

FORMAL CONTRACT REQUIRED – The final appointment of the successful institution shall be made by the City Council. The successful institution shall be required to enter into a contract 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. The formal agreements should include: a primary depository services contract, a collateral custodial agreement, and a FIRREA compliant resolution of certification (see reference under the Collateral Requirements).

A sample of the proposed contract is attached at the end of the RFP.

Comment:

OVERDRAFT NOTIFICATION – In the event a check or checks shall be presented for payment where there are insufficient funds in City’s collective accounts, the successful institution agrees to promptly notify

the City's Finance Director or other signatory person, by telephone or other means, of the overdraft condition, and to provide the City a period not exceeding one business day to respond and rectify the condition.

Comment:

RESEARCH – The City expects that all research requests are responded to within three business days of the request.

Comment:

BANK ERRORS – Bank errors resulting in lost interest or incorrect service fees to the City must be reimbursed by the bank to the City, utilizing a mutually agreed upon method of reimbursement.

Comment:

AUDIT CONFIRMATIONS – Successful institution must provide account balance audit confirmations to the City's audit firm annually at no charge.

Comment:

ONE RELATIONSHIP OFFICER – The City requests one relationship manager to coordinate the successful institution's efforts and remain directly responsible for facilitating all City/Institution interaction. Please provide the name, title, phone number, and email address of the relationship manager.

Comment:

Collateral Requirements

The institution shall pledge collateral to satisfy the requirements of the Public Funds Collateral Act, Chapter 2257, Government Code, and the City's Investment Policy.

COLLATERAL AMOUNT – The maximum ledger balances could exceed \$6,000,000 in the aggregate. Historically, the average balances are less than \$5,000,000. Applicant must clearly explain any collateral limitations or fees. The City reserves the right to maximize or minimize bank balances regardless of historical patterns. The institution must monitor the collateral adequacy daily and provide additional collateral to secure balances as required.

Comment:

COLLATERAL CUSTODY – The pledged securities shall be held at an independent custodian acceptable to both the City and the institution. Please provide the name of the proposed independent custodian as well as any related fees.

Comment:

LETTERS OF CREDIT or PLEDGED SECURITIES – How will your institution collateralize the City's deposits:

- Letters of Credit
- IntraFi Structure (or similar FDIC spreading program)
- Pledged Securities

IF Pledging Securities please respond to the following:

Ledger balance shall determine the total balance level. The institution shall pledge collateral equal to or in excess of the required level on a same day basis. 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 City balances could be under collateralized, the City will require that a fixed pledged amount be maintained as mutually agreed to by the City and the institution.

Comment:

COLLATERAL SUBSTITUTION – The City prefers that any substitutions of the pledged securities in the total amount pledged shall be made only by and with the proper written authorization of an authorized City signatory. How does your institution handle substitutions?

- Substitutions will only be done with prior written authorization from the City
- Substitutions will be done without prior written approval, but always for securities of equal or greater quality and with a market value greater than or equal to the securities being replaced. The City, at its sole discretion, has the right to request a different security if the substituted security is unacceptable.

Comment:

COLLATERAL REDUCTIONS – The City strongly prefers that any reduction of the total amount pledged shall be made only by and with the proper written authorization of an authorized City signatory. How does your institution handle collateral reductions?

- Reductions will only be done with prior written authorization from the City

- Reductions MAY be done without prior written approval, but your bank agrees to maintain a minimum threshold of collateral that will not be lowered without prior approval from the City?

Comment:

COLLATERAL REPORT – The institution and the custodian shall provide City a monthly pledged securities report or additional reports at any time requested by City. The report must describe the total pledged securities by Name, Type / Description, CUSIP, Par Value, Current Face Value, Maturity Date.

Comment:

ONLINE REPORTING - Is daily online access to the City's collateral account available through the third-party custodian?

Comment:

BOARD RESOLUTION – The Board of Directors or designated committee of the institution will be required to provide a FIRREA compliant resolution. The following is an excerpt 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.

Comment:

Required Disclosures & Certifications

As defined in Section 105.015 (c), each applicant shall comply with the conflict of interest provision of Section 131.903 of the Texas Local Government Code in regard to the selection of the depositories:

Sec. 131.903. CONFLICT OF INTEREST.

- (a) A bank is not disqualified from serving as a depository for funds of a political subdivision if:
 - (1) an officer or employee of the political subdivision who does not have the duty to select the political subdivision's depository is an officer, director, or shareholder of the bank; or
 - (2) one or more officers or employees of the political subdivision who have the duty to select the political subdivision's depository are officers or directors of the bank or own or have a beneficial interest, individually or collectively, in 10 percent or less of the outstanding capital stock of the bank, if:
 - (A) a majority of the members of the board, commission, or other body of the political subdivision vote to select the bank as a depository; and
 - (B) the interested officer or employee does not vote or take part in the proceedings.
- (b) This section may not be construed as changing or superseding a conflicting provision in the charter of a home-rule municipality.

