

APPLICATION FOR DEPOSITORY BANK FOR FUNDS OF HIDALGO COUNTY

General Information:

Hidalgo County Commissioners Court, in complying with applicable Texas Statutes, is herein requesting applications from any banking corporation or financial institution to serve as a County Depository Bank. The county intends to designate one (1) operating bank that will provide the following function: (A) one operating bank, "Operating Bank" means the bank will provide general banking services, including but not limited to the establishment of interest bearing checking accounts, other electronic transfers and electronic interchange data interchange. (see Specifications)

The specific references governing these services are:

Local Government Code Chapters 116 & 117, "Depositories for County Public Funds," and Government Code Chapters 2256 "Public Funds Investments Act" and 2257 "Collateral for Public Funds."

The text of these governing statutes may be obtained on the Internet at:

www.capitol.state.tx.us/statutes/statutes.html

By submitting a proposal, Bank, acknowledges that it understands the aforementioned laws, which pertain to the safekeeping of county funds and will comply with these statutes.

Pursuant to the *Texas Local Government Code 116* and *Vernon's Texas Codes Annotated, Government Code, Chapter 2257*, sealed applications will be received by Hidalgo County Commissioners' Court, Edinburg, Hidalgo County, Texas, on or before **10:00 A.M. on March 12, 2019** for the selection of a bank depository for the forthcoming four-year period commencing **May 10, 2019**. Applications may be submitted by any "bank" as defined by the *Texas Local Government Code Section 116.001*.

There is no express or implied obligation for Hidalgo County to reimburse responding firms for any expenses incurred in preparing proposals in response to this application and Hidalgo County will not reimburse responding banks for these expenses.

The Hidalgo County Drainage District Number One Board of Directors may, at their option, utilize the depository selected by Hidalgo County as the depository for Hidalgo County Drainage District Number One. Should the Board of Directors of Hidalgo County Drainage District Number One decide the bank selected as its depository is the same as the one selected by Hidalgo County, the bank selected shall offer Hidalgo County Drainage District Number One the same terms and provisions as it offers Hidalgo County under the depository agreement except as such provisions may differ in accordance with Texas Water Code Chapter 49 & 56.

WRITTEN INQUIRIES to Martha L. Salazar, CPPB, Purchasing Agent will be accepted via facsimile (956) 292-7612 or e-mail tanya.delira@co.hidalgo.tx.us by no later than **Friday, February 22, 2019**, at 5:00 P.M. Responses will be sent to all applicants via facsimile or email by **Friday, March 01, 2019**. **TELEPHONE INQUIRIES WILL NOT BE ACCEPTED.**

To be considered, original sealed applications plus ten (10) copies of same must be received by **10:00 A.M., March 12, 2019**.

These applications will not be opened until the final submission date and hour noted. All applications must be addressed to:

**Richard F. Cortez, Hidalgo County Judge
Hidalgo County Commissioners Court
100 E. Cano
Edinburg, Texas 78539**

And the envelope in which the application is enclosed must be marked on the left-hand corner:

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

Good Faith Guarantee(s)

Operating Bank (as defined under General Information, page 1)

This application for depository for funds of Hidalgo County must be accompanied by a certified or cashier's check made payable to Hidalgo County in the amount of **\$XXXXXXXXXX** (one half of one percent of revenues for the year 20xx*) (***EXCEPT FOR AUDITORS OFFICE FIGURES BASED ON THE PRIOR AUDITED YEAR 20xx**) as a guarantee of good faith on the part of the bank that if the application submitted is selected, the successful applicant will, within **15** days after notice of selection, enter into a pledge contract with the Commissioner's Court and if accepted file bonds of securities in sufficient amount to secure the public monies entrusted to them within **15** days of selection as prescribed by the *Texas Local Government Code Chapter 116.051* and *Vernon's Texas Codes Annotated, Government Code, Title 10 Chapter 2257*. Should the bank fail to qualify as depository as required and within the **15** days specified, the certified or cashier's check shall go to Hidalgo County as liquidated damages in accordance with the *Texas Local Government Code Chapter 116.023* and *Vernon's Texas Codes Annotated, Government Code, Title 10, Chapter 2257*.

Certain Trust Funds and Court Registry Funds (as defined under General Information, page 1)

This application for depository for funds of Hidalgo County must be accompanied by a certified or cashier's check made payable to Hidalgo County in the amount of **\$XXXXXXXXXX** (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. A certified check or cashier's check that complies with this section, 117.021 (d) is a good-faith guarantee on the part of the applicant if the application is accepted it will execute the bond required under this subsection. If the bank selected as depository does not provide the bond, Hidalgo County shall retain the amount of the check as liquidated damages and the county shall select another depository as provided by this subchapter of the *Texas Local Government Code Chapter 117.021* and *Texas Government Code, Chapter 2257*.

When the depository has been selected, the certified or cashier's checks presented with the application shall be returned to the unsuccessful applicants immediately. The Commissioners' Court shall return the check of a successful applicant when the applicant executes and files a Depository Bond that is approved by Commissioner's Court.

During the evaluation process, Hidalgo County reserves the right to request additional information or clarification from applicants, or to allow for corrections of errors or omissions. At the discretion of Hidalgo County, financial institutions submitting applications may be requested to make oral presentations as part of the evaluation process.

