

THE STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

DEPOSITORY AGREEMENT

THIS AGREEMENT is made and entered into as of the _____ day of May, 2013, by and between the COUNTY OF HIDALGO, TEXAS, one of the duly organized counties and political subdivisions of the State of Texas, hereinafter called "County", and Lone Star National Bank, a national banking association with offices in Hidalgo County, Texas, hereinafter called "Bank".

WHEREAS, in response to notices placed by the County soliciting bids for the appointment of the County Depository, Bank submitted its bid for same; and

WHEREAS, as the culmination of competitive bidding, on the ____ day of April, 2013, the Commissioner's Court of County appointed Bank its County Depository; and

WHEREAS, the County and the Bank now desire to enter into a formal agreement to govern the financial relationship between them;

NOW, THEREFORE, in consideration of the mutual covenants, agreements and undertakings herein contained, County and Bank agree as follows:

I. COUNTY DEPOSITORY

1.1 Appointment of Depository. County hereby designates, selects and appoints Bank its' County Depository for County funds, County and District Clerk funds and Drainage District No. 1 funds. Bank agrees to act as County Depository, pursuant to V.T.C.A., Local Government Code, Chapters 116 and 117, to keep and disburse all funds deposited by County with Bank and faithfully perform its duties under the terms of

this Agreement. Bank shall provide County with banking services that include demand deposit accounts, investment assistance with time accounts and government securities, loan services and other banking services that are enumerated herein.

1.2. Term. Bank shall act as Depository until the County's Commissioners Court regular May term in the year 2017, and for so long thereafter as necessary in order for County to change over to any successor Depository. At least sixty (60) days prior to the second anniversary date of this Agreement, Bank, by written notice to County, may, in accordance with Local Government Code Section 116.021(b), establish, on the basis of negotiations with County, new interest rates and financial terms of this Contract that will take effect during the final two years of this Contract if the new financial terms do not increase the prices to the County by more than ten percent (10%).

1.3. Applicable Law. County and Bank agree that they will, at all times, comply with the provisions of V.T.C.A., Local Government Code, Chapters 116 and 117 as may from time to time be amended. Further, the terms of this Agreement shall, at all times, be subject to the Constitution of the State of Texas, and the rules and regulations promulgated by the Office of the Comptroller of the Currency, the Federal Reserve System and the Federal Deposit Insurance Corporation.

II. DEMAND DEPOSITS AND RELATED SERVICES

2.1 Demand Deposit Accounts. Subject to the terms of all attachments and exhibits to this Agreement, Bank shall provide any and all checking accounts, including Public Fund N.O.W. checking accounts as indicated in Bank's depository bid, requested by County for County funds, County Clerk funds, District Clerk funds and Drainage

District funds. Aggregate balances greater than those required by the County to meet its current obligations will be invested, with excess funds placed either in interest bearing transaction accounts, or time deposits, pursuant to instructions received from County. The instructions shall be in accordance with the procedures and provisions set forth in Section III of this Agreement. The County will pay for all checks and deposit slips, which may be ordered through the Bank.

2.2 Pledge of Securities. Except to the extent payment of demand deposit balances are guaranteed by the Federal Deposit Insurance Corporation, all County demand deposits will be secured and guaranteed by a pledge to County of marketable securities of the type, nature and quality (i) authorized and allowed by, and within the time period required by, V.T.C.A., Local Government Code, Chapters 116 and 117, as may be amended from time to time, (ii) approved in advance by the County Judge (hereinafter referred to as "Securities"), (iii) allowed by County's Investment Policy, and (iv) as determined by all attachments and exhibits to this Agreement. The Securities shall be deposited with the correspondent bank of Bank which is presently Frost National Bank. The correspondent bank shall be authorized to surrender to Bank from time to time all interest coupons becoming due on said Securities so deposited or interest earned and collected on any Securities deposited, or the correspondent bank may collect said coupons or interest and deliver the proceeds thereof to Bank, so long as Bank is not in default to County under the terms of this Agreement. At any given time, all Securities pledged shall have a total market value determined by the County to be at least equal to **105%** of the uninsured aggregate demand deposit balance. When the County determines that the total market value of Securities pledged by Bank is in

excess of 105% of the amount required to fully insure County, the County shall authorize the correspondent bank to release Securities to Bank in an amount equal to the excess that the County determines to exist. In the event the County determines that the market value of the Securities pledged is less than 105% of the uninsured aggregate demand deposit balance, it shall notify Bank in writing and Bank shall, within one banking day, pledge Securities determined to be sufficient by the County to cover any such deficit and immediately deposit same with its correspondent bank.

Bank shall provide County daily, at or before 11:00 a.m. on each banking day, a list of the Securities pledged against the demand deposit accounts and the market value of the Securities based on the relevant market.

If Bank shall desire to sell or otherwise dispose of any one or more of said securities so kept in safe keeping, it may substitute for any one or more of such securities other securities of the same market value and of the character authorized herein.

2.3 Overdrafts. Bank agrees to provide overdraft coverage to the County for each account as provided in all attachments and exhibits to this Agreement. Overdraft checks will be paid as long as the aggregate funds on deposit in all demand deposit accounts are sufficient to meet the amount of total overdrafts. All NSF items presented for payment and subsequent Overdrafts will be covered as long as the County of Hidalgo has cumulative balances in all accounts to cover the NSF/overdraft balance and the total is not to exceed \$1,000,000. If the aggregate funds are insufficient, Bank will consider a loan to provide the monies necessary to cover the overdrafts, but loan will be subject to the then current bank underwriting criteria and subject to bank approval.

2.4 Other Related Services. Bank will provide the following additional services to County at a cost either set forth in all attachments and exhibits to this Agreement, or, if the service or item is to be performed or purchased through a source outside of the Bank, then at the cost assessed by the third party, which may include but not be limited to:

- (a) Service charges on any County account or on any account of any organization connected with the County, included but not limited to County account, County Clerk accounts, District Clerk accounts, and Drainage District accounts, are set forth in all attachments and exhibits to this Agreement.
- (b) Preparation of monthly statement beginning with the first day of month and ending with the last date of the month, showing debits, credits, and balances of each separate account and sequential listing of cashed checks within seven (7) working days-after calendar month-end. Provide insufficient fund items, deposit slips, charge backs, return items, checks paid and items deposited un-encoded.
- (c) Keep a full and separate itemized account of each different class of County funds coming into its hands and; making its records available for audit by the County and its' independent auditors.
- (d) Preparation of such other reports, accounts, and records which may, from time to time, be required by County in order to properly discharge the duties as provided by the law of the Depository.
- (e) Arrange canceled checks in numerical sequence.
- (f) All checks deposited shall be honored in the demand checking account based upon Bank's funds availability schedule.
- (g) Provide a daily summary of the demand accounts, time deposits, and securities pledged.
- (h) Furnish a suitable safety deposit box or boxes if needed.
- (i) To provide suitable vault space for the County Clerk's office and other County offices and departments.
- (j) Furnish cashier's checks and/or bank drafts to the County.

- (k) Furnish night depository services, including locking bags and keys. Such bags will be available to the County on bank holidays on which County offices are open.
- (l) To furnish checks and deposit slips of the quantity, quality and type necessary for County's use.
- (m) To provide Federal Obligations investment service when needed.
- (n) Furnish wire transfers for deposits and disbursements to the County.
- (o) Stop payment on checks to the County.
- (p) Coin counting and wrapping service, as well as money straps and coin envelopes.
- (q) Endorsement stamps.
- (r) Diskette for bank reconciliation purposes of paid items for accounts designated by County.
- (s) Direct Deposit service for payroll checks.
- (t) Research statement reproduction.
- (u) Monthly report of the market value of securities pledged.
- (v) Provide ledger credit on the same banking day as deposits occur (holidays and weekends excepted). Subject to the then current bank availability schedule attached schedule 4. This includes same credit on wire transfers of funds from the Federal and State government, subject to the Banks wire transfer times and agreement attached schedule 5.
- (w) Lockbox Services as described in the Lockbox Processing Agreement attached hereto as Exhibit "A".
- (x) Daily ledger and average balance reporting delivered daily to the departments of the County designated to receive same by County Judge.
- (y) Bank personnel and bookkeeping time dedicated solely to County, as needed.
- (z) Bond and coupon service.
- (aa) Work up of night deposit bags.

- (bb) Cashing of nonbank customer's checks drawn on County accounts.
- (cc) Daily hand delivery of all charge back items to departments of County.
- (dd) Cut-off statements provided weekly and monthly.
- (ee) Automated Clearing House services.
- (ff) Safekeeping services for all trust accounts of County.
- (gg) Checks and statement physically delivered to County offices at statement cycle time.
- (hh) Provide any other services normally rendered banking customers that are exempt from service charges by any banking regulation.

III. TIME DEPOSITS

3.1 Investments in Government Securities. County and Bank agree that all County funds not placed in demand deposit accounts in accordance with Section II of this Agreement, will be invested by County in accordance with V.T.C.A., Local Government Code, Chapters 116 and 117, in direct debt securities of the United States or in other authorized investments as set out in said statute and in conformity with County's Investment Policies, as may from time to time be amended. County shall only invest funds that are not, in County's sole discretion, required to pay County's immediate obligations. All such investments shall be in County's name. The County shall receive 100% of the yield on all investments. Investment decisions made by the County will be based solely on the decisions of the County and all risks appurtenant thereto shall be borne by the County.

3.2 Purpose of Investments. County will conduct a thorough analysis of its finances and will make projections and estimate funding needs over the term of this Agreement. Based on this analysis, and in accordance with County's Investment

Policies, County will purchase using approved brokers of the County, with the funds transferred if needed by the Bank, debt securities of the United States of America and its agencies or other investments permitted by the applicable statute or will deposit funds in a federally insured time deposit at other financial institutions and will match the maturities of all of these investments with County's anticipated funding needs. Bank will provide assistance to County in developing its projections; however, it shall be County's duty, not Bank's, to make accurate projections of its cash flows and funding needs and to match its investment decisions to these estimates.

3.3 Procedures for Security Purchases. County will be solely responsible for its investments in accordance with County's Investment Policies. Bank agrees to provide limited assistance and counseling to County regarding investment portfolio management and analysis without charge, but the responsibility for all investment decisions shall remain solely with the County. Bank agrees to provide daily to the County Treasurer's Office, market value valuation and collateralization reports of Securities and investments made pursuant to this Agreement. Bank shall remit all audit reports required by County within a reasonable length of time.

3.4 Underestimates of Funding Requirements. If at any time County finds that its funding needs are greater than those projected at the time the Securities were purchased, Bank will consider a loan if necessary to cover the shortage in funds to County in accordance with the provisions of Section IV, below.

IV. LOAN SERVICES

4.1 Loan Terms. Bank agrees to consider loans to County throughout the term of this Agreement, but makes no commitments to make any loan. The interest rate

charged on all loans will be at a rate equal to the prime rate set by the Wall Street Journal, which, for the purposes hereof, is defined as the base rate on corporate loans at large United States money center commercial banks, as published daily in the Money Rates section of the Wall Street Journal, (the "Prime Rate"). The interest rate shall be adjusted daily to the Prime Rate in effect.

4.2 Unsecured Credit. Bank shall grant to County an unsecured revolving line of credit up to \$1,000,000, subject to the then bank credit guidelines and approval, said line of credit to be used to cover any outstanding overdrafts. The line of credit shall be evidenced by loan documents other than this Agreement.

4.3 Secured Credit. Bank may make loans to County which are 100% secured by a pledge of Securities owned by County. Total amount of secured loans shall be limited to the total market value of County's Securities portfolio. All secured loans shall be subject to then bank credit guidelines and approval.

V. GENERAL PROVISIONS

5.1 All obligations of the parties created hereunder are to be performed in Hidalgo County, Texas.

5.2 Should any provision of this Agreement be declared invalid, illegal or void it is the intent of the parties that all other provisions remain fully enforceable.

5.3 All section and paragraph headings contained herein are for informational purposes only and are not intended to be binding upon the actual contents of the sections and paragraphs and, in the event of a conflict between headings and contents, the contents of each section and paragraph shall rule.

5.4 All notices or demands of any kind, which the parties may be required or may desire to serve upon each other under the terms of this Depository Agreement may be served upon the parties by leaving a copy of such demand or notice with the party or by mailing a copy thereof by registered or certified mail, postage prepaid, addressed to:

If to County: County of Hidalgo, Texas
Attn: County Judge
302 West University Drive
Edinburg, Texas 78539

If to Bank: David Penoli, EVP CFO
520 E. Nolana
McAllen Texas 78504

If to correspondent
bank:

or at such other address or addresses at which may be designated by the parties in writing to each other.

