



SOLICITATION OVERVIEW

The City of South Padre Island is soliciting applications for:

TITLE: Primary Depository Bank Services

Due Date: 2:00 P.M. CDT, Thursday, May 5, 2016

**Location: Office of the City Secretary
City of South Padre Island
4601 Padre Blvd.
South Padre Island, Texas 78597**

Pre-Application Conference*:

Date & Time: Thursday, April 21, 2016 @ 10:00 A.M.

**Location: South Padre Island City Hall
4601 Padre Blvd.
South Padre Island, Texas 78597**

***Attendance at this conference is not mandatory.**

Public Opening of Applications:

There will be a public opening of applications immediately following the submission due time/date. Only the names of applicants will be read aloud. Interested parties are invited to attend. This will be held at 2:00 P.M. at South Padre Island City Hall, 4601 Padre Blvd., South Padre Island, Texas 78597.

Submit written questions to: Christine Green, Accountant at CGreen@MySPL.org.

Questions may be submitted in writing through 3:00 P.M. CDT, Monday, April 25, 2016. No verbal questions will be accepted. Questions of a substantial nature will be addressed in formal addenda.

Valley View Consulting, L.L.C. is assisting the City with the preparation of this RFA and the evaluation of applications received.



**REQUEST FOR APPLICATIONS
PRIMARY DEPOSITORY BANK SERVICES**

The City of South Padre Island and the South Padre Island Economic Development Corporation, the two of which are collectively described as the “City,” are soliciting sealed applications from qualified financial institutions to provide Primary Depository Bank services. The initial term shall commence October 1, 2016 and end September 30, 2018, and may be extended for up to three (3) additional one-year periods under the same terms and conditions. Sealed applications will be accepted until 2:00 P.M. CDT on Thursday, May 5, 2016 in the Office of the City Secretary, City of South Padre Island, 4601 Padre Blvd., South Padre Island, Texas 78597. Application envelopes shall be sealed and designate on the front lower, left hand corner the following:

“DO NOT OPEN – Depository Services Application

Note: Applications received after 2:00 P.M. CDT, Thursday, May 5, 2016 shall be considered void and will be returned unopened.

The sealed application submission shall include the following:

1. One original (so marked) and three (3) complete bound copies of the application;
2. One complete copy of the application response as a PDF file on a Flash Drive;
3. The MS-Excel Bank Services Fee Schedule on a Flash Drive; and
4. The bid bond check.

The application shall be accompanied by a bid bond, in the form of a cashier’s check, in the amount of \$5,000.00 made payable to the City of South Padre Island, which shall be returned to each applicant upon final acceptance and execution of an agreement with the successful applicant. Any applications received after the time and date stated above, regardless of delivery, will not be considered and will be returned unopened. Questions concerning this RFA should be directed in writing to Christine Green, Accountant I at CGreen@MySPL.org. The City reserves the right to reject any and all applications and to waive all formalities except time of filing.

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INTRODUCTION

The City, pursuant to Chapter 105, Texas Local Government Code, requests applications from eligible and qualified financial institutions to provide the City banking services as described below. The services provided shall be in accordance with this Request for Application (the “RFA”) and attachments.

To be eligible to respond to this RFA, the financial institution must have a branch within the City.

The City expects that the Depository Bank Services Agreement included in Exhibit 3 of this RFA detailing the required services be duly executed between the City and the selected financial institution.

Any and all charges and fees associated with the Depository Bank Services Agreement must be clearly and accurately included in the RFA response. The charges and fees represented in the RFA response shall overrule any and all previous bank service or other agreements between the City and the financial institution, as they relate to the accounts and services included herein. The City will not be obligated by any charges and fees not clearly and accurately presented in the RFA response. Services not addressed in this RFA and initiated after consummation of the Depository Bank Services Agreement shall carry charges and fees mutually agreed to, in writing, by the City and the financial institution. Regardless of time delay, the financial institution shall refund or credit the City for any erroneous charges and fees not agreed to in writing.

The City is soliciting applications for banking services currently utilized or being considered by the City. The City intends to manage its funds to minimize service charges and optimize investment income as authorized by policy and permitted by state law. Depending upon market conditions, future collected fund balances may be reduced and invested in other available investment alternatives.

The initial term shall be a two-year period of October 1, 2016 through September 30, 2018, with a provision for three (3) one-year extensions under the same terms and conditions, at the option of the City. A transition period not to exceed ninety (90) days for migration to a new financial institution at the end of the term must be provided.

The City reserves the right to open or close any number or types of accounts, as it deems necessary throughout the term of any agreement resulting from this RFA.

The Depository Bank Services Agreement is an important component of the treasury and cash management system of the City, and the City requires a financial institution that is:

- Capable of providing the services required by the City,
- Willing to be attentive and responsive to the City’s financial matters,
- Financially sound and meets the City’s requirements, and
- Physically located within the City’s boundaries.

REQUEST FOR APPLICATION

Pursuant to Chapter 105 of the Local Government Code, this RFA serves as the application form for the Depository Bank Services Agreement. All information requested in this RFA must be provided in the response. The evaluation of the applications will be based on the responses included herein.

Exceptions, conditions, or qualifications to the City's specifications or requirements must be clearly identified as such, with the reasons therefore, and alternate language proposed by applicant, if any, clearly stated and inserted in the appropriate place in the response. The City reserves the right to negotiate terms, conditions, and exceptions with an applicant to arrive at a final agreement.

If acceptable to the City, any exceptions, conditions, or qualifications to the City's specifications shall be included, as appropriate, in the resulting agreement. Items and matters not explicitly excepted in this manner shall be deemed to be in conformance with the City's specifications.

Responses must be complete, addressing all aspects of the RFA, and including all requested information to receive full consideration by the City in the evaluation process. The City may choose to waive any irregularities in any responses received and reserves the right to reject any and all applications.

The City desires to enter into an agreement of mutual party benefit and will answer all questions pertaining to this RFA.

As defined in Section 105.015 (c), each applicant shall comply with the conflict of interest provision of Section 131.903 of the State's Local Government Code in regards to the selection of the depositories:

Sec. 131.903. CONFLICT OF INTEREST.

