

**CITY OF LOCKHART
308 W. San Antonio St.
Lockhart, TX 78644**

**REQUEST FOR APPLICATIONS
DEPOSITORY BANKING SERVICES**

The City of Lockhart (the City) will be accepting applications for banking depository services for fiscal year(s) ending 2020-2022.

Sealed applications marked "Application for Depository Banking Services" will be accepted until 4:30 p.m., September 4, 2019 at the City's offices located at 308 W. San Antonio, Lockhart, TX 78644. Submission instructions and information may be obtained from Pam Larison, Director of Finance at 512/398-3461. It is the responsibility of the firm to ensure that the application is received by the City by the date and time specified above. The City reserves the right to reject any and all applications received. Only applications received at the location and in the timeframe given will be considered.

**City of Lockhart
Application for
Bank Depository Agreement**

SPECIFICATIONS AND APPLICATION

FOR

DEPOSITORY OF THE CITY OF LOCKHART

SEALED APPLICATIONS WILL BE RECEIVED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, IN THE OFFICE OF THE DIRECTOR OF FINANCE UNTIL 4:30 P.M. ON SEPTEMBER 4, 2019 TO DETERMINE THE DEPOSITORY BANK FOR THE CITY OF LOCKHART. EACH APPLICATION SHALL CONTAIN ONE (1) ORIGINAL AND THREE (3) COPIES. THE TERM FOR THE DEPOSITORY BEING FOR A PERIOD OF THREE (3) YEARS, BEGINNING ON OR ABOUT OCTOBER 1, 2019. EACH BANK TO APPLY IN ACCORDANCE WITH THE FOLLOWING:

I

During the above-specified term, the Bank will receive and accept for deposit or safekeeping or both, from the City, to the City's credit, all sums of monies, securities and instruments unless otherwise limited herein, which City may deposit. All monies, securities, and instruments deposited with the Bank shall be carried by the Bank in such account or accounts as designated by the City or re-designated by the City from time to time.

II

Bank will furnish the following services and items. Bank will enter a monthly per-unit fee for services listed below.

<u>Bank Service</u>	<u>Bank Fee Per Unit</u>
1. Account Maintenance	\$ _____
2. Demand Deposit Account Credits	_____
3. Demand Deposit Account Debits	_____
4. Deposited Items	_____
5. Charge Backs	_____
6. Purchase & Sale of Treasury Securities	_____
7. Unlimited Preprinted 3-Part Deposit Slips	_____
8. Furnish copies of cancelled checks and bank statements on all accounts by the fifth working day of each month or upon request.	_____
9. Safety Deposit Box (5x5)	_____
10. Cashiers Checks	_____

- 11. Night Depository with Bags & Keys _____
- 12. "For Deposit Only" Stamps _____
- 13. Currency Wrappers _____
- 14. Outgoing Wire Transfers _____
- 15. Incoming Wire Transfers _____
- 16. Stop Payment _____
- 17. ACH Credit _____
- 18. ACH Debit _____
- 19. ACH Return Item _____
- 20. Account Inquiry _____
- 21. ACH Deletes/Reversals _____
- 22. Account Analysis _____
- 23. Federal Tax Deposits _____
- 24. Monthly fee for account to remain open six
months after end of contract term allowing out-
standing checks to clear. _____
- 25. Other (any other item(s) for which Bank intends to charge City)

III

INTEREST RATES

All monies deposited with the Bank, other than time deposits, shall be carried by the Bank for the Account of the City demand deposits and shall be subject to withdrawal in whole or in part upon demand at any time. The anticipated balance in all demand accounts will average approximately \$ 300,000 monthly but may vary from as little as \$0 to over \$ 1,000,000. Please indicate an interest rate or the method to be used in determining interest to be paid (if any) on demand deposits. All interest will be compounded daily on a 365-day basis and shall be paid monthly.

COLLATERAL REQUIREMENTS

A. Securities Pledged:

For the purpose of securing the City's funds deposited with the Bank, Bank agrees and obligates itself to pledge with, and at all times keep on pledge with the City, securities equal in value to the total of all funds of City on deposit with the Bank, less the amount of coverage provided by the Federal Deposit Insurance

Corporation (F.D.I.C.), including interest thereon, whether in demand or time deposits, and whether characterized as checking, savings, or other accounts. Securities so pledged must be of such character and nature as are required under the laws of the State of Texas for such purpose, must be satisfactory to the City, and must be approved by the City as to kind and value. Repurchase agreements are not acceptable as collateral. The securities comprising the pledge shall be valued at par or market, whichever is lower. Said securities are and shall be pledged to insure the safety of the City's public monies, to insure performance of all duties and obligations evolving by law upon the Bank as depository of City's funds, to insure payment upon presentation of all checks drawn upon any demand account of City in said Bank, or upon presentation of demand for return of any time or other deposit of the City in Bank, and to insure that said funds shall be faithfully kept by Bank and accounted for according to law.