5.5 In the event of a conflict between the provisions of this agreement and those contained in Bank's County Depository Bid Form, the provisions of the Bid shall control.

5.6 The following are attached hereto and incorporated herein: Exhibit "A", and Exhibit "B".

EXECUTED in multiple originals as of the date first above written.

Signatures follow on the next page.

HIDALGO COUNTY, TEXAS

By: _____
Ramon Garcia, County Judge

ATTEST:

Arturo Guajardo, Jr. County Clerk

Lone Star National Bank

By: _____
David Penoli, EVP CFO

ATTEST:

Cashier

CORRESPONDENT BANK:

Frost National Bank

By: _____

Printed Name: David Lane

Title: Correspondent Banker

ATTEST:

Cashier

Approved As To Form:
Atlas, Hall & Rodriguez, LLP

By: _____
Stephen L. Crain,

Date: _____

THE STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

This instrument was acknowledged before me this ____ day of _____, 2013, by Ramon Garcia, County Judge of Hidalgo County, Texas, on behalf of said County.

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on this ____ day of _____, 2013, by _____, _____ of _____, a national banking association, on behalf of said association.

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 2013, by _____, a _____ of Frost National Bank, a national banking association, on behalf of said association.

Notary Public, State of Texas

EXHIBIT "A"

HIDALGO COUNTY

LOCKBOX PROCESSING AGREEMENT

In consideration of the mutual covenants and premises herein expressed, Lone Star National Bank, a national banking association with offices in McAllen, Hidalgo County, Texas ("Bank"), and HIDALGO COUNTY, TEXAS ("County"), do hereby agree as follows:

ARTICLE I

Terms

The following terms shall have the meanings indicated:

- 1.1 Business Day - A day on which Bank is open for the general business of banking.
- 1.2 Instructions - A set of instructions, provided and executed by County and accepted by Bank, setting forth details as to how County desires Bank to handle Items for County. One set of Instructions shall be executed by County for each lockbox the County has with the Bank. A copy of Instructions is attached hereto as Exhibit "A".
- 1.3 Items - Any and all checks, evidences of payments or accompanying documents delivered by U.S. mail or otherwise to lockbox(es) P.O. Box 2287, McAllen, Texas, 78502.
- 1.4 Lockbox Processing - Opening and handling of Items by the Bank for County pursuant to the Instructions.
- 1.5 Teller payment processing- the receipt of tax payments at the teller windows.

ARTICLE II

Rights and Duties

- 2.1 Bank agrees to use its best efforts to perform Lockbox Processing and Teller Tax payment receipts at the Bank branches on behalf of the County, all in accordance with County's Instructions on Business Days to perform the Lockbox Processing as described herein.
- 2.2 Bank will use its best efforts to handle Items in accordance with the Instructions specifically including, but not limited to, numbered paragraph

5 on Schedule 1 to the Lockbox Instructions attached hereto as Exhibit "A" and return to County, pursuant to the Instructions, those Items which are not identified by the Instructions, as acceptable for processing:

All checks bearing restrictive notations such as "payment in full," "balance on account", or "final settlement", will not be deposited but will be forwarded to County. The Bank shall examine the reverse of any items for presence of any restrictive notations or endorsements.

- 2.3 Items which are checks or drafts for which Bank unsuccessfully tries to receive a credit will be charged back to County's account(s) specified in the applicable Instructions, (unless otherwise specified in writing), and such Items, if available, will be returned along with the debit advice, to County.
- 2.4 Checks drawn in foreign currency will be handled on an individual collection basis only, and Bank assumes no risk of loss nor any liability which any party, including County, may suffer by virtue of any fluctuation(s) in exchange rate(s).
- 2.5 The term of this Agreement shall commence on the day of May, 2013, and shall terminate on the date of termination of that one certain Depository Agreement between the County and the Bank.
- 2.6 Bank shall indemnify and hold County harmless for any act done or step taken or omitted by Bank or which in any manner may arise as a result of Bank's negligence or for any mistake in fact or law.
- 2.7 Bank shall not be in default under this Agreement if Bank cannot perform obligations hereunder due to the malfunction of the County's computer system, including both hardware and software. Bank agrees to create an electronic file in accordance with the current Lockbox File layout in use by County Tax Office, using its remittance processing software representing all tax payments received according to this agreement, and said files shall be transmitted to the County. County agrees to accept the Banks electronic file to post payments in its tax system/software. All costs to interface the electronic file created by Bank to the County's tax software remains the responsibility of the County. Bank shall not be responsible for the accuracy of tax statements mailed by County or for errors resulting from instructions given to the Bank by the County employees pursuant to this Agreement and as authorized herein under Paragraph 3.2.
- 2.8 In the event any Instructions relate to the processing of any Items which are payable singularly or jointly to a person or entity other than County ("Third Party"), County expressly warrants that it has the authority and right to direct and control the funds presented by such Items and that such

authority and right has been expressly granted to it by such Third Party and that County has the right and authority to direct the disposition of such funds.

ARTICLE III
Miscellaneous

- 3.1 Each set of Instructions shall be effective as to one and only one lockbox of County with the Bank and shall remain in effect until this Agreement is terminated or until such Instructions have been superseded by subsequent written Instructions which have been agreed to by the Bank in writing.
- 3.2 Instructions may be executed by any one of the following and on behalf of County:
- | | |
|-------------------------------------|--------------------------------|
| Name: Pablo (Paul) Villarreal, Jr., | Title: Tax Assessor/Collector |
| Name: Neida Chavana | Title: Tax Collections Manager |
| Name: Eva Mireles | Title: Tax Operations Manager |
- 3.3 Bank will honor oral changes to instructions given by the persons authorized under 3.2 above, provided such oral modifications are valid for a period not to exceed one week (seven days), and such instructions do not substantially change the procedures specified in the Lockbox Instructions attached hereto as Exhibit "A". Within one week of the issuance of such oral modification, duly executed superseding Instructions must be received by the Bank or the previous Instructions, without the oral modifications, shall again be in full force and effect. County agrees to conduct training with the Bank as needed each year to assist Bank personnel in managing this service. County agrees to provide unlimited support to the Bank as needed to ensure that the lockbox function operates efficiently.
- 3.4 This Agreement may not be modified in any manner without the express written consent of both parties, except as provided for in Section 3.3 hereof.
- 3.5 Upon Termination of this Agreement, by expiration or otherwise, paragraphs 2.6 and 2.8 shall survive termination with respect to any action or inaction taken with respect to this Agreement prior to the effective date of termination.

3.6 Notices shall be in writing and either delivered in person or given by first class U.S. Mail and shall be deemed received two (2) business days after the postmarked date if given by mail.

3.7 Notices shall be addressed as follows unless otherwise designated in writing:

If to Bank: David Penoli,
EVP CFO
520 E. Nolana
McAllen Texas 78504

If to County: Hidalgo County
Attn: County Judge
302 W. University Drive
Edinburg, Texas 78539

3.8 This Agreement incorporates by reference any and all agreements set forth on the signature cards for the accounts referenced herein or in any applicable Instructions and any and all reasonable rules or regulations not or hereafter promulgated by Bank which relate to the type of accounts referenced herein or referenced in any applicable Instructions. In the event of a conflict, this Agreement shall be controlling.

3.9 This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, except as Federal law may otherwise apply.

3.10 Venue for any and all purposes under this Agreement shall be in Hidalgo County, Texas.

3.11 The undersigned represents and warrants that he/she has the requisite and necessary authority to execute this Agreement on behalf of County and that all necessary action has been taken to authorize this Agreement and that this Agreement upon execution shall be a binding obligation of County.

EXECUTED this ___ day of May, 2013, in Hidalgo County, Texas, but effective as of the date first set forth in paragraph 2.5 above.

COUNTY OF HIDALGO

By: _____
Ramon Garcia, County Judge

ATTEST:

Arturo Guajardo Jr., County Clerk

Lone Star National Bank

By: _____

Approved As To Form:

By: _____
Stephen L. Crain,
Atlas, Hall & Rodriguez, L.L.P.

Date: _____

Exhibit "A"

LOCKBOX INSTRUCTIONS

These Lockbox Instructions ("Instructions") are given by the County of Hidalgo ("County") to, and are hereby accepted by, Lone Star National Bank ("Bank"), a national banking association.

Agreements:

In consideration of the mutual covenants herein expressed, the County hereby instructs Bank, and County and Bank agree as follows:

1. Definitions: As used in this Agreement, the following capitalized terms shall have the following meanings:
 - a. Items shall have the meaning set forth in the Lockbox Agreement.
 - b. Tax Account shall mean ad valorem tax accounts of any ad valorem taxpayer(s) of County.
 - c. Account Debtor shall mean any person or entity obligated in respect of a Tax Account.
 - d. Tax Account Payment shall mean any payment made by or on behalf of any Tax Account.
 - e. Lockbox shall mean the lockbox described in the Lockbox Agreement of County and Bank.
2. Payment into Lockbox Account.

(a) From and after the date hereof, Tax Account Payments shall be mailed to the Bank by the Account Debtors and shall be addressed to the Lockbox. All Account Payments as are actually received by the Bank into the Lockbox shall be deposited, on the day received, in a suspense account in the name of the Tax Assessor-Collector of the County. Such suspense account(s) are hereinafter referred to as the "Lockbox Accounts". Within one business day following the date of deposit of funds in such suspense account, such funds shall be available to County and shall be deposited by the County into account(s) designated by the Tax Assessor-Collector of County.

(b) All invoices, collection notices, and other correspondence of County to each Account Debtor shall reflect that all Tax Account Payments then or thereafter

made and returned by mail by Tax Account Debtors in respect of any Tax Accounts shall be mailed to the Lockbox.

3. Access to Lockbox. Bank shall have the sole and exclusive right to access the Lockbox.

4. Schedule 1. Schedule 1 is attached and incorporated herein at this point for all purposes as constituting the services to be provided to County by Bank hereunder.

5. Amendments. Neither these Instructions nor any provision hereof may be amended, changed or modified orally, except as provided in the Lockbox Agreement, but may be amended, changed or modified only by an instrument in writing signed by County and the Bank.

IN WITNESS WHEREOF, these Instructions are executed on the ____ day of _____, 2009, but are effective as of _____, 2013.

SIGNED FOR IDENTIFICATION:

COUNTY OF HIDALGO, TEXAS

By: _____
Ramon Garcia, County Judge

By: _____

“SCHEDULE 1”

SPECIFICATIONS

In accordance with the Lockbox Processing bid specifications and requirements, proposes the following:

1. The following definitions shall apply to these specifications:
 - (a) Hits
Check and Tax statement amount match
Current tax year
-Payable to Pablo Villarreal,
Tax Assessor-Collector
 - (b) Shorts
Amount of Check is less than amount on
the Tax Statement
 - (c) Overs
Amount of Check is more than amount on the
Tax Statement
 - (d) Multiples
One Check to pay several statements
Several checks to pay one statement
 - (e) Miss
Amounts which do not match
Payee incorrect
Incorrect tax year
All documents will be dated, stapled to
corresponding envelope and sent back to Tax
Assessor office for processing.
2. Taxpayer requesting a receipt or if there is correspondence **WILL BE PLACED IN A DIFFERENT BATCH** and all documents will be stapled to its corresponding envelope, dated and forwarded to Tax Assessor/Collector's Office for processing.
3. The bank will have total jurisdiction of a Post Office Box from approximately **May 10, 2013** to **May 9, 2017** of the following year.
4. The Bank will receive approximately 100,000 tax account payments through the lockbox.
5. The following steps which may or may not be performed in the order shown, will be performed daily by
 - (a) Mail Pickup;
 - (b) Opening the mail;
 - (c) Sorting the mail;

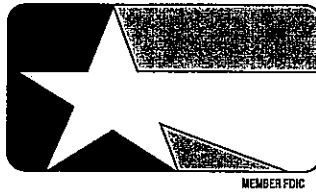
- (d) Batching;
- (e) Create a Flat File and E-mail daily to Tax Office;
- (f) Delivery of completed work to Tax Office.