Hidalgo County reserves the right to select the acceptable applicant who offers contractual terms and conditions most favorable to the County. The County may reject applicants whose management or financial condition, in the opinion of Commissioner's Court, does not warrant the placing of county funds in their possession. Hidalgo County reserves the right to reject in part or in whole any or all applicants, waive minor technicalities, and award the bid that

2. References from customers whose service requirements are similar to those of Hidalgo County.
3. Bank Administrative Institute (BAI) questionnaire for most recent period.
4. Current check clearing availability schedule with a description of areas where availability is provided sooner than the published 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.
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.
7. **Current Bank Credit Rating by:**
 - Moody's _____
 - Standard and Poor's _____
 - Bank Watch _____
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.
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, 20xx through December 31, 20xx** should be included for comparison purposes in the selection process. **Please fill out Exhibit A.**
10. **Comprehensive Cash Management Capabilities:** Bank must provide comprehensive cash management programs and associated costs.

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.

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.
3. **Statements:** Monthly account statements will be provided in electronic file format, as well as paper, 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.
4. **Collateral Reports:** A detailed monthly collateral -to deposit report is required. The report shall contain security descriptions, par value/current face and current market value.
5. **On-line Banking:** 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. On-line banking service will have the ability to download debits and credits on a daily and/or monthly basis identified by type of transaction and in a format acceptable to the county.
6. **Account Analysis Report:** Service charges for monthly service included in a monthly analysis format, on group summary basis.
7. **Positive Pay and ACH Positive Pay:** Ability to provide all positive pay services and fraud prevention products, with reports sent to the various county departments via on-line banking. Values to be compared are account number, check number, amount and payee.
8. **Vault Services:** Bank will provide local vault services for currency and check deposits or utilize a third party that is local and will contract with armored car services.
9. **Wire / ACH Transfers:** Wire and ACH transfer capability using on-line application services with dual control (initiate and transmit transfer) security features, to include both debits and credits.
10. **Direct Deposit Payroll Processing:** Bank must have capability to accept payroll direct deposit ACH information via on-line banking.
11. **ACH Vendor Payment:** Bank must have capability to process ACH vendor payments via on-line banking.
11. **Stop Payments:** The County will require the bank to issue stop payments executed by computers or fax and by authorized County personnel. Documentation for all rejected stop payments must be forwarded to the County. Stop payments will be honored for the period of twelve (12) months.
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 inquires, requests for services, and daily activities regarding the managing of Hidalgo County Accounts.

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.
14. **Printing:** Bank will provide custom checks and deposit slips printed in conformity with County specifications.
15. **Deposits:** Bank must accept mixed deposits containing cash, checks, and coins from the County.
16. **Deposits at Branch Locations:** Bank must allow County personnel to make deposits at any branch location.
17. **Aggregate Overdraft Protection:** 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.
18. **Check Reader:** Bank will provide check reading equipment.
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.
20. **Endorsement:** Bank will provide endorsement stamps for use on warrants/checks.
21. **After Hour Deposits:** Night depository services, which include locking bags with keys for the numerous County Departments.
22. **Returned Check Handling:** Daily delivery of all charge back items (NSF's), to include email notifications on ACH returns.
23. **Bank supplies:** Bank will provide bank bags with locks, money straps, coin wraps and money envelopes.
24. List other services including any associated fees that bank is willing to provide.
25. Bank must be a member of the Automated Clearing House Network and be able to receive funds by wire.
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.
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.

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.

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 institution 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.

Property Tax Payments

Bank must accept tax payments over the counter at all bank locations located within Hidalgo County during the peak collection period of October 1st through January 31st, or as instructed by the Tax Office.

1. The bank should process each tax payment under the following guidelines:
 - a) Insure a tax coupon is provided by taxpayer. All tax statements mailed to taxpayers have a detachable tax coupon which included the tax account number and amount due.
 - b) Insure that each check is properly endorsed, contains taxpayer phone number, properly signed by maker, not postdated, and made payable to Pablo (Paul) Villarreal Jr., Tax Assessor/Collector.
 - c) Only current tax payments will be processed. If over, the County's tax system will default to delinquent years, or refund. If short, it will be applied as a partial payment. Partial Payments are accepted.
 - d) The bank should provide a bank receipt for all tax payments receipted, to include cash transactions.
2. The bank agrees to incur reasonable software and programming costs. 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. The bank shall perform the

following procedures:

- a) All tax coupons and checks must be scanned and imaged in daily batches.
- b) The bank will furnish the Tax Office weekly CD's of all checks and tax coupons imaged. Online access to imaged checks and tax coupons is also acceptable. Images must be available to the Tax Office for an additional 2 years after the term of the contract.
- c) A Flat File must be provided daily to the Tax Office electronically and must reflect a list of all payments processed with respective payment type (Cash, Check, Money Order, etc). The Flat File will be imported into the County's Tax System. Any and all daily collection reports furnished by the bank shall be provided electronically.
- d) After processing daily payment batches, the bank will deposit total funds into the Tax General Account under the Tax Assessor/Collector's name the following business day. On the business day of the deposit, the bank shall make these funds available to the County.

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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
3. 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.