In addition, the following disclosures apply:

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 City of Lavon, Texas must file a completed conflict of interest questionnaire which is available at www.ethics.state.tx.us. The conflict of interest questionnaire must be filed with the City of Lavon, Texas no later than the seventh business day after the later of the date that the person or agent begins contract discussions or negotiations with the City or submits to the City an application, 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 Texas Local Government Code. An offense under Chapter 176 is a Class C misdemeanor.

Certificate of interested parties:

Section 2252.908 of the Texas Government Code 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, with a few exceptions, to all contracts/purchases of a governmental entity that require action or vote by the governing body of the entity. The electronic filing application process can be started on the Texas Ethics Commission website at www.ethics.state.tx.us.

The City acknowledges that publicly traded business entities are exempt from this requirement.

Certification Regarding Listed Companies:

In compliance with Chapter 2252 Subchapter F, of the Texas Government Code, prohibiting government contracts with a company doing business with Iran, Sudan or a foreign terrorist organization, the City of Lavon, Texas will not enter into a contract with a company reported on the LISTED COMPANIES per Section 2252.153.

Certification Regarding Boycotting of Israel:

Texas Government Code, Title 10, Subtitle F, Chapter 2271.002 - Provision Required in Contract.

- (a) This section applies only to a contract that:
 - (1) Is between a governmental entity and a company with 10 or more full-time employees;
 - and
 - (2) Has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the government entity.
- (b) A governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it:
 - (1) Does not boycott Israel; and
 - (2) Will not boycott Israel during the term of the contract.

Comment:

Certification Regarding Boycotting of Certain Energy Companies:

Texas Government Code, Title 10, Subtitle F, Chapter 2274.002 - Provision Required in Contract.

- (a) This section applies only to a contract that:
 - (1) Is between a governmental entity and a company with 10 or more full-time employees;
 - and
 - (2) Has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the government entity.
- (b) Except as provided in Subsection (c), a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it:
 - (1) Does not boycott energy companies; and
 - (2) Will not boycott energy companies during the term of the contract.
- (c) Subsection (b) does not apply to a governmental entity that determines the requirement of Subsection (b) are inconsistent with the governmental entity's constitutional or statutory duties related to the issuance, incurrence, or management of debt obligations or the deposit, custody, management, borrowing, or investment of funds.

Comment:

Certification Regarding Boycotting of Firearms Entity or Firearms Trade Association:

Texas Government Code, Title 10, Subtitle F, Chapter 2274.002 - Provision Required in Contract.

- (a) This section applies only to a contract that:
 - (1) Is between a governmental entity and a company with at least 10 full-time employees;
 - and
 - (2) Has a value of at least \$100,000 that is paid wholly or partly from public funds of the government entity.

(b) Except as provided by Subsection (c) and Section 2274.003, a governmental entity may not enter into a contract with a company for the purchase of goods or services unless the contract contains a written verification from the company that it:

- (1) Does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and
- (2) Will not discriminate during the term of the contract against a firearm entity or firearm trade association.

(c) Subsection (b) does not apply to a governmental entity that:

- (1) Contracts with a sole-source provider; or
- (2) Does not receive any bids from a company that is able to provide the written verification required by that subsection.

Comment:

Application Submitted By

This application is being submitted to the City by the following person duly authorized to act on behalf of this applicant.

Name of Financial Institution

FDIC or NCUA 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 RFP and that applicant is not delinquent on any payment due the City or involved in any lawsuit against the City.

Date:

Complete Application Checklist (Please provide in the order listed)

Executive Summary / Coversheet

Completed RFP in PDF format on USB-flash drive.

Completed Fee Schedule returned in Excel format on the USB – flash drive.

COMMENTS:

PRO-FORMA 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.

COMMENTS:

SAMPLE COLLATERAL AGREEMENT – As required by Bank/Custodian named in the RFP.

COMMENTS:

SAMPLE SAFEKEEPING AGREEMENT – As required by Safekeeping Agent.

COMMENTS:

SAMPLE SAFEKEEPING REPORT OF CITY-OWNED SECURITIES – Sample safekeeping report of the City owned securities that the City will receive monthly.

COMMENTS:

SECURITIES SAFEKEEPING FEES – Schedule of Securities Safekeeping Fees.

COMMENTS:

REFERENCES – List of at least three (3) comparable references and current Texas public funds clients, with total number of collateralized Texas public fund clients.