6. That Bank proposes to process each statement under the following guidelines:
- (a) Insure that each check is properly endorsed and made payable to Pablo Villarreal, Tax Assessor-Collector.
 - (b) That each statement contains the taxpayer's identification number, tax years and amount due.
 - (c) Only current year tax payments will be processed, if over, system will default to delinquent years, or refund. If short, it will be applied as a partial payment. Partial Payments also accepted.
 - (d) Exception ("miss") statements such as: Statements without "R" numbers.
 - (e) All correspondence or receipt requested will be segregated, dated and given back to Tax Assessor/Collectors' office for processing.
 - (f) The Bank agrees to provide the County with the following equipment*:

None. The Bank will be able to scan coupons and checks and provide a flat file for processing.
 - (g) Intentionally deleted.
 - (h) The Bank will make its best effort to post all payments each day.
 - (i) After receipt and processing, the Bank will deposit the tax payments into a Tax suspense account in the Tax Assessor's name. The total funds deposited will be logged daily. On the business day of the posted deposit, the bank shall make these funds available to the County.
 - (j) The bank will forward the posted tax statements and deposit receipts to the County the next business day.
 - (k) Any and all daily reports furnished by the Bank will be those reports which are made available through the County's software.
 - (l) The bank will furnish the County weekly CD's of all checks and coupon imaged.

6. Bank must accept tax payments over the counter at all bank locations during collection period of October thru January 31st.
7. Bank will receive current year tax payments at the teller windows during the collection period. The Bank is only required to issue an approved receipt reflecting payment. The Bank will not have any responsibility to identify or advise any tax payer.
8. County of Hidalgo agrees to pay for the lockbox services as provided in the options set out in the Depository Agreement by and between Bank and County dated _____. Fees will not increase more than 10% annually.
9. County and Bank agree that there may be steps or processes not contained in these specifications, or which may need to be modified based upon the then current circumstances. Each party agrees to put forth a reasonable effort to incorporate such new or modified steps into this agreement in writing as soon as practical.

EXHIBIT “B”



Lone Star National BankTM

**APPLICATION FOR "BANK DEPOSITORY AND/OR REMITTANCE PROCESSING
(LOCKBOX) AND OTHER SERVICES (i.e. TRUST ACCOUNT SERVICES)" HIDALGO
COUNTY No: 2013-016-03-05-YZV**

**SEALED APPLICATION
TO SERVE AS COUNTY DEPOSITORY BANK**

**Ramon Garcia, Hidalgo County Judge
City of Edinburg-Council Chambers
415 West University Drive
Edinburg, Texas 78539**

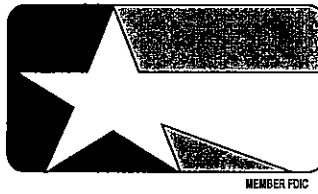
Dear Judge Garcia:

Please find included with this letter the sealed application to serve as County of Hidalgo Depository Bank. It is our pleasure to submit this application for consideration. Lone Star National Bank has been contributing to the Hidalgo County and Rio Grande Valley economies since our opening in 1983.

Corporate Profile

Lone Star National Bank was chartered on January 23, 1983 in Pharr, Hidalgo County, Texas, at the Corner of Highway 495 and 281. The Bank's founding Directors were Hispanic businessmen and doctors who chartered the Bank with the goal of making the future more progressive for its delineated community and to provide a higher quality of customer service for its customers. Shortly after the Bank was chartered, some of the founding Directors sold the stock to then board members Mr. Alonzo Cantu and Mr. Juan Pena. Mr. Cruz Cantu, III and Mr. Oscar Gonzalez, who were founding Directors, have continued to serve since its inception. Mr. Alonzo Cantu still serves as the Chairman of the Board.

At the time the Bank was chartered, the founding Directors' feasibility study included an in-depth analysis of the only local bank in Pharr, at that time. During August of 1994, Lone Star National Bank surpassed \$81 million in assets. Today, Lone Star National Bank remains the only independent bank chartered in Pharr. Achievement of the founding Directors' goals for making the community more progressive are evidenced by the steady growth of the Bank and the corresponding growth of its delineated communities.



Lone Star National BankTM

Lone Star National Bank purchased the original bank building in Pharr in December of 1993. By the end of 1993, the Bank had outgrown the existing building and applied for approval to build a new branch at the corner of Second Street and Lindberg in McAllen, Texas in keeping with its objectives to provide quality customer service and convenience. The Lindberg Branch opened on June 13, 1994.

In October of 1998, the company chartered its investment subsidiary, Lone Star Investments Services, Inc., which is provided by Linsco Private Ledger "LPL", effective March 2008.

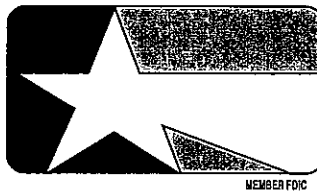
A bank-owned insurance agency became fully operational on October 1, 2000, under the name of LSNB Financial Services, Inc., which later had a name change to Lone Star Insurance Services, Inc., to focus on the goal of becoming the largest insurance agency in South Texas.

In August 2002, the company opened its new corporate offices at 206 West Ferguson, consolidating the corporate offices including our executives, human resources, brokerage, insurance, accounting, commercial lending, credit administration, and retail operation management. The Bank has continued to expand its market presence with the addition of new branches throughout the Rio Grande Valley communities, including North and South McAllen, North and South Mission, Rio Grande City, Brownsville, Edinburg, Harlingen, Weslaco, Hidalgo, Palmview, Roma, Central and West Brownsville, South Pharr, South Padre Island, Port Isabel, and Mercedes.

In March of 2008, an additional full-service branch was opened at the corner of McColl and Nolana, in McAllen, and the new Corporate Headquarters was occupied in October of 2009, to further solidify our already substantial market presences. In addition, an expanded office complex in Pharr to for administrative functions were completed the 1st Quarter of 2010.

During 2010, the Company opened its first branch in the San Antonio Market at 40 NE Loop 410, Suite 408, Mercantile Building. A second branch opened the same year at 7954 Fredericksburg Road.

In 2011, additional full-service branches were opened in San Antonio, Texas, at 10000 San Pedro and 6986 Zarzamora, in addition to a Data Center located at 100002 Rogers Run. During January 2013, the fifth San Antonio Branch was opened at 15326 Huebner. A sixth branch is under construction at 381 West Loop 1604 and will open mid-2013.



Lone Star National BankTM

In 2011, additional full-service branches were also opened at 201 North Texas, Rio Grande City; 2109 South 10th Street, in McAllen; and 620 West Expressway 83, in Weslaco.

As of year-end 2012, the Company's branches are now at thirty-one (31). LSNB employs over 600 people in the Rio Grande Valley and is committed to the success and growth of the communities in which we are located. Each year members of our management and board of directors donate their time and treasure to charities located throughout the Valley. Just during the last five years the Bank and its officers and directors have donated in excess of \$2MM in donations and sponsorships. We are proud of that number and are eager to see the Valley grow and prosper.

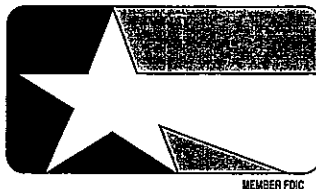
The tenure, experience and guidance of the existing Board of Directors combined with the experience and tenure of existing Executive Management with over 20 years' experience each, has enabled the company to consistently produce a strong shareholder Return on Equity (ROE). The Bank is now well positioned for additional growth and new opportunities to expand our market presence.

Operating results and goals reached thus far have been accomplished during a period of continual competition, expansions, volatile interest rates and uncertainty over the Fiscal Cliff which could produce a wide array of economic outcomes ranging from recession to robust growth. Further, the banking supervisory agencies and accounting standards have responded to these challenges by increasing regulatory review, governance demands, and compliance requirements that have or could have substantial adverse impact to customer service and operating efficiency.

Regardless of these many challenges, Lone Star National Bank has remained profitable and continued to grow during the most difficult economic times.

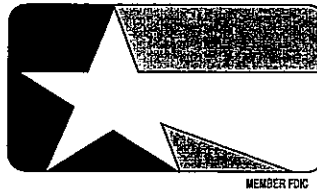
Historical Milestones

- | | |
|---------------------|---|
| January 1983 | Lone Star National Bank was chartered in Pharr, Hidalgo County, Texas on the Northwest corner of Highway 281 and Ferguson (Hwy 495) |
| March 1987 | Alonzo Cantu elected Chairman of the Board |



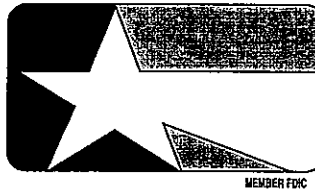
Lone Star National Bank™

- June 1993** A. Jabier Rodriguez elected President & Chief Executive Officer
- December 1993** Acquired original bank site and building, previously leased
- June 1994** Opened Lindberg Branch, the first branch location, 2nd Street, South McAllen, Texas
- August 1994** **Total Assets \$81 Million, the largest independent bank in Pharr, Texas**
- June 1995** Established holding company Lone Star National Bancshares – Texas, Inc.
- December 1995** **Total Assets \$106 Million**
- April 1996** Opened Dove Branch, Tenth Street and Dove, North McAllen, Texas
- April 1997** Opened Mission Branch, Glasscock Road, Mission, Texas
- October 1998** Chartered Lone Star Investments Services, Inc. and entered into an agreement with Raymond James Financial Services, Inc.
- August 1999** Chartered LSNB Financial Services, Inc. D/B/A Lone Star Insurance Agency, to sell life, health, accident insurance products.
- August 2000** Opened Rio Grande City Branch, Expressway 83, Rio Grande City, Texas
- December 2000** **Total Assets \$329 Million**
- July 2001** Opened Brownsville Branch, Expressway 83, Brownsville, Texas
- October 2001** The Company provided services through a subsidiary of Lone Star National Bank, clearing customer investment orders through Raymond James Financial Services, Inc. During 2001 the service was changed to be provided through a department of Lone Star National Bank. The subsidiary corporation was dissolved.



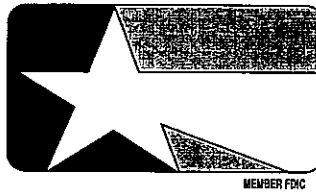
Lone Star National Bank™

August 2002	Opened new Corporate Headquarters 18,000 sq. ft. facility, 206 West Ferguson, Pharr, Texas
September 2002	Opened Edinburg Branch, South 10 th Street, Edinburg, Texas
December 2002	Total Assets \$588 Million
May 2003	Opened Harlingen Branch, Ed Carey and Runnels, Harlingen, Texas
November 2003	Opened Med Point Branch, Ridge Road, South McAllen, Texas
November 2003	Installed state-of-the-art integrated legacy IT in-house system, to provide the technology and future capacity for continued growth of technologically advanced financial services and delivery.
February 2004	Opened Hidalgo Branch, on South International Blvd., City of Hidalgo, Texas
April 2004	Opened Weslaco Branch, Texas Blvd. and Business 83, Weslaco, Texas
June 2004	Opened Palmview Branch, East Veterans Blvd., Palmview, Texas
June 2004	Acquired Boca Chica Towers, the future site for a second Brownsville branch, Boca Chica Blvd. and Expressway 83, Brownsville, Texas
December 2004	Total Assets \$1 Billion
January 2005	Opened a Roma Branch at 305 E. Grant Street, Roma, Texas
March 2005	Opened a South Pharr Branch at 1201 S. Cage Boulevard, Pharr, Texas
June 2005	Opened Mission Medical Branch, on 1100 S. Bryan Road, Mission, Texas



Lone Star National Bank™

June 2005	Opened Boca Chica Motor Bank, Brownsville, Texas
June 2005	Opened a Motor Bank at the Harlingen Branch location on Ed Carey Drive, Harlingen, Texas
August 2005	The Company declared a 900% stock split affected through a stock dividend
December 2005	Opened Harlingen Motor Bank-West, /at 918 W. Harrison, Harlingen, Texas
December 2005	Opened a Branch at Boca Chica Tower, 2100 Boca Chica Boulevard, Brownsville, Texas
December 2005	Total Assets \$1.3 Billion; Capital exceeds \$100 Million
February 2006	Opened Port Isabel Motor Bank, on Highway 100, Port Isabel, Texas
April 2006	Opened South Padre Island Branch, South Padre Island, Texas
November 2006	Opened Mercedes Outlet Branch, in the RGV Premium Outlets Mall, Mercedes, Texas
December 2006	Total Assets \$1.6 Billion
December 2007	Earnings exceed \$20 Million Risk Management Division was formed Office Banker®, a remote deposit capture network was fully implemented EZ-ATM with deposit capture network was fully implemented LSNB Mobile®, cell phone access was implemented Check 21, electronic check transmission and collection network, fully implemented
March 2008	Opened Nolana Branch at 600 E. Nolana, McAllen, Texas



Lone Star National BankSM

Expanded Insurance Agency services and underwriting, to include all lines

Converted customer accounts and clearing of investment products /services from Raymond James Financial Services, Inc. to LPL Financial Services, Inc. to better serve our customers.