(a) A bank is not disqualified from serving as a depository for funds of a political subdivision if:

- (1) an officer or employee of the political subdivision who does not have the duty to select the political subdivision's depository is an officer, director, or shareholder of the bank; or*
- (2) one or more officers or employees of the political subdivision who have the duty to select the political subdivision's depository are officers or directors of the bank or own or have a beneficial interest, individually or collectively, in 10 percent or less of the outstanding capital stock of the bank, if:*

(A) a majority of the members of the board, commission, or other body of the political subdivision vote to select the bank as a depository; and

(B) the interested officer or employee does not vote or take part in the proceedings.

(b) This section may not be construed as changing or superseding a conflicting provision in the charter of a home-rule municipality.

Please note the following calendar of events for the dates and times of key elements in the application process.

CALENDAR OF EVENTS

Monday, April 11, 2016	RFA available to prospective financial institutions
Thursday, April 21, 2016	Non-mandatory Pre-Application/Informational Conference (10:00 AM)
Monday, April 25, 2016	Deadline for Questions/Requests for Additional Information (3:00 PM)
Thursday, May 5, 2016	Responses due to City Secretary (2:00 PM)
Wednesday, June 15, 2016	City Council consideration of award (5:30 PM)
Saturday, October 1, 2016	New Depository Bank Services Agreement period begins

APPLICATION REQUIREMENTS

One original (so marked) and three (3) complete copies of the application, the bid bond check, and one Flash Drive containing the completed MS-Excel Bank Services Fee Schedule and a PDF of the complete application, sealed and clearly marked on the front lower, left hand corner **“DO NOT OPEN – Depository Services Application”** shall be delivered to the Office of the City Secretary by 2:00 P.M. CDT, on Thursday, May 5, 2016 and addressed:

Office of the City Secretary
ATTN: Susan Hill
City of South Padre Island
4601 Padre Blvd.
South Padre Island, Texas 78597

NO APPLICATION SHALL BE ACCEPTED AFTER 2:00 P.M. CDT ON THURSDAY, MAY 5, 2016.

Applicants shall use this RFA as the official response form. Submitted prices, rates, conditions, and answers shall be included in the final agreement. The signed, submitted response must include printed copies of all completed worksheets and will be deemed the applicant’s official response. To reduce errors and increase the ease of both response and evaluation, the City is providing the RFA in a MS-Word format and Bank Services Fee Schedule in MS-Excel format. The RFA is a protected Word document to enable the applicant to respond to the questions and incorporate comments into the RFA. Applicants must provide unit pricing for service items listed on the MS-Excel worksheet of the Bank Services Fee Schedule.

The Excel Bank Services Fee Schedule information and a PDF of the complete application must be provided on a Flash Drive with the application.

BASIS OF AWARD

The City will award the contract to the applicant whose response provides the best value for the City based on all factors which have a bearing on price and performance of the required services including, but not limited to, compliance with all RFA requirements, delivery, and the City’s needs.

The City reserves the right to contact any applicant, at any time prior to award, to clarify, verify or request information with regard to any application. The City reserves the right to waive any formality or irregularity, to make awards to more than one applicant, or to reject any or all applications.

Applicant must qualify under current Texas law to serve as a municipal depository bank.

- Applicant shall supply a bid bond of \$5,000.00. The bid bond shall be in the form of a cashier’s check made payable to the City, and shall be returned to each unsuccessful applicant immediately following award and to the successful applicant upon final acceptance and execution of the agreement. Should the institution selected as the successful applicant by the City fail to become primary depository bank service provider, for whatever reason, the bid bond shall be forfeited to the City as liquidated damages.

Transfer of funds shall commence at such time as the successful applicant provides all required forms and supplies necessary to insure uninterrupted day-to-day operations to the City. The successful applicant commits its “best efforts” to complete the execution of documentation and transfer of funds by the

October 1, 2016 start date. Failure to complete by the start date, at the discretion of the City, could be considered grounds for bid bond forfeiture and alternative primary depository bank selection.

The successful applicant, upon termination of any agreement resulting from this RFA, shall cooperate with the City for transfer of funds.

All responses are subject to release as public information unless the response or specific parts of the response can be shown to be exempt from the Texas Public Information Act. Applicants are advised to consult with their legal counsel regarding disclosure issues and take the appropriate precautions to safeguard trade secrets or any other proprietary information. The City assumes no obligation or responsibility for asserting legal arguments on behalf of applicants. If an applicant believes that a response or parts of a response are confidential, then the applicant shall so specify. The applicant shall stamp in bold red letters the term "CONFIDENTIAL" on that part of the response which the applicant believes to be confidential. Vague and general claims as to confidentiality shall not be accepted. All responses and parts of responses that are not marked as confidential will be automatically considered public information. Notwithstanding, responses to this RFA shall be opened in a manner that avoids disclosure of the contents to competing applicants and keeps the responses secret during negotiations.

Any questions concerning this RFA must be directed in writing to:

Christine Green
Accountant I
City of South Padre Island
4601 Padre Blvd.
South Padre Island, Texas 78597

Email: CGreen@MySPI.org

APPLICATION SUBMITTED BY

This application is being submitted to the City by the following person duly authorized to act on behalf of this applicant.

Name of Financial Institution

FDIC Certificate #

Address of Financial Institution

Telephone #

Email Address

Officer Name & Title (printed)

Officer Signature _____

Signature indicates respondent accepts the specifications, terms and conditions of this RFA and that applicant is not delinquent on any payment due the City or involved in any lawsuit against the City.

Date:

CRITERIA FOR EVALUATION

The City shall carefully review the submitted applications. The evaluation of the applications will be based on the following criteria:

1. Financial strength and stability of institution;
2. Completeness of application and agreement to points outlined in the RFA;
3. Ability to perform and provide the required and requested services;
4. Reputation of applicant and quality of services;
5. Cost of services;
6. Earnings credit calculation on compensating balances;
7. Transition cost, retention and transition offers and incentives;
8. Funds availability;
9. Interest paid on interest bearing accounts and deposits;
10. Physically located within the City's boundaries;
11. Convenience of location(s); and
12. Previous service relationship with the City.

After selection of an applicant based on the criteria above, the City may enter into negotiations as to the terms of the depository bank services agreement and any subsidiary agreements, all aspects of services, and the compensation to be paid to the applicant.

