LNB

Llano National Bank

February 21, 2023

Burnet County Commissioners Court
Burnet, TX 78611

Dear Commissioners:

Please find enclosed Hill Country National Bank's Depository Bid for Burnet County RFP # -23-4090-02. In addition, you will find the following information enclosed:

- Hill Country National Bank's Statement of Condition as of 12/31/22
- Cashier's check in the amount of $227,332.47

If there is anything further the County needs from Hill Country National Bank, please do not hesitate to reach out to me. Please note that Hill Country National Bank is a full-service branch of Llano National Bank. We appreciate your consideration of our bid.

Sincerely,

EVP & COO

Joe Johnson
EVP & Chief Operating Officer
Hill Country National Bank
a branch of Llano National Bank

Enclosures: 3

Mailing Address: P.O. Box 190 Llano, Texas 78643

Main Office
1001 Ford St. • Llano, Texas 78643
325-247-5701 • fax: 325-247-3765

Llano Branch
104 West Young • Llano, Texas 78643
325-247-2111 • fax: 325-247-1374

Buchanan Dam Branch
Hwy. 29 at F.M. 1431 • Buchanan Dam, Texas 78609
512-793-5054 • fax: 512-793-2414

Hill Country National Bank
1210 South Water Street • Burnet, Texas 78611
512-756-7363 • fax: 512-756-7376

Member FDIC

REQUEST FOR PROPOSALS
COUNTY DEPOSITORY BANK (RFP 23-4090-02)

SCOPE: It is the intent of this Request for Proposals to establish quotations for the Burnet County Depository Contract. By returning the Bid Worksheet, the Bank acknowledges that it understands the Revised Civil Statutes of Texas (Article 2544 et. Seq. of the Revised Civil statutes of Texas, as revised by Local government Code, Chapter 116.000 through 116.155 passed by the 70th leg. 1987; Article 2547 a,b,c; and Article 2558a et. Seq.) that pertain to the managing and safekeeping of County funds and acknowledges that Bank will comply with those statues. Proposals will be submitted all in accordance with Proposal Conditions, Specifications, and/or Special Provisions attached hereto.

OPENING DATE: February 28, 2023, 2:00 PM, Burnet County Annex Conference Room, 133 E. Jackson Street, Burnet, Texas.

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INSTRUCTIONS:
Proposals must be received in the office of the County Auditor/ Purchasing Agent on or before the time and date specified. Proposals received after time and date specified, whether delivered or mailed, will not be considered and will be returned unopened.
In order to assure your proposal is fairly considered, it must be submitted in a properly sealed envelope, clearly marked on the outside lower left hand corner surface with the numbers **"23-4090-02."** This includes overnight envelopes. Proposals marked otherwise may be opened prematurely.

PLEASE MAIL or HAND DELIVER TO:

BURNET COUNTY AUDITOR/PURCHASING AGENT
133 E. Jackson St., Ste. 101
Burnet, Texas 78611

OR
EMAIL: bids@burnetcountytexas.org

No proposals will be considered in which the proposal, specifications, or any provisions have been modified. The Request for Proposal number, **"23-4090-02"**, shall appear on any technical data or information furnished by your firm with this proposal.

A proposal that is in the possession of the County Auditor/Purchasing Agent may be withdrawn by the firm's representative, in person (with proper identification) or by written request up to the time of the proposal opening. Proposals may not be withdrawn after the

Specifications and Bid Sheet
For Depository Contract
Burnet County, Texas

PLEASE NOTE: Any change (addition, deletion, or alteration) to these specifications will automatically disqualify the bid.

These depository contract specifications provide for three types of financial relationships: Managing Bank, Participating Bank, and Investment Broker. The Managing Bank will be designated to handle banking services including, but not limited to, the establishment of demand checking accounts. Participating Banks will be authorized to hold secured time deposits in accordance with the provisions of law. Investment Brokers will be authorized to sell to the County government securities that are in accordance with the laws of the State of Texas.

AWARDING OF CONTRACT: Burnet County will award the Bank Contract based on the following criteria:

- Reputation of bidder and quality of services
- Ability to perform and provide the required and requested services
- Cost of banking services
- Completeness of bid and agreements to points outlined in the Depository Bid Sheet
- Funds availability to secure balances
- Interest rates paid on interest bearing accounts, time deposits, and investments
- Earnings credit on average available account balances
- Financial strength and stability
- Convenience of location
- No fee for early withdrawal

THE MANAGING BANK

In reply to the published notice of the Commissioners' Court of Burnet County (hereinafter referred to as "County"), the undersigned bank (hereinafter referred to as "Bidder") submits the following bid for the Managing Bank depository contract for the County of Burnet for a term of two years, beginning June 1, 2023, and ending May 31, 2025, or until a successor is qualified. The contract may be renewed for two additional years upon successful negotiations between County and Bank for new interest rates and financial terms.