December 2008

Total Assets \$1.8 Billion

January 2009

Opened DHR Medical Branch, at 5537 N. McColl Rd., McAllen, Texas

September 2009

Occupied Corporate Offices at 520 E. Nolana Ave, McAllen, Texas

September 2009

Opened the Art Village Branch at 800 N. Main Street, Suite 600, McAllen, Texas

December 2009

Total Assets of \$1.9 Billion

March 2010

Opened the Corporate Office-Annex in San Antonio, Texas, located at 40 North East Loop 410, Suite 408

August 2010

Total Assets \$2.0 Billion

August 2010

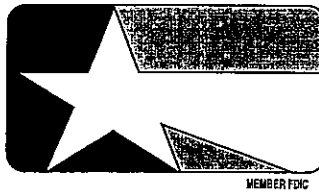
opened a branch site located at 7954 Fredericksburg Road, San Antonio, Texas

September 2010

Opened a Branch located at 118 South Cage Boulevard, Pharr (Pharr City Hall Building), Texas

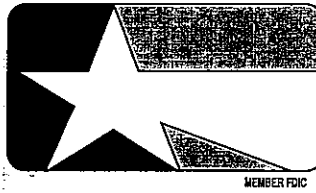
October 2010

Raised \$20 million in new capital to target acquisitions outside the Rio Grande Valley



Lone Star National BankTM

December 2010	Loan Growth in San Antonio was \$23 Million Dollars for 2010 and Deposit Growth was \$13MM
December 2010	Total Assets of \$2.1 Billion
January 2011	Opened a Branch located at 201 North Texas, Rio Grande City, Starr County, Texas 78582
April 2011	Opened a Branch located at 10000 San Pedro, San Antonio, Bexar County, Texas 78216
June 2011	Closed Branch located inside DHR Hospital at 5501 South McColl Rd. Edinburg, Texas
June 2011	Opened a Data Center located at 10002 Rogers Run, San Antonio, Bexar County, Texas 78251
August 2011	Established a San Antonio Advisory Board of Directors
October 2011	Opened a Branch located at 2109 South 10 th Street, Building 100, McAllen, Hidalgo County, Texas 78503
October 2011	Opened a Branch located at 620 West Expressway 83, Weslaco, Hidalgo County, Texas 78596
November 2011	Obtained approval from the OCC to establish a Branch at 381 West Loop 1604, San Antonio, Bexar County, Texas 78528
November 2011	Closed Mercedes Outlet Branch, in the RGV Premium Outlet Mall, Mercedes, Texas
December 2011	Opened a Branch located at 6986 South Zarzamora, San Antonio, Bexar County, Texas
December 2011	Lone Star Investment Services was recognized by LPL Financial, for ranking in the "Top Ten Percent (10%)" in Sales during 2011



Lone Star National Bank[®]

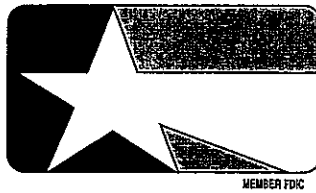
- December 2011** Yearend 2011 total assets in San Antonio Market reached \$73 Million with four (4) branches, within a period of two (2) years
- December 2011 Total Assets of \$2.2 Billion
- June 2012** CEO A. Jabier Rodriguez retires to enjoy his ranch in Fredericksburg, Texas
- December 2012** Total Assets of \$2.1 Billion
- January 2013** Completed the fifth San Antonio, Texas branch, 15326 Huebner, Bexar County, San Antonio, Texas, open date January 2013.
Construction on the sixth San Antonio branch at 381 West Loop 1604, Bexar County, San Antonio, Texas has begun and will be completed by mid-2013

Good Faith Guarantee(s)

As required by the instructions in the RFP please find a cashier's check made payable to Hidalgo County in the amount of **\$ 1,663,000.00** an amount in excess of (one half of one percent of revenues for the **year 2012***)

In addition please find a cashier's check for **\$108,000** (one half of one percent of the average daily balance of the registry funds held by the County Clerk and the District Clerk during the preceding calendar year as promulgated by Texas Local Government Code, Chapter 117.

Our bid reflects we believe covers the services needed by the County of Hidalgo, and is bid taking into consideration all the realities of the economy and financial environment that exists today. We are committed to the growth of Hidalgo County and the Valley and are hopeful that Lone Star National Bank is given the opportunity to serve as depository for the County of Hidalgo. Please contact me if you have any questions concerning this bid or any other way Lone Star National Bank can contribute to the continued success of the County of Hidalgo.



Lone Star National Bank[®]

Sincerely

David Penoli
Executive Vice President
Chief Financial Officer
Lone Star National Bank

LSNB (a contact person will be named once this bid is accepted and a contract is signed). The bank will consider the amount of, the maturity of and yield on the investment that can be obtained by HC, and if LSNB then chooses it will match the same terms with a certificate of deposit properly collateralized in HCs name, if the Bank elects not to match the investment, HC will be authorized to invest it's funds subject to this bid and subsequent contract outside of the Bank. All certificate of deposit rates will be determined at the time of investment and all certificates of deposit will be subject to a minimum of 7 day interest early withdrawal penalty.

Required Information

Bank must respond to all provisions and adhere to the format provided in this proposal to be considered a responsive applicant. The application must be signed by a duly authorized banking official and upon award of the depository contract by Commissioner's Court, the application and all attachments may be included in the official Depository Contract if desired by the County. Please submit the following:

1. Audited financial statements for the last two years. All banks wishing to be designated as the depository bank must state the amount of the bank's paid-up capital stock and permanent surplus and must submit a statement showing the financial condition of the bank on the date of the application.

Paid-up capital Stock: \$72,125,100.00
Permanent Surplus: \$2,985,804.64
Total Bank capital \$239,956,823

All figures stated above are as of 03/11/13. Please find attached Audited Financial statements for the last two years.

2. References from customers whose service requirements are similar to those of Hidalgo County.

City of Pharr	Juan Guerra, Finance Director	956-787-2703
City of Rio Grande City	Mary Barrera, Finance Director	956-487-0672

Please find attached the list of all public funds the bank currently has.

3. Bank Administrative Institute (BAI) questionnaire for most recent period.
N/A per bid answers provided by purchasing department of HC.
4. Current check clearing availability schedule with a description of areas where availability is provided sooner than the published schedule.
Please see attached availability schedule.
5. An Equal Employment Opportunity provisions statement must be submitted that indicates the bank will not discriminate against any employee or applicant for employment because of race, religion, sex, color, age, handicap, or national origin, which will become part of the contract conditions if the financial institution is awarded the contract. The statement should include a description of the financial institution's affirmative action plan.
The Bank is an equal opportunity employer that maintains a policy of nondiscrimination with respect to all employees and applicants for employment. All employment decisions will be made without regard to race,

color, religion, sex (including pregnancy), national origin, age, disability, veteran status, genetic information, or any other legally protected status. Employment decisions are based solely on the individual's qualifications, merit, and performance, subject to the business requirements of the Bank. Reasonable accommodations will be made for physical and mental limitations due to disability, unless to do so would result in an undue hardship upon the Bank, in accordance with applicable law.

6. Call Report or Thrift Financial Report for the most recent year-end. In addition, please provide most recent quarter if more recent than year-end.

Please see attached Call Report.

7. Current Bank Credit Rating by:

Moody's _____ N/A _____

Standard and Poor's _____ N/A _____

Bank Watch _____ N/A _____

Weiss Financial Rating B-

8. Comprehensive List of Service Prices: Bank must provide a comprehensive list of service prices. This list will be considered all-inclusive and prices shown on the list must be incorporated into the contract. If a four-year contract is executed, the bank has the option to establish, on the basis of negotiations with the County, new interest rates and financial terms of the contract that will take effect during the final two years of the four year contract. County has the option to choose to use any of the following:

- 1) The new financial terms do not increase the prices to the County by more than 10 percent; and
- 2) The variable interest rate option stated in this contract or to change to the new fixed or variable rate options proposed by the bank.

Please find attached a service charge schedule (Schedule 1) specifically for the services to be provided to the County of Hidalgo. This is the current schedule which may be subject to change at the banks discretion as part of the banks normal pricing.

9. Interest Rates: Hidalgo County is requesting for bank applicants to define specifically the method used by the applicant for interest calculations in its normal operations if the method uses a formula that is simple and the underlying index or instrument value is verifiable in the Wall Street Journal. Bank must furnish adequate information about the method used in calculating interest to allow Hidalgo County to determine interest payable under the contract independently. In addition, monthly historical interest rate data using this method for January 1, 2012 through December 31, 2012 should be included for comparison purposes in the selection process. Please fill out Exhibit A.

HC will not earn interest on any non-certificate of deposit balances held at LSNB. All accounts held by HC at LSNB will be put on analysis according to the detailed (but not totally inclusive) schedule attached. HC will be given an earnings

credit on average collected balances kept at LSNB computed monthly, these average collected balances will receive an earnings credit to offset hard analysis charges each month.

HC will earn on its account average collected balances kept at the bank an interest rate (earnings credit rate) tied to an average of 60% of the U.S. Treasury 26 week bill rate which will be determined by taking the average of the "investment rate" from the weekly auctions from the previous month. The bank uses www.treasurydirect.gov to obtain the values. The bank will provide the County a floor earnings credit rate of 8 basis points. The January 2012-December 2012 historical data for 26 week bill is on schedule 2.

10. Comprehensive Cash Management Capabilities: Bank must provide comprehensive cash management programs and associated costs.

The bank will offer the County Comprehensive Cash Management Capabilities.

Service Requirements:

1. Standard Disbursement Services: Standard disbursing services for all accounts are required to include the payment of all County checks upon presentation. No funds or fees may be withdrawn from the County Depository except by properly drawn warrants which have been approved and signed by appropriate authorities as designated on signature cards. All signature cards must be approved by the County Treasurer.

LSNB will pay as sent for clearing all CHECKS properly presented. Any WARRANTS, if any, would not be considered normal and will be managed on an exception basis. All signature cards will require prior to opening the account approval by the County Treasurer, or other statutorily authorized official, if any, and will be subject to all other New account opening processes as required under the current BSA laws applicable to new accounts for LSNB.

2. Standard Deposit Services: The bank will guarantee immediate credit on all wire transfers, ACH transactions and all checks based on Bank's availability schedule. All deposits received before the banks deadline will be credited daily.

Wires transfers will be credited according to the attached schedule. Checks will be subject to the then current bank availability schedule, the current schedule is attached.

3. Statements: Monthly account statements will be provided with all original cancelled checks, debit and credit memos, etc. and or optical images of the front and back of these items if the optical images are retained in accordance with the rules adopted by the Texas State Library and Archives Commission. This statement shall show the number of checks, deposits and deposit items posted, daily ledger balances, average daily ledger balance for the month, average daily collected balance for the month and other items on which charges are based. Such statements shall be provided within seven working days after calendar month-end.

The Bank will provide imaged statements to the County. In addition each month the County will receive an account analysis statement reflecting all charges for services provided by LSNB according to the then current service

charge schedule for the County, of which the current charges are reflected in Schedule 1. Fees for the different kinds of statements are listed in the schedule.

4. **Collateral Reports:** Detailed monthly collateral -to deposit report is required. The report shall contain security descriptions, par value/current face and current market value.

The County will receive a detailed report on a monthly basis.

5. It is requested that as part of the bid the depository bank will provide an on-line communication link to the County for daily reporting of fund balances, collateral and ledger balances and detail debits and credits.

The County will be able to connect to the bank via the banks web page to access grouped accounts by department or operational function, the County will provide LSNB with a breakdown of the authorized persons who will have access and to which accounts access is to be granted, along with what functions are allowed per each individual. This will allow for the efficient monitoring and operation of all HC accounts.

6. Service charges for monthly service included in a monthly analysis format, on group summary basis; except for non-interest bearing accounts.

Each month the County will receive an account analysis statement reflecting all charges for services provided by LSNB according to the then current service charge schedule for the County, of which the current charges are reflected in Schedule 1.

7. Ability to prevent check fraud by prior authorization of issued checks.

LSNB can offer positive pay accounts at the then current service schedule established for the County accounts.

8. Monthly account statements delivered in electronic file format, as well as paper.

Monthly statements will be provided in either electronic format, paper or both, subject to the then current service charge schedule for the County Accounts.

9. Wire transfer capability using dial in service (phone and/or computer) with dual control security features (primary and secondary authorization)

Wire transfer service requires a separate agreement and authorization process (Please see attached).

10. **Direct Deposit Payroll Processing:** Payroll direct deposit ACH modem transmission. Bank must have capability to accept payroll direct deposit ACH information by modem.

Direct Deposit Payroll Processing requires a separate agreement (please see attached) will be provided at the then current service charge schedule.