If, for any reason, the negotiations between the applicant selected and the City cannot be completed, the City may enter into negotiations with the second best application. Negotiations will continue in this sequence until an agreement is finalized or all applications are rejected.

The City reserves the right, at its sole discretion, to accept the proposal which it considers most favorable to the City's interest.

The City reserves the right to negotiate with any and all proposers regarding their proposals, and to request oral presentations from any one or all respondents.

The City reserves the right to accept or reject any qualified proposals, to reject any and all proposals, and to waive minor informalities.

ACCOUNT ACTIVITIES

The City anticipates establishing an account configuration that consists of the following bank accounts:

- Operating Account
- Payroll Account
- Police Department Forfeiture Account
- Economic Development Corporation Accounts (2)

The **Operating Account** serves as the City's master operating account. It is an interest bearing commercial checking account into which checks are drawn, wires and ACH transfers are received, bank deposits are made, and credit card settlements are cleared. From this account, wire and ACH transfers are initiated, credit card fees and charge backs are presented, returned checks and deposit corrections are posted, and bank services account analysis fees are debited. Investment activity of purchases and sales are made from this account and it is the funding source for the Payroll Account.

The **Payroll Account** is an interest bearing account funded by the Operating Account. From this account, the ACH files are prepared for employees with direct deposit and pay cards. Occasionally temporary workers receive checks. The City has approximately a 182 person payroll, paid bi-weekly, with an approximate amount of \$298,000 per payroll. The City offers its employees direct deposit of payroll with approximately 95% of employees utilizing the direct deposit. The ACH files are prepared and transmitted on or before 4:00 PM Tuesday for employee payment receipt on Wednesday (actual funds transfer from Operating to Payroll occurs Monday).

Note that during Spring Break Payroll Account activity almost doubles.

The **Police Department Forfeiture Account** is an interest bearing account maintaining a balance of less than \$130,000, with limited transactions and no checks.

The **Economic Development Corporation** maintains two accounts. One account is an interest bearing account maintaining a fairly stable balance averaging approximately \$440,000 with limited transactions and no checks. The other account is an interest bearing account maintaining a balance of \$14,500 to \$20,000, with routine deposit transactions, check writing, and debit and credit transactions from credit card activity.

REQUIRED BANK SERVICES

The following services must be provided as described and/or be provided in an alternative form that results in essentially the same outcome or capability.

1. **ONLINE BANKING SERVICES** – The City **requires** online banking services accessible through the internet that at a minimum include balance reporting, initiation of ACH debits and credits and wire transfers, and placement of stop payments on checks. Additional capabilities must include the ability to reprint statements and export information to MS-Excel. The minimum balance reporting information must be for intra-day and previous business day and include at a minimum: ledger balance, collected balance, one-day float amount, two-day float amount, total credits, total debits, and detail debits and credits, and must allow transaction search capability and viewing of cleared checks (front and back). Historical information must be maintained online and accessible for a minimum of six months.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

2. **POSITIVE PAY AND ACCOUNT RECONCILIATION SERVICE** – The City **requires** positive pay and full reconciliation on the Operating Account. The City electronically transmits the issued check files to the successful applicant. Positive pay files must be transmitted or available to the City electronically. Minimum payment verification criteria shall be payee name, date, check number, and amount. The City may approve and make pay/no pay decisions on any exception items.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

3. **ZERO BALANCE ACCOUNTS** – The City may consider zero balance accounts for its payroll and accounts payable disbursement accounts. The bank teller function must identify the accounts as a ZBA to ensure presentments made at the bank are honored.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

4. **ACH** – The City **requires** a robust ACH system with the capability to create ACH credits for direct deposit of payroll and vendor payments, and to direct debit customer accounts for A/R.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

5. **ACH DEBIT BLOCKING** – The City **requires** ACH debit blocking capabilities on its accounts, with the ability to selectively permit specified ACH debits on certain accounts and restrict all ACH debits from certain accounts.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

6. PAYROLL CARDS – The City **requires** the use of Payroll Cards for compensating employees that utilize this form of payment.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

7. REMOTE DEPOSIT CAPTURE – The City **requires** remote deposit capture services.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

8. WIRE TRANSFERS – The City **requires** an online banking system that provides for initiating wire transfers. Wires may be one time wires or set up as repetitive wires of varying amounts.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

9. FUNDS AVAILABILITY – The City **requires**, at a minimum, same day credit for all transactions submitted before 4:00 PM, subject to the successful applicant’s availability schedule.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

10. EMPLOYEE CHECK CASHING – The City **requires** the successful applicant to cash checks issued to employees (with proper identification) without service charges or fees to the employee or the City, and without requiring the employee to open an account with the successful applicant.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

11. RETURNED CHECK REPROCESSING – The City **requires** deposited checks to be processed for collection at least twice before making non-paid checks available to the City for pick up. The City prefers to receive notification of rejected items electronically. The City **requires** same day notification of all returned items in excess of \$5,000.00.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

12. ACCOUNT ANALYSIS – The City **requires** account analysis statements by individual account and at group level, reflecting average ledger balance, average uncollected funds, average collected balance, reserve requirement, average available balance, rate and amount of earnings credit, detail of services provided with quantities and unit fees for each, and total service cost, delivered to the City on a monthly basis. **This applies to “No Fee” or “Fee Waiver” applications.**

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

13. BANK STATEMENTS – The City **requires** that statements be rendered or made available electronically within five (5) working days after the close of the calendar month. Monthly cutoff of statements must occur on the last calendar day of each month. Accounts shall not be placed in dormant mode for inactivity. The statement shall include debits and credits made on the last day of the period and the detail items. Bank statements must be received on a monthly basis, even if there is no activity for the account. Checks and deposit slip images must be provided in a manner that the City can download or save to their internal storage systems.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

14. PAYMENT FOR SERVICES – The City **intends** to pay for all services provided by the earnings credit amount generated by account balances, or by direct payment, or a combination of both.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

15. ACCOUNT SETTLEMENT – Settlement of the excess/deficient condition as reflected by the group level account analysis is **expected** to occur on a quarterly basis. If deficient, settlement must be made by direct debit to the City’s Operating Account.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

16. RESEARCH – The City **requires** that all research requests are responded to within three business days of the request.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

17. BANK ERRORS – The City **requires** bank errors resulting in lost interest to the City to be reimbursed by the successful applicant to the City, utilizing a mutually agreed upon method of reimbursement.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

18. SECURITY CLEARANCE/SAFEKEEPING – The City **requires** security clearance/safekeeping services for the securities owned by the City. All securities will be handled on a delivery versus payment (“DVP”) basis as they are cleared into and out of the City’s account.