The depository thus selected will be the depository for county funds, selected trust funds of the County and District Clerks of Burnet County, money collected and held by the Tax Assessor/Collector pending distribution, and all general and special funds of every nature which the County may tender for deposit during the two-year term.

Bank Information:
Amount of paid-up Capital Stock $ 1,150,000

Permanent Surplus $ 843,000
Total Stockholders Equity as of 12/31/2022 (date) $ 18,763,000 (GAAP)
$ 32,320,000 (Regulatory Capital)

*Difference in GAAP and regulatory capital due to unrealized loss position in available-for-sale securities. This may change monthly as values of securities increase or decrease.

(Fixed Rate)

___50___ basis points under or __________%

Minimum guaranteed interest rate ___1.50___%

3) Savings accounts; ___1.50___% fixed rate interest paid monthly. Savings accounts will earn interest from the date of deposit to the date of withdrawal. Number of accounts as determined by County.

Bidder agrees to pay County as follows for time deposits which are not submitted to other Participating Banks or Investment Brokers for competitive quotes:

1) For time deposits in amounts less than $100,000, interest based on the current Fed Funds Rate, compounded monthly:

			Fixed Rate
7 - 30 days @	50	basis points ~~over /~~ under or	________%
30 - 59 days @	50	basis points ~~over /~~ under or	________%
60 - 89 days @	50	basis points ~~over /~~ under or	________%
90 - 179 days @	50	basis points ~~over /~~ under or	________%
180 - 359 days @	50	basis points ~~over /~~ under or	________%

2) For time deposits in amounts $100,000 or more, interest based on 26-week U.S. Treasury Bill discount auction rate quoted in most recent Wall Street Journal, compounded monthly:

7 - 30 days @	50	basis points ~~over /~~ under or	________%
30 - 59 days @	50	basis points ~~over /~~ under or	________%
60 - 89 days @	50	basis points ~~over /~~ under or	________%
90 - 179 days @	50	basis points ~~over /~~ under or	________%
180 - 359 days @	50	basis points ~~over /~~ under or	________%

Minimum guaranteed interest rate ___1.50___%

NOTE: The maximum maturity date of any time deposit or other interest-bearing instrument under the terms of this contract shall be May 31, 2025.

County reserves the right to invest any and all of its funds through the Managing Bank, through Participating Banks, or through Investment Brokers in investments authorized in Section 116.112 of the Local Government Code, Art. 842a-2 of Vernon's Annotated Civil Statutes and the investment policy of Burnet County.

Bidder's bank equaling or exceeding overdraft in a County fund or account.)	$ $25 per presentment
12) Furnish safe deposit box as required	$ no charge 1st box - rates vary based on size for any additional.
13) Furnish lock bags for transporting deposits	$ no charge
14) Furnish envelopes and postage for bank-by-mail	$ no charge - envelopes only
15) Furnish coin counting and wrapping of change	$ no charge
16) Furnish cashier's checks as needed	$ no charge
17) Furnish monthly report of all Certificates of Deposit purchased by County	$ no charge
18) Put checks in numerical sequence for all monthly account statements	$ no charge
19) Furnish endorsement stamps as needed	$ at cost
20) Furnish account analysis on all accounts, as needed	$ N/A
21) Cash payroll checks for Burnet County Employees	$ no charge
22) Fee for Investment transaction	ACH & wires: no charge investment safekeeping:$ $50 per item
23) Fee for ACH & wire origination	$ no charge
24) Direct payroll deposit	$ no charge
25) Payroll employee pay card	County will pay for cardstock $ no charge for service
26) "On-line" banking services	$ no charge
27) Stale dated checks – not accepted after 180 days	$ not available
28) Availability schedule	$ no charge
29) Automated daily balance reporting	$ no charge
30) Daylight OD provisions	$ no charge
31) Employee checking account costs	$ Monthly Service Charges waived on Personal Checking accounts.
32) Remote Capture Deposit	$ no charge: bank will provide up to 2 scanners at no cost to county.
33) Positive Pay Services	$ no charge

PARTICIPATING BANKS

County funds may be invested in time deposits (non-negotiable certificates of deposit) issued by commercial banks in the State of Texas for which the banks have pledged collateral in accordance with Chapter 116, "Depositories for County Public Funds," Local Government Code, Vernon's Texas Codes Annotated, and Art. 842a-2, "Public Funds Investment Act," Vernon's Annotated Civil Statutes.