11. **Stop Payments:** The County will require the bank to issue stop payments executed from personal computers or fax by County personnel at County locations. Documentation for all rejected stop payments must be forwarded to the County within three days. Stop payments will be honored for one year.

Stop payments can be done electronically and will be charged according to the then current service charge schedule.

12. **Account Executive Person:** The bank will provide Hidalgo County with an Account Executive Service person located in Hidalgo County whose responsibility must be to serve as primary liaison between the Bank and Hidalgo County. This person will be responsible for attending to inquiries, requests for services, and daily activities regarding the managing of Hidalgo County Accounts.
A bank employee at the Edinburg branch located at 117 S. 10th Ave., Edinburg, TX 78539 will be assigned to account as a liaison. For investments a contact will be established to ensure efficient and timely investment operations with the LSNB Investment department.

13. **Waiver of Certificates of Deposit Penalty:** Occasionally the County of Hidalgo may need to cash a certificate of deposit before its date of maturity; if so the bank agrees to waive any penalties for early withdrawal.
The bank will charge a minimum penalty of 7 days accrued interest on all redeemed CDs.

14. **Printing:** Bank must provide checks and deposit slips printed in conformity with County specifications.
Any checks or deposits slips may be ordered at the convenience of the County at Bank Cost.

15. **Deposits:** Bank must accept mixed deposits containing cash, checks, and coins from the County.
Deposits worked via the night depository drop off or armor car delivery will be charged according to the then current fee schedule. All Tax Office deposits or night bags will be managed by the LSNB Vault Services department located in Pharr Texas. Over the counter deposits from all other HC departments will be charged according to fee schedule 1.

16. **Deposits at Branch Locations:** Bank must allow County personnel to make deposits at any branch location.
All night depository drop off or armor car delivery will be managed at the LSNB main vault located at 206 West Ferguson in Pharr. Over the counter deposits will be charged according to fee schedule 1, and can be deposited at any branch location.

17. All demand deposit overdrafts incurred in the normal course of business will be covered at no cost to the County as long as sufficient compensating balances exist in other County accounts.
All NSF items presented for payment and subsequent Overdrafts will be covered as long as the HC as cumulative collected balances in all accounts to cover the overdraft and the total overdraft is not in excess of \$1,000,000. NSF

items Overdraft balances will be subject to the then current service charge schedule.

18. Provide automated clearinghouse operations to allow the County to initiate electronic paperless entries through your financial institution and other financial institutions by means of ACH.
ACH origination requires a separate agreement with the bank and security authorizations which will be set up at with the proper authorizations from the County and subject to the then current service charge schedule.
19. Open Line of Credit: Bank must be willing to provide emergency as well as non-emergency loans to County, if needed; interest rates on such loans must be negotiated with Commissioner's Court.
LSNB will consider each loan request separately and according to the banks credit then current underwriting standards.
20. Endorsement Stamps.
Endorsement stamps will be provided at bank cost.
21. Night depository services, which include locking bags with keys for the numerous County Departments.
Night Depository service and armor car delivery service will be centralized at the LSNB Pharr Main vault facility located at 102 W. Ferguson in Pharr. HC can purchase its bank bags either directly or through LSNB at bank cost.
22. Daily delivery of all charge back items (NSF's).
Delivery of items, reports, statements, documents to the County will be available each morning subject to the then current fee schedule applicable to the County of Hidalgo.
23. Provide money straps, coin wraps and money envelopes.
Money straps, coin wraps, and money envelopes will be made available to the County at Bank cost.
24. List other services including any associated fees that bank is willing to provide.
All other non-discussed services available by LSNB will be made available to the County at the then current service fees.
25. Bank must be a member of the Automated Clearing House Network and be able to receive funds by wire.
LSNB is a member of the Federal Reserve and NACHA.
26. In addition to investments outlined elsewhere in this application, the County reserves the right to purchase, sell and invest its funds (including the proceeds of bond issues received prior to and passed

during the term of this contract) and funds under its control through a primary government securities dealer, as defined by the Federal Reserve, or with a bank domiciled in the State of Texas as permitted by Section 116.112 of the Local Government Code and the Public.

The County (HC) has the right to invest all proceeds as required by State Law. Lone Star National Bank (LSNB or the bank) through this bid requires that before any investment is made by HC that HC first contacts the investment division of LSNB (a contact person will be named once this bid is accepted and a contract is signed). The bank will consider the amount of, the maturity of and yield on the investment that can be obtained by HC, and if LSNB then chooses it will match the same terms with a certificate of deposit properly collateralized in HCs name, if the Bank elects not to match the investment HC will be authorized to invest it's funds subject to this bid and subsequent contract outside of the Bank. All certificate of deposit rates will be determined at the time of investment and all certificates of deposit will be subject to a minimum of 7 day interest early withdrawal penalty.

27. Funds Investment Act or as stated in the County's Investment Policy. Bank will and shall aid and assist County in any investment without charge.

LSNB will assist the County in dealing with brokers or dealers of securities as necessary on a complimentary basis up to two hours per week.

Legal Collateral Requirement Specifications

Allowable Securities

Collateral must consist of the following:

- U.S. Treasury Notes
- U.S. Treasury Bills
- Government National Mortgage Association Certificates
- Federal Farm Credit Banks Notes and Bonds
- Federal National Mortgage Association Notes and Bonds
- Federal Home Loan Mortgage Association Notes and Bonds

Required Level of Collateral

The initial amount of securities to be pledged against Hidalgo County shall be adequate to fully collateralize the funds of Hidalgo County according to the State laws of Texas and shall continuously remain as such. The amount is subject to change as deposits fluctuate in which case the collateral may be reduced with the approval of the County Treasurer.

At all times, the market value of collateral including accrued interest must be equal to or greater than 105 percent of the sum of the par value of the certificates of deposit plus accrued interest, the daily bank ledger balances less funds insured by the Federal Deposit Insurance Corporation.

Collateral for County of Hidalgo funds: From the data provided by the Purchasing Department; the County of Hidalgo has maintained on average, collected balances of close to \$60MM from Jan 2012 through Dec 2012.

LSNB is committed in providing acceptable collateral for \$60MM in balances, in excess of the FDIC insurance coverage, as described in Chapter 2257 of the Government Code Public Funds Investment Act (PFIA):

LSNB will provide as collateral for up to \$60MM in daily ledger balance deposits under either of the following options chosen by the County of Hidalgo:

Option 1. \$20MM in U.S. Government Bills, Notes, U.S. Agency or Instrumentalities of the U.S., Notes, Bills, or obligations guaranteed by the State of Texas, or State of Texas agencies, counties, cities and other political subdivisions, or Bankers acceptances as authorized under subchapter 2256.012 of the Government Code, such pledged securities with final maturities less than 10 years,

the difference (\$60MM-\$20MM=\$40MM) or \$40MM

will be collateralized using letters of credit (LOC) issued for 6 month or less by the Federal Home Loan Bank of Dallas on Behalf of LSNB.(the cost of LOC to be passed through at cost to the County).

Option 2. \$20MM in U.S. Government Bills, Notes, U.S. Agency or Instrumentalities of the U.S., Notes, Bills, or obligations guaranteed by the State of Texas, or State of Texas agencies, counties, cities and other political subdivisions, or Bankers acceptances as authorized under subchapter 2256.012 of the Government Code, such pledged securities with final maturities less than 10 years,

the difference (\$60MM-\$20MM=\$40MM) or \$40MM

in eligible PFIA (Title 10. Sub. F. Chapter 2557. Collateral for public funds), acceptable fixed rate Collateralized Mortgage Back Obligations with a current average life of less than 10 years (no cost to the County other than safekeeping).

LSNB will provide as collateral for any ledger balances greater than \$60MM, which may be deposited by purchasing letters of credit (LOC) for 6 month or less issued by the Federal Home Loan Bank of Dallas on Behalf of LSNB (the cost of LOC to be passed through at cost to the County).

The Collateral provided will be at 105% for securities and LOC will be at 100% of purchase amount (LOC do not amortize) of the balances kept in the bank.

The bank reserves the right to determine if it will accept any excess balances above the \$60MM average operational balances as provided in the bid information received. Any excess invested in Certificates of Deposit will be

subject to the provisions as described in no. 26 Investment of HC funds.

Monitoring of Collateral

Bank is responsible to notify the County of any deficiencies in its pledged collateral on a daily basis, as well as obtaining additional collateral to cover any deficiencies.

Location of Collateral

Bank must deposit all collateral pledged to secure County funds at the Federal Reserve Bank in Dallas, Texas or at a mutually agreed third party invitation with a notation that the securities are pledged to the County. Depository safekeeping receipts should be furnished to the County Auditor evidencing the pledged securities. Securities pledged to the County shall be placed in safekeeping by the depository and sub-depository bank and the original of the safekeeping receipt shall be given to the County Auditor. Securities so pledged shall be subject to physical inspection by a member of Commissioners' Court and the County Auditor or their authorized representatives during normal banking hours. Release of collateral must be approved by the County Treasurer.

The bank utilizes FROST Bank as a safekeeping agent for all the public entities it deals with. Frost will be utilized for safekeeping of securities pledged to the County. All costs for safekeeping will be passed on to the HC through account analysis.

LOCKBOX SPECIFICATIONS

In accordance with the Lockbox Processing specifications and requirements, bank should propose the following:

1. The following definitions shall apply to these specifications:

- | | |
|---------------|---|
| a.) Hits | Check and Tax statement amount match
Current Tax Year
Payable to: Pablo (Paul) Villarreal Jr.,
Tax Assessor/Collector |
| b.) Shorts | Amount of Check is less than amount on the Tax Statement |
| c.) Overs | Amount of Check is more than amount on the Tax Statement |
| d.) Multiples | One Check to pay several statements
Several Checks to pay one statement |
| e.) Miss | Amounts which do not match
Payee incorrect
Incorrect Tax Year
All documents will be dated, stapled to corresponding
Envelope and sent back to Tax Assessor/Collector
For processing. |

2. Taxpayer requesting a receipt or if there is correspondence **WILL BE PLACED IN A DIFFERENT BATCH** and

all documents will be stapled to its corresponding envelope, dated and forwarded to Tax Assessor/Collector's Office for processing.

3. The bank will have total jurisdiction of a Post Office Box from approximately May 10, 2013 to May 9, 2017 of the following year.
4. The County anticipates the bank will receive approximately 100,000 tax account payments through Lockbox Processing.
5. The following steps (not necessarily in the order shown) will be performed daily by the bank:
 - a.) Mail pickup
 - b.) Opening of mail
 - c.) Sorting the mail
 - d.) Batching
 - e.) Filming the batches
 - f.) Create a Flat File and E-Mail daily to Tax Office
 - g.) Delivery of completed work to Tax Office
6. The bank should propose to process each statement under the following guidelines:
 - a.) Insure that each check is properly endorsed and made payable to Pablo (Paul) Villarreal Jr., Tax Assessor/Collector.
 - b.) Each statement contains the taxpayer's account number, tax years and amount due.
 - c.) Only current tax payments will be processed, if over, system will default to delinquent years, or refund. If short, it will be applied as a partial payment. Partial Payments are accepted.
 - d.) Exception (miss) statements such as: Statements without "R" numbers.
 - e.) All correspondence or receipt requested will be segregated, dated and given back to Tax Assessor/Collectors' office for processing.
 - f.) The bank agrees to have in operation the following equipment:
 - Two (2) Internet capable PC's that can VPN to Tax Office
 - Two (2) Laser Printers or
 - Be able to scan coupons and checks and provide a flat file for processing
 - g.) The bank also agrees to incur reasonable software and programming costs, to allow the bank access to County computer system for account purposes. The bank will be allowed to discuss any additional programming with the County vendor to minimize cost and receive the program in a manner, which provides service and reporting to both the bank and County.
 - h.) The bank will make its best effort to post all payments each day.
 - i.) After receipt of processing, bank will deposit the tax payments directly into a Tax General account in the Tax Assessor/Collector's name. The total funds deposited will be logged daily. On the business day of the deposit, the bank shall make these funds available to the County.

- j.) The bank will forward the posted tax statements and deposit receipts to the County the next business day.
 - k.) Any and all daily reports furnished by the bank will be those reports which are made available through the County's software.
 - l.) The bank will furnish the County weekly CD's of all checks and coupons imaged.
7. Bank must accept tax payments over the counter at all bank locations during collection period of October 1 thru January 31st.

*The bank shall obtain further equipment as is necessary to perform the task hereunder.

LSNB will require as part of this bid, two separate thorough trainings on the lock box service conducted by the appropriate personnel of the Tax Assessor Collectors office. The training will be conducted immediately after signing the contract for depository services with the LSNB bank personnel responsible for the lockbox payment processing and over the counter receipt of payments.