The successful applicant must act as securities clearing agent for all security purchases made by the City and for sales of securities from the investment portfolio, and will provide the necessary wire transfer and physical delivery services required to support investment activities. Necessary controls

will be negotiated with the successful applicant. Confirmation of trade settlement must be provided to the City within one business day.

All interest payments on securities held must be posted on the due date or on the next business day in the event the due date falls on a weekend or bank holiday. The City must be notified of any securities called prior to maturity.

The City requires a web-based security clearance/safekeeping transaction monitoring and reporting mechanism.

All fees related to security clearance/safekeeping services provided by the successful applicant must be itemized and included on the Bank Services Fee Schedule submitted in response to this RFA.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

19. POST NO CHECKS – The City **requires** the fraud protection feature or service that prevents checks from being posted to designated electronic-only accounts.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

20. INVESTMENT ACCOUNT – Applicants must provide a description of the financial institution’s best “hard dollar” interest earning option. If a sweep option is proposed, applicant must confirm its compliance with Government Code Chapter 2256, the “Public Funds Investment Act” (“PFIA”), and the City’s Investment Policy.

Yes, can provide. No, cannot provide.

Comment:

21. AUDIT CONFIRMATIONS – Successful applicant must provide account balance audit confirmations to the City’s audit firm annually at no charge.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

22. BALANCE ASSESSMENT – Applicant must state how the FDIC Insurance Assessment on balances will be treated. (**Treatment must be reflected on the attached Bank Services Fee Schedule, as well.**)

- Fees to be waived.
- Fees to be partially waived.
- Fee to be passed in full to the City.

Comment:

23. RESERVE REQUIREMENT – Applicant must indicate whether or not a reserve requirement on balances used in calculating earnings credit is required.

Yes.

No.

Reserve Requirement %

Comment:

24. EARNINGS CREDIT RATE – Applicant must state the ECR being proposed.

ECR % _____

Comment:

SERVICES THAT MAY BE CONSIDERED

The following services are optional and may be considered by the City for award; please indicate the applicant's ability to provide the services as described and the associated set-up, maintenance and/or per item processing charges:

1. INTEGRATED DISBURSEMENT SERVICES – The City may consider different levels of outsourcing for its disbursement function including, but not limited to, check printing and distribution.

Yes, can provide.

No, cannot provide.

Comment:

2. COURIER SERVICE – The City may consider a courier service to make daily deposits from City Hall and Municipal Court to the financial institution. Can the applicant provide this service and, if so, how would it be billed?

Fees to be waived.

Fees to be partially waived; billed through analysis.

Fee to be passed in full to the City; billed through analysis.

Cannot Provide.

Comment:

3. REVERSE POSITIVE PAY SERVICE – The City may consider reverse positive pay on the check issuing accounts with limited and infrequent issuance. The successful applicant shall notify the City of the checks presented for payment, and the City may select the items to be honored.

Yes, can provide as requested/required.

No, cannot provide as requested/required.

Comment:

4. ELECTRONIC DATA INTERCHANGE – The City may consider Electronic Data Interchange (“EDI”) service capability with the ability of obtaining monthly reports and transacting vendor payments.

Yes, can provide as requested/required.

No, cannot provide as requested/required.

Comment:

5. CONSUMER BILL PAY PROCESSING – The City may consider this service (sometimes referred to E-Lockbox) for receipts of payments generated from customer bank bill pay programs. On a daily basis, the remittance data and payment amount captured during processing must be transmitted to the City for the update of the accounts receivable file.

Yes, can provide as requested/required.

No, cannot provide as requested/required.

Comment:

6. CREDIT AND DEBIT CARD PAYMENTS – The City allows its patrons to pay for certain charges utilizing credit and debit cards. Currently the credit and debit card payments are accepted for AMERICAN EXPRESS, DISCOVER, VISA and MASTERCARD. This method of payment accounts for approximately \$17,000 from 90 transactions per month. Please provide information on services and costs associated with the bank’s credit and debit card processing abilities.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

7. ONLINE PAYMENTS ACCEPTANCE – The City is interested in exploring options and capabilities for accepting payments for an expanded scope of services through an online interactive facility that would include payments by credit card, direct debit, funds transfer, etc. A function of the system would be the preparation of the accompanying remittance information. The City currently utilizes ETS and NPC as third-party vendors for these services.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

8. SWEEP ACCOUNT – The City may consider the use of a sweep account for overnight investment of funds in excess of a target balance in the Operating Account. This sweep investment account shall comply with the Public Funds Investment Act and the City’s Investment Policy.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

COLLATERAL REQUIREMENTS

1. COLLATERALIZATION – The successful applicant shall pledge collateral to satisfy the requirements of the Public Funds Collateral Act, Chapter 2257, Government Code, and the City’s Investment Policy. Ledger balance shall determine the total balance level. The successful applicant shall pledge collateral equal to or in excess of the required level on a same day basis.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

2. COLLATERAL AMOUNT – The maximum ledger balances could exceed \$20,000,000 in the aggregate. Historically, the average balances are less than \$13,000,000. Applicant must clearly explain any collateral limitations or fees. The City reserves the right to maximize or minimize bank balances regardless of historical patterns. The successful applicant must monitor the collateral adequacy on a daily basis and provide additional collateral to secure balances as required.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

3. COLLATERAL CUSTODY – The pledged securities shall be held by an independent custodian acceptable to both the City and the successful applicant. The original copy, provided by the custodian, of all pledge receipts shall be filed with the City’s Finance Director. Please name the proposed custodian. _____

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

4. COLLATERAL SUBSTITUTION – Substitutions of the pledged securities will be permitted as provided for in the City’s Investment Policy. Reductions in the total amount pledged shall be made only by and with the proper written authorization of an authorized City signatory. The City shall approve, in advance and in writing, all proposed collateral. In the case of reduction requests, the successful applicant shall provide in writing that collateral shall be available when needed to meet balance increases throughout the term of any agreement resulting from this RFA.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