COMMENTS:

SAMPLE FIRREA COMPLIANT DOCUMENT – A sample copy of the document that clearly shows that the institution'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 institution.

COMMENTS:

COMPLETED AND SIGNED DISCLOSURES – As required and applicable within the RFP.

COMMENTS:

COMPLETED AND SIGNED APPLICATION SUBMITTED BY FORM – Please include the signed form in the PDF file as well.

COMMENTS:

EXCEPTIONS TO RFP REQUIREMENTS – Please provide a summary of any exceptions your institution has noted regarding the requirements as contained in this RFP.

COMMENTS:

Sample Depository Services Contract

THIS DEPOSITORY SERVICES CONTRACT, hereinafter called the "Contract", is made and entered into on the date last herein written by and between the City of Lavon, Texas, hereinafter called the "City", 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 City, through action of the City Council, on December 20, 2022, hereby designates the Bank as a primary depository bank for the period beginning January 15, 2023, and continuing through January 14, 2028.

2. **General.** All services rendered to the City by the Bank under this Contract shall be performed in accordance with commercially reasonable standards for public fund organizations and under the overall direction and instructions of the City pursuant to the Bank's standard operations, policies, and procedures.

3. **Scope of Services.** The Bank agrees to provide those services as described in the City's Request for Proposal for Depository Bank Services released on November 16, 2022, hereinafter referred to as the "RFP". The RFP and the Bank's response to the RFP, hereinafter referred to as the "Application", are incorporated herein by reference. The Bank acknowledges that all services performed by the Bank are subject to the approval of the City. The Bank agrees to provide additional services as requested from time to time by the City and mutually agreed upon by the Bank.

4. **City Representatives.** During the term of this Contract, the City will, through appropriate action of its City Council, designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of City in any and all matters of every kind arising under this Contract 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 the City in accordance with the electronic funds or funds transfer agreement and addenda, and (b) make withdrawals or transfer by written instrument.

5. **Custodian.** The City and the Bank, by execution of this Contract, hereby designate _____ as custodian, hereinafter called the "Custodian", to hold in trust, according to the terms and conditions of this Contract, the collateral described and pledged by the Bank in accordance with the provisions of this Contract.

6. **Custodial Fees.** Any and all fees associated with the Custodian's holding of collateral for the benefit of the City shall be paid by the Bank, and the City will have no liability therefore.

7. **Entire Agreement.** The entire agreement between Bank and City shall consist of this Contract, the City's RFP (except to the extent Bank took specific exceptions in the Bank's Application), the Bank's Application, 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 Contract supersedes any and all prior representations, statements, and agreements, whether written or oral. The terms and provisions of this Contract 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 the Bank to the credit of the City 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), the City's Investment Policy, and the Bank's Application. The City agrees to promptly provide to the Bank any changes to its Investment Policy. The Depositor agrees that it shall only direct the Bank in writing to make investments authorized pursuant to the foregoing.

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

The Bank has heretofore, or will immediately hereafter, deliver to the Custodian collateral of the kind and character above mentioned of sufficient amount and market value to provide adequate collateral for the funds of the City deposited with the Bank. The Custodian shall 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 the Custodian in trust so long as deposits of the City remain with the Bank. The Bank hereby grants a security interest in such collateral to City.

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

If the Bank shall desire to sell or otherwise dispose of any one or more of said securities so deposited with the Custodian, the Bank may substitute for any one or more of such securities other securities of the same market value and of the character authorized herein. Such right of substitution shall remain in full force and may be exercised by the Bank as often as it may desire; provided, however, that the aggregate market value of all collateral pledged hereunder, shall be at least equal to the amount of collateral required hereunder. If at any time, the aggregate market value of such collateral so deposited with the Custodian be less than the total sum of the City's funds on deposit with the Bank, the Bank shall immediately deposit with the Custodian such additional collateral as may be necessary to cause the market value of such collateral to equal the total amount of required collateral. The Bank shall be entitled to income on securities held by the Custodian, and the Custodian may dispose of such income as directed by the Bank without approval of the City.

If surety bonds or letters of credit are utilized, the City shall agree as to the issuer and form of contract prior to pledge. The amount of surety bonds or letters of credit will be at least equal to the minimum required amount as per the City's Investment Policy.

9. Pledge Receipts. The Custodian shall promptly forward to the City copies of pledge receipts covering all such collateral held for the City, including substitute collateral as provided for herein.

10. Default. Should the Bank fail at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any deposits and the interest on such deposits or in any manner breach the Banking Agreements with the City, the City shall give written notice of such failure or breach to the Bank, and the Bank shall have one (1) business day to cure such failure or breach. In the event the Bank shall fail to cure any such failure or breach within one (1) business day or should the Bank be declared insolvent by a Federal banking regulatory agency, it shall be the duty of the Custodian, upon demand of the City, to surrender the above-described collateral to the City, or it shall be the duty of the surety bond or letter of credit provider to perform under the terms of their respective contract.