HC agrees to conduct a second training again in October before the tax invoices are mailed as a refresher and kick off process.

LSNB will charge for this service an initial fee of either \$8500 per month for 5 months, or .35 cents per item for tax payments processed by LSNB, in lockbox or over the counter, both fees charged by account analysis. This fee will be subject to change annually no more than 10%. Please see service charge Schedule 1.

The lockbox, and over the counter tax payment process will have a separate agreement which details the process as determined by HC and LSNB.

EXHIBIT "A"

Certificate of Deposit

Proposal shall be tied to U.S. Treasury Bills: Please provide basis points above, below, or equal to the corresponding maturities of a 26-week T-Bill coupon equivalent rate as reported to *The Wall Street Journal* on the next business day following the U.S. Treasury auction.

All proposals in this category should be clearly stated as to plus, minus, or same as T-Bill.

	Less than \$100,000.00	More than \$100,000.00
1. Maturity of 14 – 29 days	+/-	+/-
2. Maturity of 30 – 59 days	+/-	+/-
3. Maturity of 60 – 89 days	+/-	+/-
4. Maturity of 90 – 119 days	+/-	+/-
5. Maturity of 120 – 149 days	+/-	+/-
6. Maturity of 150 – 179 days	+/-	+/-
7. Maturity of 180 days or more	+/-	+/-
8. Maturity over one (1) year	+/-	+/-

For certificates of deposit, the rate will be equal to the 26 week Treasury Bill coupon equivalent ASKED YIELD TO MATURITY RATE less basis points outlined above, as published in *The Wall Street Journal*, "Treasury Bonds, Notes, Bills" section as of the same business day that the CD is negotiated.

Bank will offer County its Public Fund N.O.W. Checking Account. This account allows an unlimited number of checks to be written on it but at the same time pays a variable rate of interest on the collected balance. This account pays interest monthly on the investable balance (average balance less uncollected funds). The variable rate will be based at a rate equal to the most recent published thirteen (13) week U.S. Treasury Bill coupon equivalent ASKED YIELD TO MATURITY RATE, as published in *The Wall Street Journal*, "Treasury Bonds, Notes, Bills" section as of the first working day of the month and adjusted monthly thereafter.

The County (HC) has the right to invest all proceeds as required by State Law. Lone Star

National Bank (LSNB or the bank) through this bid requires that before any investment is made by HC that HC first contacts the investment division of LSNB (a contact person will be named once this bid is accepted and a contract is signed). The bank will consider the amount of, the maturity of and yield on the investment that can be obtained by HC, and if LSNB then chooses it will match the same terms with a certificate of deposit properly collateralized in HCs name, if the Bank elects not to match the investment HC will be authorized to invest it's funds subject to this bid and subsequent contract outside of the Bank.

All certificate of deposit rates will be determined at the time of investment and all certificates of deposit will be subject to a minimum of 7 day interest early withdrawal penalty.

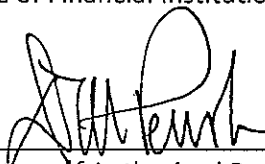
APPLICATION FOR DEPOSITORY BANK FOR FUNDS OF

HIDALGO COUNTY

By signing this application bank agrees, if appointed by Commissioners' Court, that it (bank) will enter into a contract with the County of Hidalgo based on the information provided on this application.

Lone Star National Bank

Name of Financial Institution



Signature of Authorized Representative

David M. Penoli, CFO

Printed Name and Title of Authorized Representative

OPENED
11-12-13

Witnessed



RAMON GARICA, HIDALGO COUNTY JUDGE
CITY OF EDINBURG-COUNCIL CHAMBERS
415 WEST UNIVERSITY DRIVE
EDINBURG, TEXAS 78539

2/2

COUNTY DEPOSITORY BANK APPLICATION FORM

MARCH 05, 2013

TO THE HIDALGO COUNTY JUDGE AND COMMISSIONERS COURT:

The undersigned, a Bank within the meaning prescribed in Texas Local Government Code Chapters 116 and 117, hereinafter called "Applicant", hereby submits this application for the privilege of acting as Depository for all funds (including trust funds) of Hidalgo County, Texas, hereinafter called County for a term of **Four (4) Years** beginning **May 10, 2013**, and ending **May 9, 2017** or until such time as a successor Depository is named.

Applications must be submitted in a sealed envelope addressed to *Ramon Garcia*, Hidalgo County Judge, and be actually received by **10:00 A.M. Tuesday, March 05, 2013** at the City of Edinburg Council Chambers Meeting Room located at, 415 West University Drive, Edinburg, Texas.

The successful applicant will be bound by and must comply with the provisions of the investment policies approved by Hidalgo County. Investments by the County will be governed by the Public Funds Investment Act, Section 2256.01 ET. seq. (Texas Government Code); the Public Funds Collateral Act §2257.001 ET. seq., (Texas Government Code) and Chapters 116 and 117 of the Texas Local Government Code.

Applications must contain the following:

1. a. A statement of the Amount of Applicant's paid Up Capital Stock
Paid-up capital Stock: \$72,125,100.00
- b. A statement of Amount of Applicant's Permanent Surplus
Permanent Surplus: \$2,985,804.64
Total Bank capital \$239,956,823
All figures stated above are as of 03/11/13.
- c. A Statement of Financial Condition of Applicant on the date of the Application

Please find attached Audited Financial statements for the last two years.

d. Certified checks or cashier's checks for at least one-half percent of Hidalgo County's revenue for a period of one year must accompany this application **\$1,662,994.31** in accordance with the Texas Local Government Code Chapter 116.023(b)(2).

Please find check attached for \$1,663,000

e. Certified checks or cashier's checks for at least one-half percent of the one percent of the average daily balance of the trust funds held by the County and District Clerks during the preceding calendar year must accompany this application **\$107,733.91** in accordance with the Texas Local Government Code Chapter §117.021(d).

Please find check attached for \$108,000

2. Certificate of Deposit:

Applicant shall be tied to U.S. Treasury Bills - Please provide basis points above, below, or equal to the corresponding maturities of a 26-week T-Bill coupon equivalent rate as reported to the Wall Street Journal on the next business day following the U.S. Treasury auction.

All applications in this category should be clearly stated as to plus, minus, or same as T-Bill.

A. For Deposit of Less than \$100,000.

	<u>Time Period Of Maturity</u>	<u>U.S. Treasury Bill Rate</u>
A1	14-19 Days	_____
A2	30-59 Days	_____
A3	60-89 Days	_____
A4	90-119 Days	_____
A5	120-149 Days	_____
A6	150-179 Days	_____

A7 180 Days or More _____

The rate will be at no time less than _____

B. For Deposit of More than \$100,000.

B1 14-19 Days _____

B2 30-59 Days _____

B3 60-89 Days _____

B4 90-119 Days _____

B5 120-149 Days _____

B6 150-179 Days _____

B7 180 Days or More _____

The rate will be at no time less than _____

The County (HC) has the right to invest all proceeds as required by State Law. Lone Star National Bank (LSNB or the bank) through this bid requires that before any investment is made by HC that HC first contacts the investment division of LSNB (a contact person will be named once this bid is accepted and a contract is signed). The bank will consider the amount of, the maturity of and yield on the investment that can be obtained by HC, and if LSNB then chooses it will match the same terms with a certificate of deposit properly collateralized in HCs name, if the Bank elects not to match the investment HC will be authorized to invest it's funds subject to this bid and subsequent contract outside of the Bank.

All certificate of deposit rates will be determined at the time of investment and all certificates of deposit will be subject to a minimum of 7 day interest early withdrawal penalty.

3. MONEY MARKET CERTIFICATES (Strike one of the following)

HC will not earn interest on any non certificate of deposit balances held at LSNB. All accounts held by HC at LSNB will be put on analysis according to the detailed (but not totally inclusive) schedule attached. HC will be given an earnings credit on average collected balances kept at LSNB computed monthly, these average collected balances will receive an earnings credit to

offset hard analysis charges each month.

HC will earn on its account average collected balances kept at the bank an interest rate (earnings credit rate) tied to an average of 60% of the U.S. Treasury 26 week bill rate which will be determined by taking the average of the "investment rate" from the weekly auctions from the previous month. The bank uses www.treasurydirect.gov to obtain the values. The bank will provide the County a floor earnings credit rate of 8 basis points. The January 2012-December 2012 historical data is on schedule 2.

- (1) At the maximum rate permitted by law and regulation
 - (2) _____% per annum.
4. In the event the County shall withdraw time deposits prior to maturity, applicant agrees to pay the maximum amount of interest allowable under Federal regulations for the period the funds were on deposit.

Yes _____ X _____ No _____

A The County (HC) has the right to invest all proceeds as required by State Law. Lone Star National Bank (LSNB or the bank) through this bid requires that before any investment is made by HC that HC first contacts the investment division of LSNB (a contact person will be named once this bid is accepted and a contract is signed). The bank will consider the amount of, the maturity of and yield on the investment that can be obtained by HC, and if LSNB then chooses it will match the same terms with a certificate of deposit properly collateralized in HCs name, if the Bank elects not to match the investment HC will be authorized to invest it's funds subject to this bid and subsequent contract outside of the Bank.. All certificate of deposit rates will be determined at the time of investment and all certificates of deposit will be subject to a minimum of 7 day interest early withdrawal penalty.

- 5. Applicant must be a member of the Automated Clearing House Network or be able to receive funds by wire.
LSNB is a member of the Federal Reserve and NACHA.
- 6. In addition to investments previously outlined, the County reserves the right to purchase, sell and invest its funds (including the proceeds of bond issues received prior to and passed during the term of this contract) and funds under its control through a primary government securities dealer, as defined by the Federal Reserve, or with a bank domiciled in the State of Texas as permitted by the Texas Local Government Code Chapter 116.112 and the Public Funds

Investment Act or as stated in the County's Investment Policy. Applicant will and shall aid and assist County in any investment without charge.

The County (HC) has the right to invest all proceeds as required by State Law. Lone Star National Bank (LSNB or the bank) through this bid requires that before any investment is made by HC that HC first contacts the investment division of LSNB (a contact person will be named once this bid is accepted and a contract is signed). The bank will consider the amount of, the maturity of and yield on the investment that can be obtained by HC, and if LSNB then chooses it will match the same terms with a certificate of deposit properly collateralized in HCs name, if the Bank elects not to match the investment HC will be authorized to invest it's funds subject to this bid and subsequent contract outside of the Bank. All certificate of deposit rates will be determined at the time of investment and all certificates of deposit will be subject to a minimum of 7 day interest early withdrawal penalty.

LSNB will assist the County in dealing with brokers or dealers of securities as necessary on a complimentary basis up to two hours per week.

7. If the Depository elects to file with the County a corporate surety bond or bonds in an initial amount equal to the estimated highest daily balance of County funds determined by the Commissioners Court of the County to be on deposit with Depository during the term of this Depository Contract, then a fully executed copy of such corporate surety bond in the amount, form and conditioned as required by the Texas Local Government Code Chapter 116, will be required and must be filed within **15** days of selection of the Depository by the Commissioners Court.

8. If the Depository does not elect to make the corporate surety bond in the amount and as referred to in 7 above, then the Depository shall have the option of pledging with a third party institution that has no relationship with the Depository bank, designated by the County, approved securities as defined in the Texas Local Government Code Chapter 116, in an amount at market value sufficient to adequately protect the funds of the County on deposit with Depository from day to day during the term of this proposal, as provided in County's Investment Policies, provided that:
 - (a) the approved securities shall be of the kind defined in the Texas Local Government Code Chapter 116, and the Public Funds Investment Act, (Section 2257.001 et. seq. Government Code), and the amount pledged shall be in a total market value as directed at any time by the County Commissioners Court of County;

- (b) the pledge of approved securities shall be waived only to the extent of the exact dollar amount of insurance protection pursuant to 12. U.S.C.A. Sections 1811-1832 for the funds of the County on deposit with the Depository from day to day, and in the event of any termination of such insurance protection this proposal shall immediately become void except as provided in (d) hereinafter;
- (c) the conditions of the pledge of approved securities required by this proposal are that the Depository shall faithfully perform all duties and obligations devolving upon the Depository by law and this proposal, pay upon presentation all checks or drafts drawn on order of the Commissioners Court of the County in accordance with its orders duly entered according to the laws of Texas, pay upon demand any demand deposit of the County in the Depository, pay any time deposit or certificate of deposit of the County in the Depository upon maturity or after the period of notice required, and faithfully keep, account for as required by law, and faithfully pay over, at maturity or on demand as the County may elect, to any successor depository all balances of funds of the County then on deposit with the Depository;
- (d) the pledge of approved securities required by this proposal shall be a continuing pledge, ceasing only upon the later of the termination of a contract or the fulfillment by the Depository of all of its duties and obligations arising out of a contract, and a continuing security interest in favor of the County shall attach immediately upon any such pledge to all proceeds of sale and to all substitutions, replacements, and exchanges of such securities, and in no event shall such continuing security interest be voided by an act of the Depository; but notwithstanding the foregoing the Depository shall have the right, with the consent of the County, to purchase and sell, and substitute or replace, any and all of the approved securities pledged pursuant to this contract with other approved securities, provided that all of the other conditions of this proposal are adhered to by the Depository, and such pledge shall be in addition to all other remedies available in law to the County;
- (e) a contract shall become binding upon the County and the Depository only upon acceptance by the Commissioner's Court of County of the contract and the bid attached thereto, and the Depository shall immediately furnish or cause to be furnished to the County original and valid safekeeping or trust receipts issued by the bank holding the approved securities pledged pursuant to the contract, marked by the holding bank on their face to show the pledge and market value as required above;
- (f) any closing or failure of depository, or any event deemed by County to constitute a closing or failure of Depository, shall be deemed to have

vested full title to all approved securities pledged pursuant to the depository contract in County, and County is hereby empowered to take possession of and sell any and all of such pledged approved securities, whether in safekeeping at another bank or in possession of the County and County is specifically so empowered by Depository.