5. COLLATERAL REPORT – The successful applicant **and** the custodian shall provide City a monthly pledged securities report or additional reports at any time requested by City. The report must describe the total pledged securities by:

Name
Type / Description
CUSIP
Par Value
Current Face Value
Market Value

Maturity Date
Rating by Moody's or Standard & Poor's

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

6. FIRREA COMPLIANT BOARD RESOLUTION – The Board of Directors or designated committee of the successful applicant shall be required to provide a Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (“FIRREA”) compliant resolution of certification approving the award of the agreement and commitment for delivery of the collateral to the custodian not later than five days before the commencement of services. The following is an extract of the FIRREA requirement from the Federal Deposit Insurance Corporation (“FDIC”) Code:

e) AGREEMENTS AGAINST INTERESTS OF CORPORATION.--

(1) IN GENERAL.--No agreement which tends to diminish or defeat the interest of the Corporation in any asset acquired by it under this section or section 11, either as security for a loan or by purchase or as receiver of any insured depository institution, shall be valid against the Corporation unless such agreement--

(A) is in writing,

(B) was executed by the depository institution and any person claiming an adverse interest thereunder, including the obligor, contemporaneously with the acquisition of the asset by the depository institution,

(C) was approved by the board of directors of the depository institution or its loan committee, which approval shall be reflected in the minutes of said board or committee, and

(D) has been, continuously from the time of its execution, an official record of the depository institution

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

INVESTMENT ACTIVITIES

The Public Funds Investment Act, in conjunction with the City's Investment Policy, shall govern the City's investment activity and the successful applicant shall be required to provide services within the constraints of both. The successful applicant must complete the attached PFIA Certification that acknowledges that they have reviewed the City's Investment Policy.

1. DIRECT INVESTMENT – The City's direct investment activities may take place in any and all City accounts. The City shall have the right, at its sole discretion, to direct investment of its funds.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

2. CERTIFICATES OF DEPOSIT – Certificates of Deposit (“CDs”) purchased for the City shall be non-negotiable and shall be registered in the name of the City. The CDs must be fully insured by the FDIC or collateralized in accordance with the RFA requirements. Proof of collateral must be supplied to the City prior to CD settlement.

Extension of CDs – The successful applicant agrees to honor and continue any CD made during the term of any agreement resulting from this RFA that will mature after the expiration date of such agreement at the same rate established at the time of placement.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

OVERDRAFT PROVISIONS

1. NET OVERDRAFT DEFINED – The City does not intend to have a net overdraft position occur during the term of the agreement. A net overdraft shall be defined as a negative balance in the City’s accounts **collectively**, not by individual account.

Yes.

No.

Comment:

2. NOTIFICATION – In the event a check or checks shall be presented for payment where there is insufficient funds in City’s collective accounts, the successful applicant agrees to promptly notify the City’s Finance Director or other signatory person, by telephone or other means, of the overdraft condition, and to provide the City a period not exceeding one business day to respond and rectify the condition.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

3. STIPULATIONS – Should a net overdraft condition occur, the following shall apply:

Maximum number of banking days the overdraft shall be allowed:

Maximum amount of the overdraft: \$

Interest rate per annum computed on the overdraft: %

Comment:

OTHER STIPULATIONS

1. REGULATION NOTIFICATIONS – The successful applicant shall notify City in writing within thirty (30) days of any changes in federal or state regulations, or laws that would affect any agreement resulting from this RFA.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

2. INCOMING WIRE TRANSFERS – Notification of incoming wire transfers shall be made by telephone, fax, online banking, or email to the City’s Finance Director within one hour of the transaction and a written confirmation mailed to the City the same day of the transaction.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

3. RIGHT TO CANCEL UNDER FEDERAL OR STATE LAW RULINGS – In the event it would be ruled illegal under the provisions of any federal or state laws or regulations for the successful applicant to comply with the requirements of this RFA or any resulting agreement, then the City expressly reserves the right and privilege to cancel the agreement and to re-solicit applications.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

4. ACCESS TO BANK RECORDS – The successful applicant’s records relating to the City’s accounts shall be open for review during normal business hours by designated City staff members or appointed independent auditors.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

5. RIGHT TO OPEN & MAINTAIN OTHER ACCOUNTS – The City reserves the right to open and maintain one or more demand accounts at financial institutions not affiliated with the successful applicant.

Acknowledged

Comment:

6. DEPOSITORY BANK SERVICES AGREEMENT – The City **requires** that the successful applicant execute a Depository Bank Services Agreement that is substantially the same as the one included as Exhibit 3 of this RFA.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

7. SECONDARY DEPOSITORY BANK – As a component of its disaster recovery plan, the City may consider maintaining a contractual agreement for a secondary depository bank relationship.

Depending on the outcome of this RFA for a primary Depository Bank relationship, would the applicant consider entering into an agreement for a secondary relationship?

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

8. RIGHT TO TERMINATE – The City expressly reserves the right to terminate any agreement resulting from this RFA with or without cause at any time by providing ninety (90) days written notice to the successful applicant to close its accounts.

Acknowledged

Comment:

9. TERMS FIXED – All fees, rates (including floor rates), and conditions shall be fixed for the entire term, including any and all extensions.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

10. ONE RELATIONSHIP OFFICER – The City requests **one** relationship manager to coordinate the successful applicant’s efforts and remain directly responsible for facilitating all City/applicant interaction:

Description	Name	Title	Phone
Relationship Officer			

MISCELLANEOUS

1. SEMI-ANNUAL MEETING – The City shall require a review meeting at least once every six months to evaluate the working relationship between the City and the successful applicant. The objective shall be to address any problems and to seek solutions, as well as keeping abreast of changes, new services, or new requirements.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

2. FORMAL AGREEMENT REQUIRED – The final appointment of the successful applicant shall be subject to approval by the City of South Padre Island City Council and Boards. The successful applicant shall be required to enter into an agreement that incorporates all of the requirements of applicant’s official response to this RFA, along with the accompanying related schedules and materials as required by this RFA. Required attachments include: collateral custodial agreement, FIRREA bank certification, and PFIA investment provider certification.