The City may sell any part of such collateral, or receive all or any part of a surety bond or letter of credit settlement, and out of the proceeds thereof, pay the City all damages and losses sustained by it, together with all reasonable and documented expenses of any and every kind incurred by it on account of such failure or insolvency, or sale, and account to the Bank for the remainder, if any, of said proceeds or collateral remaining unsold.

11. Sale of Seized Collateral. Any sale of such seized collateral, or any part thereof, made by the City hereunder may be either at public or private sale, provided however, it shall give both the Custodian and the Bank two (2) hours' prior written notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder therefore for cash. The City and the Bank shall have the right to bid at such sale.

12. Release of Collateral. When the relationship of the City and the Bank shall have ceased and when the Bank shall have properly paid out all deposits of the City, it shall be the duty of the City to give the Custodian notice to that effect; whereupon the Custodian shall, with the approval of the City, redeliver to the Bank all collateral then in its possession belonging to Bank. An order in writing to the Custodian by the City and a receipt for such collateral by the Bank shall be a full and final release of the Custodian of all duties and obligations undertaken by it by virtue of these presents.

13. Successors. This Contract 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.

14. Compensation. The City and the Bank agree that any compensation for the performance of all duties and services and interest rate or earnings credit paid on all deposits is set forth in the Application accepted by the City. 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.

15. **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.

16. **Counterparts.** This Contract and other agreements shall be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes. An electronic or other signature shall also be deemed to constitute an original if properly executed.

17. **Authority to Execute.** The individuals executing this Contract and other 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 this Contract and other 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 this Contract and other agreements in order for the same to be an 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.

18. **Governing Law and Venue.** This Contract shall be governed by the laws of the State of Texas. Tarrant County shall be the venue for any lawsuit arising out of this Contract.

19. **Certification Regarding Boycotting of Israel.** Texas Government Code, Title 10, Subtitle F, Chapter 2271.002 - Provision Required in Contract.

(a) This section applies only to a contract that:

- (1) Is between a governmental entity and a company with 10 or more full-time employees; and
- (2) Has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the government entity.

(b) A governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it:

- (1) Does not boycott Israel; and
- (2) Will not boycott Israel during the term of the contract.

20. **Certification Regarding Boycotting of Certain Energy Companies.** Texas Government Code, Title 10, Subtitle F, Chapter 2274.002 - Provision Required in Contract.

(a) This section applies only to a contract that:

- (1) Is between a governmental entity and a company with 10 or more full-time employees; and
- (2) Has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the government entity.

(b) Except as provided in Subsection (c), a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it:

- (1) Does not boycott energy companies; and
- (2) Will not boycott energy companies during the term of the contract.

(c) Subsection (b) does not apply to a governmental entity that determines the requirement of Subsection (b) are inconsistent with the governmental entity's constitutional or statutory duties

related to the issuance, incurrence, or management of debt obligations or the deposit, custody, management, borrowing, or investment of funds.

21. Certification Regarding Boycotting of Firearms Entity or Firearms Trade Association.

Texas Government Code, Title 10, Subtitle F, Chapter 2274.002 - Provision Required in Contract.

(a) This section applies only to a contract that:

- (1) Is between a governmental entity and a company with at least 10 full-time employees; and
- (2) Has a value of at least \$100,000 that is paid wholly or partly from public funds of the government entity.

(b) Except as provided by Subsection (c) and Section 2274.003, a governmental entity may not enter into a contract with a company for the purchase of goods or services unless the contract contains a written verification from the company that it:

- (1) Does not have a practice, policy, guidance, or directive that discriminates against a firearm entity of firearm trade association; and
- (2) Will not discriminate during the term of the contract against a firearm entity or firearm trade association.

(c) Subsection (b) does not apply to a governmental entity that:

- (1) Contracts with a sole-source provider; or
- (2) Does not receive any bids from a company that is able to provide the written verification required by that subsection.

22. 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 Contract shall be personally delivered or sent certified mail, return receipt requested, to the other party as follows:

City:

Attn:

Bank:

Attn:

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

23. Severability. If any provision of this Contract 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 Contract not declared illegal, invalid, or unenforceable shall remain valid and in full force and effect for the term remaining.

24. Binding Commitment. The 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.

25. **Continuation.** Unless this contract is terminated sooner, the Bank's designation as the primary City Depository will remain continuously in effect through January 14, 2028.

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

CITY

BANK

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

ATTEST:

ATTEST:

By: _____
Name: _____

By: _____
Name: _____

Custodian Bank

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____