B. Reporting Requirements:

The Bank shall provide the City a report of securities pledged at the end of each month or at any time requested by the City Finance Director or designated representative. This report should reflect the following information at the end of each quarter:

Total pledged securities itemized by:

1. Name.
2. Type/description/cusip number
3. Par value.
4. Market value at month end.
5. Maturity date.
6. Moody's or Standard and Poor's rating.

If the market value of the pledged securities falls below the ledger balances of the City's accounts at any time, the City will require more securities to be pledged.

C. Safekeeping:

The securities pledged shall be held in safekeeping under the name of the Depository Bank and pledged to the City of Lockhart. Safekeeping must be done at a Non-affiliated Bank (approved by the City) with a signed three-party agreement. The original copy of all security receipts shall be filed with the Finance Director of the City of Lockhart. The safekeeping agreement shall clearly state that the Non-affiliated Bank is instructed to release the collateral to the City of Lockhart if the City has determined that the Depository Bank has failed to pay on any accounts, has been closed by a regulatory authority, or is in default of this agreement, and if the instructions for release have been formally requested by the City Council by ordinance or resolution. The safekeeping

agreement shall have signatories from the Non-affiliated Bank (as Trustee), the Depository Bank, and the City of Lockhart.

D. Value of Securities:

Whenever, in the opinion of the City, the total value of the securities so pledged becomes less than the total amount of City's funds on deposit with the Bank, Bank shall upon the order of City, pledge additional securities of the same character and nature as set out herein before and in such number and amount as directed by City, to the end that such additional securities so pledged shall at no time have aggregate value less than the total amount of City's funds with the Bank, including all interest thereon. If any demand by City for delivery and pledge of other and additional securities shall not be fully complied with by Bank within five (5) days after a written copy of such order has been served upon Bank, this entire agreement may be terminated at the option of City. Should City elect to terminate the agreement by reason thereof, all City's funds on deposit with the Bank shall immediately become due and payable and shall forthwith be accounted for and paid over to City, including all demand and time deposits of whatever character and nature, without charge or penalties, regardless of maturity date.

In the event the total of City's funds on deposit are not immediately paid over to City upon demand of City as herein above provided, Bank hereby agrees to and authorizes City to sell any or all of said securities pledged with or without notice of demand, presentment, sale, dishonor, notice of sale whether public or private, and any other notice of whatsoever nature. Proceeds from any such sale or sales shall become the property of City and shall be first applied to expenses of sale, then to interest accumulated and continuing to accrue, and then to the balance of City's funds deposited, but not paid over to City as herein specified.

In the event any such sale of securities results in a deficiency after all expenses shall have been paid, Bank hereby agrees, immediately after such sale, to pay City the amount of such deficiency from any source available to Bank whatsoever. City shall not be responsible for any depreciation in the value of the securities pledged.

E. Substitutions:

Bank may from time to time substitute other securities for those under pledge, provided the securities so substituted meet the requirements of law and are approved as to kind and value by City before such substitution occurs. Interest coupons or other evidence of interest which are attached to any such pledged securities shall be retained by the holder of pledged securities, unless the City shall have earlier given written notice to the holder of the pledged securities to surrender such interest coupons or other evidences of interest to Bank. In all cases the determination of the value of securities pledged or to be pledged shall be

in the discretion of the City and decision of the City shall be final and binding upon the Bank.

Bank does further agree that in case it shall fail to faithfully perform all duties and obligations evolving by law or ordinance upon it as City depository, or if it shall fail to pay upon presentation any and all checks drawn upon said depository by City's duly authorized agent, or if Bank shall fail to faithfully keep all funds of said City and account therefore with interest, according to law and this agreement, or if said Bank shall at any time become insolvent, or if the same should, for any reason, be taken over by the State Banking Commissioner, or by any duly qualified legally appointed liquidating agent, then and in that event, upon the happening of any of the above contained contingencies, the holder of the pledged securities shall be authorized, empowered, and is hereby directed by Bank to immediately deliver to City, in writing, the said pledged securities, and the said City or its duly authorized representative is hereby authorized and empowered to immediately sell whether by public or private sale, the pledged securities, in the manner provided by law and to apply the proceeds as set forth above.