Yes, can provide as requested/required. No, cannot provide as requested/required.

Comment:

This RFA is being offered by the following person duly authorized to act on behalf of the City.

Rodrigo Gimenez, Finance Director

EXHIBIT 1

BANK TRANSACTIONS BY ACCOUNT

FEBRUARY 16

<u>DESCRIPTION</u>	<u>BEGINNING BALANCE</u>	<u>CREDITS</u>		<u>DEBITS</u>		<u>ENDING BALANCE</u>
		<u>NUMBER</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>	
Operating Account	\$ 12,942,031	132	\$ 4,427,214	249	\$ 4,508,086	\$ 12,861,159
Payroll Account	5,133	6	453,745	6	453,833	5,046
Police Department Forfeiture	<u>127,010</u>	<u>1</u>	<u>36</u>	<u>1</u>	<u>3,558</u>	<u>123,488</u>
TOTAL	<u>\$ 13,074,175</u>	<u>139</u>	<u>\$ 4,880,995</u>	<u>256</u>	<u>\$ 4,965,477</u>	<u>\$ 12,989,693</u>
SPI Economic Development Corp.	\$ 19,889	2	\$ 6	1	\$ 0	\$ 19,895
SPI Development Corporation	\$ 440,658	2	\$ 128	1	\$ 0	\$ 440,786

EXHIBIT 2

ACCOUNT ANALYSIS SUMMARY

<u>Period</u>	<u>Avg Ledger</u>	<u>Less Avg Uncollected</u>	<u>Avg Collected</u>	<u>Less Required Reserves</u>	<u>Avg Available</u>
Mar-15	\$ 13,744,420	\$ 8,289	\$ 13,736,131	\$ 1,373,613	\$ 12,362,518
Apr-15	13,046,100	8,114	13,037,987	1,303,799	11,734,188
May-15	12,768,619	8,618	12,760,001	1,276,000	11,484,001
Jun-15	11,803,575	6,571	11,797,004	1,179,700	10,617,303
Jul-15	11,660,343	7,661	11,652,682	1,165,268	10,487,414
Aug-15	12,170,959	11,881	12,159,078	1,215,908	10,943,170
Sep-15	10,856,817	13,979	10,842,838	1,084,284	9,758,554
Oct-15	10,635,867	63,093	10,572,774	1,057,277	9,515,497
Nov-15	13,902,044	180,467	13,721,577	1,372,158	12,349,419
Dec-15	14,336,211	31,302	14,304,909	1,430,491	12,874,418
Jan-16	13,852,553	41,845	13,810,708	1,381,071	12,429,637
Feb-16	<u>13,992,842</u>	<u>60,304</u>	<u>13,932,538</u>	<u>1,393,254</u>	<u>12,539,285</u>
Total	<u>\$ 152,770,350</u>	<u>\$ 442,124</u>	<u>\$ 152,328,226</u>	<u>\$ 15,232,823</u>	<u>\$ 137,095,403</u>
Average	<u>\$ 12,730,862</u>	<u>\$ 36,844</u>	<u>\$ 12,694,019</u>	<u>\$ 1,269,402</u>	<u>\$ 11,424,617</u>

EXHIBIT 3

DEPOSITORY BANK SERVICES AGREEMENT

THIS DEPOSITORY BANK SERVICES AGREEMENT (“Agreement”) is made and entered into by and between the City of South Padre Island, Texas and the South Padre Island Economic Development Corporation, collectively a home-rule municipality (“City”), and _____ a banking association, organized under the laws of the United States and authorized by law to do banking business in the State of Texas (“Bank”). City and Bank are sometimes referred to collectively as the “parties” or individually as a “party.”

1. **Designation of Depository.** The City, through action of the City Council on June 15, 2016, hereby designates Bank as its primary depository bank for the period beginning October 1, 2016, and continuing through September 30, 2018. City shall have the option to extend this Agreement for three (3) additional terms of one (1) year each under the same terms and conditions by giving Bank written notice of its intent to extend prior to the expiration of the then-current term.

2. **General.** All services rendered to City by Bank under this Agreement shall be performed in accordance with accepted commercial banking standards for public fund organizations and under the overall direction and instructions of City pursuant to Bank’s standard operations, policies, and procedures.

3. **Scope of Services.** Bank agrees to provide those services as described in the City of South Padre Island Request for Application for Depository Bank Services released on April 11, 2016 (“RFA”). The RFA and Bank’s response to the RFA (the “Application”) are incorporated herein by reference. Bank acknowledges that all services performed by Bank are subject to the approval of City.

4. **City Representatives.** During the term of this Agreement, City will, through appropriate action of its City Council, designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of City in any and all matters of every kind arising under this Agreement and to (a) appoint and designate, from time to time, a person or persons who may request withdrawals, orders for payment or transfer on behalf of City in accordance with the electronic funds or funds transfer agreement and addenda, and (b) make withdrawals or transfer by written instrument.

5. **Custodian.** City and Bank, by execution of this Agreement, hereby designate _____ as custodian (“Custodian”), to hold in trust, according to the terms and conditions of this Agreement, the collateral described and pledged by Bank in accordance with the provisions of this Agreement.

6. **Custodian Fees.** Any and all fees associated with Custodian’s holding of collateral for the benefit of City shall be paid by Bank and City will have no liability therefore.

7. **Entire Agreement.** The entire agreement between Bank and City shall consist of this Agreement, City’s RFA (except to the extent Bank took specific exceptions in the Bank’s Application), Bank’s Application, the Custodial Agreement with Custodian, and other such bank service agreements, policies and documents as may be required and approved by the parties (collectively, the “Banking Agreements”), each incorporated by reference as they presently exist and each listed in governing order of precedence in the event of conflict among the documents. This Agreement supersedes any and all prior representations, statements, and agreements, whether written or oral. The terms and provisions of this Agreement may not be amended, altered, or waived except by mutual agreement evidenced by a written instrument signed by duly authorized representatives of both parties.

8. **Collateralization.** All funds on deposit with Bank to the credit of City shall be secured by collateral as provided for in the Public Funds Investment Act (Chapter 2256 of the Government Code, as amended), the Public Funds Collateral Act (Chapter 2257 of the Government Code, as amended), City's Investment Policy, and Bank's Application.

