

**City of Lockhart and
Lockhart Economic Development Corporation
Application for
Bank Depository Agreement**

SPECIFICATIONS AND APPLICATION

FOR

**DEPOSITORY OF THE CITY OF LOCKHART
AND LOCKHART ECONOMIC DEVELOPMENT CORPORATION**

SEALED APPLICATIONS WILL BE RECEIVED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, IN THE OFFICE OF THE FINANCE DIRECTOR UNTIL 4:30 P.M. ON SEPTEMBER 27, 2024 TO DETERMINE THE DEPOSITORY BANK FOR THE CITY OF LOCKHART (THE CITY) AND LOCKHART ECONOMIC DEVELOPMENT CORPORATION (LEDC). 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 16, 2024. 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 and LEDC, to the City and LEDC's credit, all sums of monies, securities and instruments unless otherwise limited herein, which the City and LEDC 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 LEDC, or re-designated by the City or LEDC 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 Analysis	\$ _____
2. Account Inquiry	_____
3. Account Maintenance fee the City checking account	_____
4. Account Maintenance fee for LEDC checking account	_____
5. Account Maintenance fee for accounts to remain open six months after contract term to allow outstanding checks to clear	_____
6. ACH Credits	_____
7. ACH Debits	_____
8. ACH Deletions/Reversals	_____
9. ACH Return Items	_____

- 10. Bank Statements (paper and electronic) for all accounts
by the fifth working day of each month or upon request _____
 - 11. Charge Backs/Returned Checks _____
 - 12. Cashiers Checks or Money Orders _____
 - 13. Copy of Cancelled Checks _____
 - 14. Currency Wrappers _____
 - 15. Demand Deposit Account Credits _____
 - 16. Demand Deposit Account Debits _____
 - 17. Deposited Items _____
 - 18. "For Deposit Only" Stamps (minimum of 10) _____
 - 19. Monthly fee for account to remain open six months
after end of contract term to allow outstanding checks
checks to clear _____
 - 20. Night deposit bags with keys (minimum of 25) _____
 - 21. Written notice of Charge Backs/Returned Checks _____
 - 22. Positive Pay for Checks _____
 - 23. Positive Pay for ACH transactions _____
 - 24. Preprinted 3-Part Deposit Slips _____
 - 25. Purchase & Sale of Treasury Securities _____
 - 26. Safety Deposit Box (5x5) _____
 - 27. Security Tokens (minimum of 4) _____
 - 28. Stop Payments _____
 - 29. Wire Transfers (Outgoing and Incoming) _____
 - 30. Other (any other item(s)) _____
- _____
- _____
- _____

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 and LEDC 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 and LEDC's funds deposited with the Bank, the Bank agrees and obligates itself to pledge with, and at all times keep on pledge with the City and LEDC, securities equal in value to the total of all funds of City and LEDC on deposit with the Bank, plus an additional 2%, 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 LEDC, and must be approved by the City and LEDC 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 and LEDC's monies, to insure performance of all duties and obligations evolving by law upon the Bank as depository of City and LEDC funds, to insure payment upon presentation of all checks drawn upon any demand account of City or LEDC in said Bank, or upon presentation of demand for return of any time or other deposit of the City or LEDC 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 and LEDC 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 or LEDC accounts at any time, the City or LEDC 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 or Lockhart Economic Development Corporation. Safekeeping must be done at a Non-affiliated Bank (approved by the City and LEDC) 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 or LEDC if the City or LEDC 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 or Lockhart Economic Development Corporation.

D. Value of Securities:

Whenever, in the opinion of the City or LEDC, the total value of the securities so pledged becomes less than the total amount of City or LEDC's funds on deposit with the Bank, Bank shall upon the order of City or LEDC, pledge additional securities of the same character and nature as set out herein before and in such number and amount as directed by City or LEDC, to the end that such additional securities pledged shall at no time have aggregate value less than the total amount of City or LEDC's funds with the Bank, including all interest thereon. If any demand by City or LEDC for delivery and pledge of other and additional securities shall not be fully complied with by Bank within five (5) days after a written notice of such order has been served upon Bank, this entire agreement may be terminated at the option of City and LEDC. Should City and LEDC elect to terminate the agreement by reason thereof, all City and LEDC's funds on deposit with the Bank shall immediately become due and payable and shall forthwith be accounted for and paid over to the City and LEDC, 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 and LEDC's funds on deposit are not immediately paid over to City and LEDC upon demand of City and LEDC as herein above provided, Bank hereby agrees to and authorizes City and LEDC 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 or LEDC and shall be first applied to expenses of sale, then to interest accumulated and continuing to accrue, and then to the balance of City or LEDC's funds deposited, but not paid over to City or LEDC as herein specified.

In the event any such sale of securities results in a deficiency after all expenses have been paid, Bank hereby agrees, immediately after such sale, to pay City and LEDC the amount of such deficiency from any source available to Bank whatsoever. City and LEDC 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 and LEDC 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 or LEDC 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 LEDC and decision of the City and LEDC 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 and LEDC depository, or if it shall fail to pay upon presentation any and all checks drawn upon said depository by City and LEDC's duly authorized agent, or if Bank shall fail to faithfully keep all funds of City and LEDC 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 and LEDC, in writing, the said pledged securities, and the City and LEDC 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 and LEDC reserve the right through its City Council and Board 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 and LEDC reserve 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 and LEDC is authorized by

law to invest in. Bank will and shall aid City and LEDC 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 and LEDC are 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 and LEDC 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 “Proposal for Depository Banking Services” shall be delivered to the office of the following person by 4:30 P.M., September 27, 2024.

Keeli Michna, Finance Director
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 27, 2024.

OPENING OF PROPOSALS

Applications will be opened publicly at the location below and read aloud immediately after closing of application time.

Glosserman Room
City Hall
308 West San Antonio
Lockhart, TX 78644

The Bank shall use this form as the OFFICIAL APPLICATION FORM to submit rates and to answer questions. This form will serve as the primary basis for evaluating applications. Any alterations, changes, or deletions to this application shall be grounds for the City and LEDC 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 and LEDC’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 and LEDC reserve 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 and LEDC reserve the right to reject any and all applications, waive any irregularities or informalities, select the best application for the City and LEDC.

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

XIII

EVALUATION CRITERIA

The bank depository agreement will be awarded to the bank whose application best conforms to the selection criteria and is the most advantageous and cost effective to the City and LEDC. Award will be made by the City Council and LEDC Board.

XIV

SELECTION CRITERIA

The selection of a depository will be based on the following criteria:

1. The ability to qualify as depository for public funds in accordance with state and local laws;
2. The ability to provide requested information or financial statements for the periods specified;
3. The ability to meet all requirements in the banking request proposal;
4. An assessment by the City and LEDC of the bank's ability to timely and efficiently respond to the day-to-day banking needs of the City and LEDC;
5. Complete response to all required items on the proposal form;
6. Lowest net banking service cost, or highest net service credit, consistent with the ability to provide the desired banking services;
7. The credit worthiness and financial stability of the bank.

XV

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

City staff will make recommendation of a depository bank to the LEDC Board at the October 14, 2024 meeting at 6:00 P.M. located at 215 E. Market Street and to Lockhart

City Council at its October 15, 2024 meeting at 6:30 P.M. located at the Clark Library Annex – Council Chambers, 217 S. Main Street, 3rd Floor. The Bank may be required to enter into a contract which incorporates all of the obligatory points in the Application, otherwise an ordinance 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 and Lockhart Economic Development Corporation’s official contact person will be Keeli Michna, Finance Director. If you have any questions regarding this Application, please address them to Ms. Michna 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