The security described herein must be provided within 15 days after the date a bank is selected as the County's depository.

Collateral for County of Hidalgo funds: From the data provided by the Purchasing Department; the County of Hidalgo has maintained on average, collected balances of close to \$60MM from January 2012 through December 2012.

LSNB is committed in providing acceptable collateral for \$60MM in balances, in excess of the FDIC insurance coverage, as described in Chapter 2257 of the Government Code Public Funds Investment Act (PFIA):

LSNB will provide as collateral for up to \$60MM in daily ledger balance deposits under either of the following options chosen by the County of Hidalgo:

Option 1. \$20MM in U.S. Government Bills, Notes, U.S. Agency or Instrumentalities of the U.S., Notes, Bills, or obligations guaranteed by the State of Texas, or State of Texas agencies, counties, cities and other political subdivisions, or Bankers acceptances as authorized under subchapter 2256.012 of the Government Code, such pledged securities with final maturities less than 10 years,

the difference (\$60MM-\$20MM=\$40MM) or \$40MM

will be collateralized using letters of credit (LOC) issued for 6 month or less by the Federal Home Loan Bank of Dallas on Behalf of LSNB (the cost of LOC to be passed through at cost to the County).

Option 2. \$20MM in U.S. Government Bills, Notes, U.S. Agency or Instrumentalities of the U.S., Notes, Bills, or obligations guaranteed by the State of Texas, or State of Texas agencies, counties, cities and other political subdivisions, or Bankers acceptances as authorized under subchapter 2256.012 of the Government Code, such pledged securities with final maturities less than 10 years,

the difference (\$60MM-\$20MM=\$40MM) or \$40MM

in eligible PFIA (Title 10. Sub. F. Chapter 2557. Collateral for public funds), acceptable fixed rate Collateralized Mortgage Back Obligations with a current average life of less than 10 years (no cost to the County other than safekeeping).

LSNB will provide as collateral for any ledger balances greater than \$60MM, which may be deposited by purchasing letters of credit (LOC) for 6 month or less issued by the Federal Home Loan Bank of Dallas on Behalf of LSNB (the cost of LOC to be passed through at cost to the County).

The Collateral provided will be at 105% for securities and LOC will be at 100% of purchase amount (LOC do not amortize) of the balances kept in the bank.

The bank reserves the right to determine if it will accept any excess balances above the \$60MM average operational balances as provided in the bid information received. Any excess invested in Certificates of Deposit will be subject to the provisions as described in no. 26 Investment of HC funds. LSNB uses Frost Bank in San Antonio as a safekeeping bank for pledged securities.

9. At termination of this Depository Agreement, the County may leave with applicant any such funds on time deposit until maturity date of such deposit and applicant will continue to furnish a bond or pledge securities as prescribed above in an amount equal to all of such funds remaining.

Please see collateral pledging no. 8 above for LSNB pledging options.

10. "To properly compensate the **Bank** for the expenses incurred in service as custodian to County funds, County shall maintain \$_____ in a non interest bearing account" Included in and required as part of this duty are the following:
- (a) Make no service charges on any County account or on any account of any organization connected with the County, including, but not limited to County accounts, County Clerk accounts, District Clerk accounts, and Drainage District accounts.

HC will not earn interest on any non certificate of deposit balances held at LSNB. All accounts held by HC at LSNB will be put on analysis according

to the detailed (but not totally inclusive) schedule attached. HC will be given an earnings credit on average collected balances kept at LSNB computed monthly, these average collected balances will receive an earnings credit to offset hard analysis charges each month.

HC will earn on its account average collected balances kept at the bank an interest rate (earnings credit rate) tied to an average of 60% of the U.S. Treasury 26 week bill rate which will be determined by taking the average of the "investment rate" from the weekly auctions from the previous month. The bank uses www.treasurydirect.gov to obtain the values. The bank will provide the County a floor earnings credit rate of 8 basis points. The January 2012-December 2012 historical data for 26 week bill is on schedule 2.

- (b) Preparation of monthly statements beginning with first day of month and ending with the last day of the month, showing debits, credits, and balances of each separate fund and sequential listing of cashed checks within five (5) working days of closing date. Provide insufficient fund items, deposit slips, charge backs return items; checks paid and items deposited-uuencoded.

The Bank will provide imaged statements to the County. In addition each month the County will receive an account analysis statement reflecting all charges for services provided by LSNB according to the then current service charge schedule for the County, of which the current charges are reflected in Schedule 1. Fees for the different kinds of statements are listed in the schedule.

- (c) Keep a full and separate itemized account of each different class of County funds coming into its hands and making its records available for audit by the County and its independent auditors.

Bank statements will be provided to the County subject to the then current service charge schedule established for the County of Hidalgo, any research fees or separate itemized account information will be subject to the service fee schedule.

- (d) Preparation of such other reports, accounts, and records which may, from time to time, is required by County in order to properly discharge the duties as provided by the law of the Depository.

Bank statements will be provided to the County subject to the then current service charge schedule established for the County of

Hidalgo, any research fees or separate itemized account information will be subject to the service fee schedule.

- (e) Arrange canceled checks in numerical sequence.

Bank statements will be provided to the County subject to the then current service charge schedule established for the County of Hidalgo, any research fees or separate itemized account information will be subject to the service fee schedule.

- (f) Overdraft Coverage - Bank shall provide overdraft coverage for each individual account. Overdrafts shall be paid so long as the aggregate funds on deposit in all demand deposit accounts are sufficient to meet the amount of total overdrafts and, if the aggregate funds are insufficient, Bank shall loan monies necessary to cover the overdrafts as per the provisions of numbered paragraph 11 of this application. Overdraft shall mean that County does not have a compensating balance in other funds or accounts in the then current County fiscal year in applicant's bank.

All NSF items presented for payment and subsequent Overdrafts will be covered as long as the HC as cumulative collected balances in all accounts to cover the overdraft and the total overdraft is not in excess of \$1,000,000. NSF items Overdraft balances will be subject to the then current service charge schedule.

- (g) All checks shall be honored in the demand checking account immediately upon deposit.

Subject to the LSNB deposit availability schedule attached.

- (h) Provide a daily summary of the demand accounts, time deposits, and securities pledged.

The County will receive a detailed report on a monthly basis.

- (i) Furnish a suitable safety deposit box or boxes if needed.

Safety Deposit Box will be provided if needed at then current charges.

- (j) To provide suitable vault space for the County Clerk's Office and other County Offices and departments.

LSNB agrees to provide safety deposit boxes, as available to the County at the then current fees.

- (k) Furnish cashier's checks and/or bank drafts at no cost to the County.

Checks will be subject to the then current service charges, charged through account analysis.

- (l) Furnish night depository services, including locking bags and keys. Such bags will be available to the County on bank holidays on which the schools are open.

At Bank Cost.

- (m) To furnish at no cost to County checks and deposit slips of the quantity, quality and type necessary for County's use.

Check and deposit slips will be made available to the County at Bank cost.

- (n) To provide Federal Obligations investment service when needed.

LSNB will assist the County in dealing with brokers or dealers of securities as necessary on a complimentary basis up to two hours per week.

- (o) To provide night deposit bags and keys.

HC can purchase its bank bags either directly or through LSNB at bank cost.

- (p) To furnish cashier's checks and/or bank drafts requested by County.

Cost will be Subject to the then current fee schedule.

- (q) Furnish wire transfers for deposits and disbursements at no cost to the County.

Cost will be Subject to the then current fee schedule.

- (r) Stop payment on checks at no cost to the County.

Stop payments can be done electronically and will be charged according to the then current service charge schedule.

- (s) Coin counting and wrapping service, as well as money straps and coin envelopes.

Money straps, coin wraps, and money envelopes will be made available to the County at Bank cost.

- (t) Endorsement stamps.

Endorsement stamps will be provided at bank cost.

- (u) CD-ROM for bank reconciliation purpose of paid items for accounts designated by County.

Cost will be subject to the then current fee schedule.

- (v) Direct Deposit service for payroll checks.

ACH services available for direct deposit generation cost for service at the then current service charge schedule.

- (w) Research statement reproduction.

Cost will be Subject to the then current fee schedule.

- (x) Monthly report of the market value of securities pledged.

The County will receive a detailed report on a monthly basis.

- (y) Provide ledger credit on the same day as deposits occur (holidays and weekends excepted). This includes same credit on wire transfers of funds from the Federal and State government, and same day credit on warrants issued by the State Comptroller received prior to 2:00 p.m.

Subject to the LSNB deposit availability schedule attached.

- (z) Lockbox Services as described in the Lockbox Processing Agreement attached hereto as Exhibit "A".

LSNB will require as part of this bid two separate through trainings on the lock box service conducted by the appropriate personnel of the Tax Assessor Collectors office. The training will be conducted immediately after signing the contract for depository services with the LSNB bank personnel responsible for the lockbox payment processing and over the counter receipt of payments.

HC agrees to conduct a second training again in October before the tax invoices are mailed as a refresher and kick off process.

LSNB will charge for this service an initial fee of either \$8500 per month for 5 months, or .35 cents per item for tax payments processed by LSNB, in lockbox or over the counter, charged by account analysis. This fee will be subject to change annually no more than 10%. Please see service charge Schedule 1.

The lockbox, and over the counter tax payment process will have a separate agreement which details the process as determined by HC and LSNB.

(aa) Daily ledger and average balance reporting delivered daily to the departments of the County designated to receive same by County Judge.

Delivery of items, reports, statements, documents to the County will be available each morning subject to the then current fee schedule applicable to the County of Hidalgo.

(bb) Bank personnel and bookkeeping time dedicated solely to County, as needed.

A bank employee at the Edinburg branch located at 117 S. 10th Ave., Edinburg, TX 78539 will be assigned to account as a liaison. For investments a contact will be established to ensure efficient and timely investment operations with the LSNB Investment department.

(cc) Bond and coupon service.

LSNB does not know what this service requirement is.

(dd) Work up of night deposit bags.

Deposits worked via the night depository drop off or armor car delivery will be charged according to the then current fee schedule. All Tax Office deposits or night bags will be managed by the LSNB Vault Services department located in Pharr Texas. Over the counter deposits from all other HC departments will be charged according to fee schedule 1.

(ee) Cashing of nonbank customer's checks drawn on County accounts.

Subject to the then current fee schedule.

(ff) Daily hand delivery of all chargeback items to departments of County.

Delivery of items, reports, statements, documents to the County will be available each morning subject to the then current fee schedule applicable to the County of Hidalgo.

(gg) Cut-off statements provided weekly and monthly.

Cost will be Subject to the then current fee schedule.

(hh) Automated Clearing House services.

Cost will be Subject to the then current fee schedule.

(ii) Safekeeping services for all trust accounts of County.

The bank does not provide Trust services.

(jj) Checks and statement physically delivered to County offices at statement cycle time.

Delivery of items, reports, statements, documents to the County will be available each morning subject to the then current fee schedule applicable to the County of Hidalgo.

(kk) Provide any other services normally rendered banking customers that are exempt from service charges by any banking regulation.

11. Loans.

Provide loans to County throughout the term of the Depository at an interest rate of _____.

LSNB will consider each loan request separately and according to the banks credit then current underwriting standards.