If marketable securities are pledged, the total market value of the securities securing such deposits shall be in an amount at least equal to the minimum required amount as per City's Investment Policy. The market value of any pledged securities (collateral) must be obtained from non-Bank-affiliated sources. Bank shall monitor and maintain the required collateral margins and levels at all times.

Bank has heretofore, or will immediately hereafter, deliver to Custodian collateral of the kind and character above mentioned of sufficient amount and market value to provide adequate collateral for the funds of City deposited with Bank. Custodian shall accept said collateral and hold the same in trust for the purposes herein stated. Said collateral or substitute collateral, as hereinafter provided for, shall be kept and retained by Custodian in trust so long as deposits of City remain with Bank. Bank hereby grants a security interest in such collateral to City.

If at any time the collateral in the hands of Custodian shall have a market value in excess of the required balances, City may authorize the withdrawal of a specified amount of collateral, and Custodian shall deliver this amount of collateral (and no more) to Bank.

If surety bonds or letters of credit are utilized, City shall agree as to the issuer and form of contract prior to the pledge. The amount of surety bonds or letters of credit will be at least equal to the minimum required amount as per City's Investment Policy. The termination or expiration of any surety bond or letter of credit shall be a minimum of two (2) business days after City anticipates withdrawing the secured deposit.

9. **Pledge Receipts.** Custodian shall promptly forward to City copies of pledge receipts covering all such collateral held for Bank, including substitute collateral as provided for herein.

10. **Substitution of Collateral.** If Bank shall desire to sell or otherwise dispose of any one or more of said securities so deposited with Custodian, with the advance written approval of City, it may substitute for any one or more of such securities other securities of the same market value and of the character authorized herein. Such right of substitution shall remain in full force and may be exercised by Bank as often as it may desire; provided, however, that the aggregate market value of all collateral pledged hereunder, shall be at least equal to the amount of collateral required hereunder. If at any time, the aggregate market value of such collateral so deposited with Custodian be less than the total sum of City's funds on deposit with Bank, Bank shall immediately deposit with Custodian such additional collateral as may be necessary to cause the market value of such collateral to equal the total amount of required collateral. Bank shall be entitled to income on securities held by Custodian, and Custodian may dispose of such income as directed by Bank without approval of City.

11. **Withdrawal of Collateral.** If at any time the collateral in the hands of Custodian shall have a market value in excess of the sum of the balances due City by Bank as required by City's Investment Policy, City shall authorize the withdrawal of a specific amount of collateral. Custodian shall deliver this amount of collateral (and no more) to Bank, taking its receipt therefore, and Custodian shall have no further liability for collateral so redelivered to Bank.

12. **Default.** Should Bank fail at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any deposits and the interest on such deposits or in any manner breach the

Banking Agreements with City, City shall give written notice of such failure or breach to Bank, and Bank shall have one (1) business day to cure such failure or breach. In the event Bank shall fail to cure any such failure or breach within one (1) business day or should Bank be declared insolvent by a Federal banking regulatory agency, it shall be the duty of Custodian, upon demand of City, to surrender the above described collateral to City, or it shall be the duty of the surety bond or letter of credit provider to perform under the terms of their respective contract.

City may sell any part of such collateral, or receive all or any part of a surety bond or letter of credit settlement, and out of the proceeds thereof, pay City all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure or insolvency, or sale, and account to Bank for the remainder, if any, of said proceeds or collateral remaining unsold.

13. **Sale of Collateral.** Any sale of such collateral, or any part thereof, made by City hereunder may be either at public or private sale, provided however, it shall give both Custodian and Bank two (2) hours' notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder therefore for cash. City and Bank shall have the right to bid at such sale.

14. **Release of Collateral.** When the relationship of City and Bank shall have ceased and when Bank shall have properly paid out all deposits of City, it shall be the duty of City to give Custodian notice to that effect; whereupon Custodian shall, with the approval of City, redeliver to Bank all collateral then in its possession belonging to Bank. An order in writing to Custodian by City and a receipt for such collateral by Bank shall be a full and final release of Custodian of all duties and obligations undertaken by it by virtue of these presents.

15. **Successors.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever a reference is made herein to either party, such reference shall include the party's successors and assigns.

16. **Compensation.** City and Bank agree that any compensation for the performance of all duties and services is set forth in the Application accepted by City. Except as may otherwise be provided in the Banking Agreements, said compensation shall constitute full payment for all services, liaison, products, materials, and equipment required to provide the professional banking services, including services, materials, training, equipment, travel, overhead, and expenses. Fees shall be fixed for the term of the Banking Agreements, including all extensions.

17. **Consideration.** The Banking Agreements are executed by the parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.

18. **Counterparts.** The Banking Agreements shall be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes. A facsimile signature shall also be deemed to constitute an original if properly executed.

19. **Authority to Execute.** The individuals executing the Banking Agreements on behalf of the respective parties below represent to each other and to others that all appropriate and necessary action has been taken to authorize the individual who is executing the Banking Agreements to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute the Banking Agreements in order for the same to be an authorized and binding on the party for whom the individual is signing and that each individual affixing his or her signature hereto is authorized to do so.

20. **Governing Law and Venue.** This Agreement shall be governed by the laws of the State of Texas. Tarrant County, Texas shall be the venue for any lawsuit arising out of this Agreement.

21. **Notices.** Except as may otherwise be specified in the applicable service-level agreements and/or set-up forms, any demand, notice, request, instruction, designation, or other communication(s) required in writing under this Agreement shall be personally delivered or sent certified mail, return receipt requested, to the other party as follows:

Bank: _____,

_____, _____

City: Mr. Rodrigo Gimenez, Finance Director
City of South Padre Island
4601 Padre Blvd.
South Padre Island, Texas 78597
RGimenez@MySPI.org

Changes to notice information may be made by either party with written notification to the other party.

22. **Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the parties, shall, if possible, agree on a legal, valid, and enforceable substitute provision that is as similar in effect to the illegal, invalid, or unenforceable provision as possible. The remaining portion of the Agreement not declared illegal, invalid, or unenforceable shall remain valid and in full force and effect for the term remaining.