After determining its investment requirements, the County may solicit time deposit rates from Participating Banks (plus Managing Bank). Time deposits will be placed with the Participating Bank (or Managing Bank) offering the highest rate. Funds in the amount of the deposit, plus the interest earned, will be wired back to the Managing Bank on the maturity date of the time deposit.

Collateral in the form of approved pledged securities equal to the amount of County time deposits must be provided by Participating Banks. Securities shall be held in correspondent or third-party banks not in branch banks.

If a bank wishes to become a Participating Bank, a Letter of Intent must be submitted and approved. (Letter of Intent is provided as Attachment #2)

INVESTMENT BROKERS

County funds may be invested in numerous instruments as authorized in Chapter 116, "Depositories for County Public Funds," Local Government Code, Vernon's Texas Codes Annotated, and Art. 842a-2, "Public Funds Investments Act," Vernon's Annotated Civil Statutes.

After determining its investment requirements, the County may solicit investment rates from Investment Brokers (plus the Managing Bank). These investments will be placed with the firm offering the highest rate. Funds in the amount of the purchase, plus the interest earned, will be wired back to the Managing Bank on the maturity date of the investment instrument.

If an investment firm wishes to be a broker for the County, a Letter of Intent must be submitted and approved. (Letter of Intent is provided as Attachment #2)

ATTACHMENT #2

LETTER OF INTENT TO PROVIDE INVESTMENT SERVICES AS MANAGING BANK OR PARTICIPATING BANK

It is hereby agreed that the undersigned bank will provide investment services to Burnet County if chosen by the Commissioners' Court of Burnet County either as the Managing Bank or a Participating Bank for the period beginning June 1, 2023, and ending May 31, 2025, based upon our understanding of the following:

1) As either the Managing Bank or a Participating Bank, we are authorized to hold secured time deposits (non-negotiable certificates of deposit) of County funds The amount of time deposits to be held at the Managing Bank or Participating Banks is to be determined by the County based upon the highest interest rate solicited from the respective banks by competitive quotes at the time of deposit.

2) In accordance with Chapter 116, "Depositories for County Public Funds," 1988 Local Government Code, Vernon's Texas Codes Annotated, collateral equal to the amount of all County time deposits will be pledged to Burnet County. Collateral shall be in the form of approved security instruments. County shall retain the right to disapprove of any pledged security.

   Securities shall be held in correspondent or third-party banks <u>not</u> in branch banks.

3) Bank will provide a routine monthly report showing current market values of all pledged securities and total monthly deposits.

4) The maximum maturity date of any time deposits or other interest-bearing instrument under the terms of this contract shall be May 31, 2025.

DATE: February 21, 2023

INSTITUTION: Hill Country National Bank a branch of Llano National Bank

SIGNED BY: EVP & COO (JOE JOHNSON)

TITLE: EVP & COO

Schedule RC—Continued

Dollar Amounts in Thousands	RCON	Amount	
Liabilities—continued			
20. Other liabilities (from Schedule RC-G)	2930	845	20.
21. Total liabilities (sum of items 13 through 20)	2948	280,780	21.
22. Not applicable			
Equity Capital			
Bank Equity Capital			
23. Perpetual preferred stock and related surplus	3838	0	23.
24. Common stock	3230	1,150	24.
25. Surplus (excludes all surplus related to preferred stock)	3839	843	25.
26. a. Retained earnings	3632	30,327	26.a.
b. Accumulated other comprehensive income (1)	B530	(13,557)	26.b.
c. Other equity capital components (2)	A130	0	26.c.
27. a. Total bank equity capital (sum of items 23 through 26.c)	3210	18,763	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	0	27.b.
28. Total equity capital (sum of items 27.a and 27.b)	G105	18,763	28.
29. Total liabilities and equity capital (sum of items 21 and 28)	3300	299,543	29.

Memoranda

To be reported with the March Report of Condition.

	RCON	Number	
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2021	6724	NR	M.1.

1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution

1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution

2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

3 = This number is not to be used

4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)

5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)

6 = Review of the bank's financial statements by external auditors

7 = Compilation of the bank's financial statements by external auditors

8 = Other audit procedures (excluding tax preparation work)

9 = No external audit work

To be reported with the March Report of Condition.

	RCON	Date	
2. Bank's fiscal year-end date (report the date in MMDD format)	8678	NR	M.2.

1 Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.

2 Includes treasury stock and unearned Employee Stock Ownership Plan shares.