12. Provide an explanation of good funds availability policy.

Our policy is to make funds from your check deposits available to you on the 1st business day after the day we receive your deposit. Electronic direct deposits will be available on the next day. Wire transfer and cash deposits will be available on the NEXT day. Wire Transfer and cash deposits will be available the day after the deposit. Once the deposits are available you can withdraw the funds in cash and we will use the funds to pay checks you have written. See detailed policy attached.

13. Please list any other services your bank can render for the County. Often bids are so nearly identical that additional banking services rendered without cost to the County can be a determining factor in the awarding of the contract. Items listed in this section should relate to the County only. Services to employees or individuals associated with the County cannot be taken into consideration.

All other non-discussed services available by LSNB will be made available to the County at the then current service fees.

14. Provide a statement of any current or potential conflicts of interest.

LSNB is not aware of any conflicts of interest between the County of Hidalgo and the employees and directors of LSNB.

15. This application was requested by County and is made by applicant with the expressed agreement and understanding that County reserves the right to reject any and/or all applicants and the further right that if any portion of provision of this application and/or any contract between Applicant and County entered into by virtue thereto is invalid, the remainder of this application and/or resulting contract at the option of the County shall remain in full force and effect, and not be affected by said invalid portion or provision.
16. Applicant may propose to act as County's depository for either a two-year or a four-year term. If the contract is for a four-year term, the contract shall allow for changes to the terms thereof pursuant to Texas Local Government Code Chapter 116.021(b) and 117.021(b). County may consider the length of the contract term offered in selecting the Depository.

This bid is for a four year contract with the right to a two year renewal.


The County of Hidalgo reserves the right to reject any and all applications or to accept the applicant the County considers most advantageous. Acceptance of an application will be based on the total package of services offered by the banking institution.

A Cashier's Check in the sum specified in 1(d) and (e) hereof payable to Hidalgo County must accompany each application. If this application to be Depository of all County funds is accepted, said check is to secure the performance of said application, and if applicant fails to enter into a contract with County as liquidated damages for said failure. If the applicant enters into a contract with the County, the County shall return the check to the applicant. In the event this application is not accepted, the check is to be returned to the applicant immediately after the contract award is made.

Please see enclosed cashier's checks.

Dated this the 11th day of March, 2013.

Applicant: Lone Star National Bank

By: 

Title: EVP & CFO

David Penoli

EVP

Lone Star National Bank

OPENED
11-12-13

Witnessed



Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return) Lone Star National Bank	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input checked="" type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.) POB 1127	Requester's name and address (optional)
City, state, and ZIP code Pharr Texas 78577		
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number										
Employer identification number										
7	4		-	2	2	3	7	4	0	9

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶	Date ▶ 3/10/13
------------------	----------------------------	-----------------------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

PARTICIPANT'S AFFIDAVIT
Exhibit "E"

**PARTICIPANT'S AFFIDAVIT OF NON-COLLUSION
NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING
FOR "APPLICATION FOR BANK DEPOSITORY AND/OR OTHER AGREEMENTS
(I.e. TRUST ACCOUNT SERVICES)-HIDALGO COUNTY"**

STATE OF TEXAS
COUNTY OF HIDALGO

Affiant, David M. Fencil, being first duly sworn, deposes that:

(1) Affiant does hereby state neither the Participant nor any of the participant's officers, partners, owners, agents, representatives, employees, or parties in interest, has in any way colluded, conspired, agreed, directly or indirectly with any person, firm, corporation, or other participant, or potential participant, to provide any money or other valuable consideration for assistance in procuring or attempting to procure a contract or fix the prices in the attached application or the application of any other participant, and further states that no such money or other reward will be hereinafter paid.

(2) Affiant further states they have neither recommended or suggested to Hidalgo County or any of its officials or employees, any of the terms or provisions set forth in their Request for Application and subsequent agreement, except at a meeting open to all interested participants, of which proper notice was given.

(3) Affiant, further states their officers, employees, or agents have not, and will not attempt to lobby, directly or indirectly, the Hidalgo County Commissioner's Court between application submission date and award by the Hidalgo County Commissioner's Court.

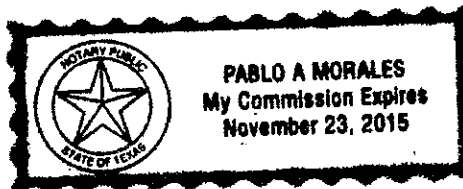
(4) Affiant further states no officer or stockholder of the participant is a member of the staff, or related to any employee of the Hidalgo County except as noted herein below: * To the best of my knowledge *sh*

Signature/Title: *David M. Fencil* EVP CFO

Subscribed and sworn to before me this 11 day of March, 2013.

Notary Public

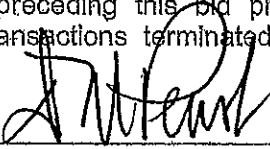
My commission expires: *Pablo A. Morales*, 2013



**Certification
Regarding Debarment, Suspension and Ineligibility**

As is required by the Federal Regulations Implementing Executive Order 12549, Debarment and Suspension, 45 CFR Part 76, Government-wide Debarment and Suspension, the applicant certifies, to the best of his or her knowledge and belief, that both it and its principals:

- a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency;
- b. Have not within a three-year period preceding this bid proposal and/or application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- c. Are not presently indicted for or otherwise criminally or civilly charged by a government entity with commission of any of the offenses enumerated herein; and
- d. Have not within a three-year period preceding this bid proposal and/or application had one or more public transactions terminated for cause or default.

Signature: 
Print Name: David M. Penoli
Title: CFO
Telephone Number: 956-984-2866
Date: 3/8/2013

If the bidder is unable to certify to all of the statements in this Certification, such bidder should attach an explanation to this proposal.

Schedule 1: County of Hidalgo Fee Schedule (March 2013)

1. supplies:	(checks, deposit slips, straps, night bags) (any supplies purchased by the County outside of bank vendors must meet quality standards as determined by the bank).	<u>Bank Cost.</u> at cost	
2. Night Deposit/Armor Car Bag work up:		\$8.00	per bag/per day.
3. Cash Verification each bag		\$0.30 \$0.50 \$0.10 \$5.00 \$7.00 \$15.00 \$10.00 \$25.00 \$3.00 \$5.25 \$6.00 free free \$8 \$8	per thousand of cash received strapped. per thousand of cash received loose. rolled coins per roll incoming/outgoing. loose coins per bag. Deposit correction. Special Order/Same Day. Late Change Order, per order. Special Research Fee. Per Pkg, Registered Receipt. Courier receipt per delivery. A standard Outgoing order.
For non Tax Assessor deposits, and deposits made by other departments	less than \$5000 cash. less than 20 checks. over \$5000 cash; over 20 checks.		per deposit, plus cash verification fee per thousand see above no. 3. per deposit, plus cash verification fee per thousand.
4. Lockbox service mailed tax payments:	flat fee or per item	\$8,500 0.35	monthly Oct - Jan with annual pricing change cents per item.
5. Over the counter tax payments		0.35	cents per item. Annual pricing change.
6. Statements:	cutoff Imaged Imaged/original checks electronic web site CD rom	\$25.00 \$20.00 \$30.00 free \$25.00	per statement. per statement per month. per statement per month. per cd rom, per account, per month.
7. debit items:	transit on us.	\$0.12 \$0.12	per item per account.. per item per account.
8. credit items.		\$0.20	per item per account.
9. Daily courier of reports to County:	(no cash or negotiable inst).	\$25.00	per location per trip.
10. NSF items.		\$20.00	per item. Paid only if collected balances maintained in other accounts.
11. Stop payments:		\$4.99 \$6.99	web based. per stop payment phone or in person.
12. wire transfers:	outgoing incoming. electronic web	\$15.00 \$10.00 \$5.00	per wire per wire. must have authorizations in place. per wire.
13. ACH :		\$20.00 \$125.00 \$10.00 \$3.00 \$1.00 \$0.10 \$0.05 \$10.00	Monthly fee. Cash Management set-up (one time. ACH Transmission (per file). Returns. Notice of Change. Per item (credit/debit). Prenote (optional). File reversal/deletion.
14. Electronic reconciliation service:		\$25.00	per recon.
15. ATM & Debit Card	ATM or VISA Card Replacement ATM or VISA Card Re-Pinning ATM or VISA Card Monthly Handling VISA Debit Card International transaction fee	\$5.00 \$5.00 \$1.00 (max of \$2.00 fee per acct, per month will charged) 2% of purchase	
16. Stop Payments	Per Item Range of Checks	\$4.99 \$6.99 \$25.00	web based. per stop payment phone or in person.
17. Return Item Fee	Returned Item Fee- Returned Unpaid Overdraft Item Fee- Paid Overdraft Balance Annual Percentage Rate (APR) Overdraft Item Fee*	\$20.00 \$20.00 17.50% \$35.99	
18. Internet Banking & Bill Pay	Internet Banking Unlimited Bill Pay Internet Banking Re- Activation Fee Internet Banking Re-Set Password/PIN	No Charge. No Charge. \$3.00 \$3.00	

Schedule 1: County of Hidalgo Fee Schedule (March 2013).

19. Safe Deposit Boxes	Set-Up, Application and access cards	\$15.00
	Box Drilling (Only if required)	\$125.00
	Box Rental Late Fee	\$25.00
20. Sizes and Annual Fees	3 X 5	\$35.00
	3 X 10	\$55.00
	5 X 10	\$70.00
	10 X 10	\$100.00
21. Statement Services	Special Statement Cut Off	\$25.00 monthly
	Account Printout	\$2.99 (Current Statement Cycle)
	Statement on CD-ROM	\$25.00 monthly
	Commercial Paper Statement Fee	\$2.00 (Per Statement Cycle)
22. Wire Transfers	Excess of 5 million Cut Off Time: 10:00 AM	\$25.00
	Domestic Cut Off Time: 1:00 PM (same day)	
	Outgoing	\$15.00
	Incoming Cut Off Time 1:00 PM	\$10.00
23. International Wires	US Dollars	\$65.00
	Foreign Currency	\$25.00
	Foreign Wires (Mexican Pesos Only)	\$20.00
	Standard Items	\$25.00
24. Collection Items	Dealer Drafts	\$25.00
	Canadian Checks	\$25.00
	International Documentary Collections	\$150.00 plus cost
25. Confirmations	Confirmation (email, call back or fax)	\$3.99
	Declaration of Loss Cashier's Check	\$10.00
26. Document Services	Notary Fees Per Signature	\$6.00
	Medallion Guarantee	\$40.00
	Set-Up	\$25.00
27. Night Deposit Bag	Key Replacement	\$10.00
	Small	At bank cost.
28. Zipper Deposit Bag	Medium	At bank cost.
	Large	At bank cost.
	Check Orders	At bank cost.
29. Misc. Services	Endorsement Stamp	At bank cost.
	Customer Service Inquiries	\$2.99
	Account Closing Fee (Within 90 Days of Opening)	\$25.00
	Account Closed by Mail	\$15.00
	Account Inactivity Fee (Considered Inactive at 180 days)	\$10.00
	Credit Card Cash Advances	\$5.00
	Cashier's Checks (Customers Only)	\$7.00/Per Item
	Cashier's Checks in Lieu of On Us Items (Non-Customers)	\$10.00/Per Item
	Money Order (Customers Only)	\$5.00/Per Item
	Traveler's Checks (Customers Only)	1% per \$100
	Charge-Backs	\$6.99
	Fax Requests	\$2.99
	Photocopy (Customer)	\$2.00/each page
	Photocopy (Non Customer)	\$3.00/each page
	Manual Transfer of Funds	\$5.99/per Transfer
	Automatic Funds Transfer	\$7.00/per Transfer
	Account Balancing & Reconciliation	\$50.00 per hour
	24-Hour Phone Banking	No Charge
	Temporary Checks	\$1.00/each
	Commercial Counter Deposit Slips	\$1.00/each
	Reclamation of Deposit Items	\$50.00
	Returned Mail	\$10.00 per statement cycle
	Credit Verification	\$25.00
	Signature Card Update	\$10.00
	Currency Straps	\$0.30/ per \$1000
	Coin Counting & Rolling	\$C.10/per roll
	Loose Coin	3% of total
	Loose Coin (Non Customer)	8% of total
	Research of Account	\$50.00 (minimum)/per hour
	Rejected/Non- MICR Readable Item	\$1.99
	Court Ordered Records	\$75.00
	Deposit Corrections	\$5.00/per item
	Foreign Currency Exchange	Market Price
A monthly fee may be assessed on any account for failure to provide required documentation after 30 days	\$10.00	
Account Restriction Setup Fee	\$25.00	
30. FDIC Insurance	FDIC Insurance *	.09% of Ave. Monthly Account Balance
	* Ave. Account balance will be subject to .10% Federal Reserve requirement	