City reserves the right through its City Council to at any time demand additional security of any kind it may see fit and reasonable, to protect said funds, and to withdraw all said funds and cancel such designation as depository, unless such demands shall be immediately complied with.

IV

City reserves the right to invest any and all of its funds in direct obligations of, or obligations unconditionally guaranteed by, the United States of America as provided in the ordinances authorizing the issuance of Lockhart, Texas bonds, or other types of bonds, securities, certificates, warrants, etc, which the City is authorized by law to invest in. Bank will and shall aid City in any investment without charge.

V

Bank agrees to handle all accounts in accordance with generally accepted banking practice. Statements will be rendered on a calendar monthly basis reflecting last banking business day of monthly balances.

VI

Bank agrees to comply with all the provisions of the laws of the State of Texas relating to municipal depositories now in effect or that may hereafter be passed, consistent with banking laws of the State of Texas, and where applicable, the laws of the United States of America.

VII

It is expressly agreed that City is not obligated by reason hereof to deposit all or any particular amount of monies or all or any particular funds from bond proceeds or from any other source, with Bank.

VIII

Bank obligates itself to keep safely, account for and pay over as agreed, any and all monies of the City deposited with it, and to pay interest thereon as above stipulated, and to perform faithfully all of the duties and obligations evolving upon it by law or by this contract or agreement or both.

IX

In the event any term or provision of this agreement shall conflict with any requirement or provision of the Texas Local Government Code, Chapter 105, as amended, or other law, the provisions and requirements of such laws shall control. If any part of this agreement is unenforceable, the remaining parts of the agreement will remain valid.

X

This agreement is and shall be binding upon the parties, their legal representatives, successors and assigns.

XI

The laws of the State of Texas shall apply to this agreement and venue for all purposes shall be in Caldwell County, Texas.

XII

Sealed applications clearly marked "Depository Applications" shall be delivered to the office of the following person by 4:30 P.M., September 4, 2019.

Pam Larison, Director of Finance
City of Lockhart
308 West San Antonio
P.O. Box 239
Lockhart, Texas 78644

**NO APPLICATIONS WILL BE RECEIVED AFTER 4:30 P.M.
ON SEPTEMBER 4, 2019.**

The Bank shall use this form as the OFFICIAL APPLICATION FORM to submit rates and to answer questions. Any alterations, changes, or deletions to this application shall be grounds for the City to disregard and reject the application.

If a service requirement cannot be met by an application, then the term “No Bid” should be entered on the Application Form for that specific requirement. In the case of a “NO Bid” remark, the applicant may offer an alternative equivalent service for the City’s consideration.

Services for which an applicant intends to charge a fee must have the applicable fee indicated on the Application Form. **Any service which does not have a fee indicated on the Application Form will be considered to be free of charge in the Depository Agreement or Contract.**

The City reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the application before and after submission, any and all of which may be used in forming a recommendation.

The City reserves the right to reject any and all applications.

The Bank states that it is a banking institution chartered under the laws of the United States and of the State of Texas.

XIII

The initial three (3) year term of this contract may be extended automatically for an additional one (1) year term with an option to extend for one (1) more one (1) year period unless one party notifies the other party, in writing, not less than 90 days prior to the expiration of the initial three (3) year term or any of the two (2) successive option terms, of its intentions to terminate this contract. Any such notice shall be served by certified mail with return receipt requested.

The City of Lockhart may require a review meeting at least once every six months to evaluate the working relationship between the City and the Depository Bank. The objective shall be to address any problems and to discuss the procedures involved in protecting the City’s funds and pledged collateral.

The final appointment of a Depository Bank shall be made by the Lockhart City Council at its October 15, 2019 meeting. The Bank may be required to enter into a contract which incorporates all of the obligatory points in the Application, otherwise a resolution shall be adopted accepting the Bank’s completed Application as the OFFICIAL DEPOSITORY AGREEMENT with accompanying related schedules and materials called for in this Application.

This Application has been posted to the City’s website and is being offered to other financial institutions.

Upon being awarded the agreement or contract, the Depository Bank shall designate an individual to be the official contact person for all correspondence. The City of Lockhart official contact person will be Pam Larison, Director of Finance. If you have any questions regarding this Application, please address them to Ms. Larison at 512-398-3461.

The Bank shall be responsible for training and communicating the terms of this contract to bank employees.

This Application is submitted by the following person duly authorized to act on behalf of the Bank:

Officer's Signature

Officer's Name and Title (Please print)

Name of Bank

Address

Telephone Number

Date