23. **Binding Commitment.** Bank hereby acknowledges itself duly and firmly bound for the faithful performance of all the duties and obligations required by applicable law, including the Government Code and Local Government Code, such that all funds deposited with it as depository shall be faithfully kept by it and accounted for according to law.

24. **Continuation.** Unless this Agreement is terminated sooner, Bank's designation as the primary City Depository will remain continuously in effect through September 30, 2018, subject to execution of the extension options.

Executed by the undersigned duly authorized officers of the parties hereto:

**CITY OF SOUTH PADRE ISLAND, TX &
SOUTH PADRE ISLAND ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

ATTEST:
By: _____
Name: _____
Title: _____

ATTEST:
By: _____
Name: _____
Title: _____

BANK SERVICES FEE SCHEDULE

(Volumes from February 2016 Account Analysis)

Description	Vol/Units	Unit Cost	Total
General Account Services			
Premium Assessment Fee	13,000,000	-	-
Maintenance Fee	5	-	-
ACH Debit/Credit	521	-	-
ACH File Origination	4	-	-
ACH File Origination	9	-	-
Depository Services			
On-Us	14	-	-
Not On-Us	137	-	-
Deposit	43	-	-
Transfer Deposit	8	-	-
ACH Deposit	85	-	-
Wire Credit	2	-	-
Disbursement Services			
Cashed Check	16	-	-
Check	194	-	-
Transfer Withdrawal	8	-	-
ACH Payment	36	-	-
Wire Debit	4	-	-
Positive Pay Items	262	-	-
Positive Pay Maintenance	1	-	-
Information Services			
Accrued Earning Payment	1	-	-

			-
Deposit Express Maintenance	1	-	-
EDI Advice Reporting	1	-	-
Payroll Card Card Maintenance	1	-	-
Link Security Fee	1	-	-

Other Monthly

Collateral Fee (max. balances)	15,000,000		-
Collateral Account Maintenance	1		-

Monthly Total Estimated Fees (excl. One time charges)

-

Security Clearance/Safekeeping

Security Clearance Charges/Trade	1		-
Security Clearance Charges/Trade/Fed	1		-
Security Clearance/Trade/DTC	1		-
Safekeeping Charges/Month	1		-
Safekeeping Charges/Security/Month/Fed	1		-
Safekeeping Charges/Security/Month/DTC	1		-

Other

Night Depository Bags (one-time charge)			-
Large Safe Deposit Box (annual charge)			-
Small Safe Deposit Box (annual charge)			-
Endorsement Stamps (one-time charge)			-
Checks & Deposit Slips			-
ACH Software Charge			-

Collected Balances/Earnings Credit

Formula/Basis

--

Current Rate

0.00%

Average Collected Balance

13,000,000

Less Reserve Requirement

0

Investable Balance

13,000,000

Estimated Earnings Credit per Month

-

Checking/Sweep Account Interest Rate

Formula/Basis

--

Current Rate

0.00%

Average Collected Balance

13,000,000

Estimated Monthly Earnings

0

Less Sweep Fee

Net Estimated Monthly Earnings

-

PFIA CERTIFICATION FORM

**TEXAS PUBLIC FUNDS INVESTMENT ACT
CERTIFICATION BY BUSINESS ORGANIZATION**

This certification is executed on behalf of the **City of South Padre Island, TX and the South Padre Island Economic Development Corporation** (the "Investor") and _____ (the "Business Organization") pursuant to the Public Funds Investment Act, Chapter 2256, Government Code (the "Act") in connection with investing transactions conducted between the Investor and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter into an investment transaction with the Investor as such terms are used in the Act and
2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude imprudent transactions conducted between the Business Organization and the Investor that are not authorized by the Investor's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Investor's entire investment portfolio or requires an interpretation of subjective investment standards.
4. The Business Organization will rely upon instructions from only the persons designated as Investment Officers as stated in the Investor's Investment Policy approved by ordinance or resolution of the Governing Body.

Signed this _____ day of _____, 2016.

Name of Organization

Address

City, State, Zip

Telephone number

Signature of Qualified Representative

Name (printed)

Title

RESPONSE ATTACHMENTS

(ALL ATTACHMENTS MUST BE RETURNED WITH RESPONSE - **PLEASE ATTACH IN THE ORDER LISTED**)

1. ACCOUNT ANALYSIS – Sample monthly account analysis statement in the format that will be provided to the City. Applicant must indicate any capability to provide the information electronically.
2. RATE BASIS – Applicant must include an explanation of the applicant’s policy and methodology used in setting rates paid on interest bearing accounts and account analysis earnings credit, and must indicate if rates are based on a market rate such as T-Bill discount or yield rate, or the Federal Funds rate, etc., and when the rates are changed. Applicant must provide a historical schedule of rates paid.
3. SAMPLE COLLATERAL CUSTODIAL AGREEMENT.
4. SECURITY MEASURES – Applicant must provide a detailed description of security measures to prevent fraud and unauthorized electronic and non-electronic transfers, and protect the integrity of computer banking services and internal computer systems.
5. TECHNOLOGY SPECS – Applicant must provide detailed descriptions and specifications for use of all proposed electronic systems and services.
6. SAMPLE SAFEKEEPING REPORT – Sample safekeeping report of the City owned securities that the successful applicant shall provide monthly.
7. INVESTMENT ACCOUNT INFORMATION – Applicant must provide information on the interest-bearing, sweep or investment account recommended for use by the City.
8. SUMMARY BUSINESS CONTINUITY PLAN – Summary of the applicant’s business continuation plans as they pertain to the City’s ability to perform normal banking functions during natural and un-natural bank operation disruptions, including a statement of commitment to provide the City continuous and ongoing Depository Bank services to the best of the successful applicant’s ability.
9. REFERENCES – List of at least three (3) comparable references and current Texas Public Funds clients, including total number of collateralized Texas Public Fund clients.
10. SIGNED PFIA CERTIFICATION FORM.
11. SAMPLE FIRREA COMPLIANT DOCUMENT. A sample copy of applicant’s FIRREA compliant document that clearly shows that the applicant’s Board or designated committee has accepted the depository agreement and authorized the pledge of collateral, with a permanent record of this action to be maintained in the minutes of the applicant.