



**CITY OF LUCAS**  
**REQUEST FOR QUAILIFICATIONS**  
**(RFQ # 024-22)**

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**BANK DEPOSITORY SERVICES**

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**RFQ# 024-22 – Bank Depository Services**

DUE NOVEMBER 29, 2021

665 Country Club Road, Lucas, Texas 75002

# **REQUEST FOR QUALIFICATION FOR BANK DEPOSITORY SERVICES**

## **I. INTRODUCTION**

The City of Lucas is requesting proposals for qualifications for a bank depository service contract to be awarded December 16, 2021, with service to begin December 27, 2021 and extend through December 27, 2024. Upon expiration of the contract there shall be an option for two one-year extensions under the same terms and conditions with the mutual consent of all parties. The depository term also provides an extension period not to exceed ninety (90) days for the transition to a new depository bank. Through this contract the City intends to minimize banking costs, improve operational efficiency, and maximize investment capabilities. This Request for Qualification (RFQ) represents the cash management goals, specifies all banks' required qualifications, the banking services required, the estimated activity volumes on all accounts, the method and terms of compensation, submission instructions and the contract award provision.

The City reserves the right to reject any and all proposals. The City has the option to waive any informalities, minor irregularities, or technicalities. The City may reject the proposal of a proponent who is in litigation with the City or who has previously failed to properly perform or complete contracts of a similar nature. The City may reject the proposal of a proponent who is not, in the opinion of the City, in a position to satisfactorily perform the options outlined in the contract. The City may also accept or reject any of the alternate options that may be set forth in the proposal. The City reserves the right to reject any proposal if the evidence submitted by, or an investigation of, a proponent fails to satisfy the City that such proponent is properly qualified to carry out the obligation of the contract and to complete the services contemplated therein.

## **II. PROPOSAL INSTRUCTIONS AND QUALIFICATIONS**

### ***A. MINIMUM QUALIFICATIONS***

Any required statement regarding equal opportunity and affirmative action should be included if required or desired. The proposal submitted will become part of the final contract.

### ***B. PROPOSAL SUBMISSION INSTRUCTIONS***

#### **1. Proposal Format**

In order to fully and equitably evaluate each bank's ability to meet the banking services needs of the City, a standard reply format is required. Each proposal must include a response to each item in the RFQ in the order given. Only proposals submitted in the prescribed format will be evaluated for contract award.

#### **2. Submission Requirements**

Submission of this RFQ or the service requested will be accepted in written form or via email at the address below on or before 4:00 p.m., November 29, 2021. One original and

two (2) copies of the response, including supporting documentation, are required. The original must be clearly marked “ORIGINAL” and the copies must clearly be marked “COPY”.

City of Lucas  
Linezka Maduro, Purchasing Coordinator  
665 Country Club Road  
Lucas, TX 75002

For email proposals send to: [lmaduro@lucastexas.us](mailto:lmaduro@lucastexas.us)

**3. RFQ Questions**

Questions regarding this RFQ or the service requested will be accepted in written form or via email at the address below on or before 5:00 pm November 18, 2021. Responses to all material questions submitted will be communicated to each prospective bidder.

City of Lucas  
Liz Exum, Finance Director  
665 County Club Road  
Lucas, TX 75002

For RFQ questions by Email: [lexum@lucastexas.us](mailto:lexum@lucastexas.us)

**4. Request for Qualifications Amendments**

Modifications or additions may be made as a result of questions submitted. Written notification of any such change will be made in writing by the City to all known bidders.

**5. Selection Criteria**

The City will evaluate the proposals for qualifications based on the criteria listed below. The objective of this evaluation will be to determine the financial institution whose proposal is most responsive to the City’s bank depository needs and to determine an efficient implementation of the depository services. After the review is completed a recommendation will be made, which will be sent to the City Council at their December 16, 2021 City Council Meeting.

Evaluation of proposals will be made on the basis of the following criteria:

Deposit Interest Rates	15%
Cost of Service	25%
Service Availability	30%
Safety and Creditworthiness of Bank	30%

**6. Award of Bid and Service Initiation**

The contract is to be awarded by City Council at its meeting December 16, 2021.

### III. REQUIRED FINANCIAL INSTITUTION INFORMATION

All banks must provide as part of the proposal:

- Audited financial statements for the most recent fiscal year
- Copy of the current call report
- Statement regarding any recent or foreseen merger or acquisition

### IV. REQUIRED BANKING SERVICES

This section lists all the services to be provided by the bank under this agreement. The bank should provide:

- Fee schedule detailing the specific prices for each type of service (See “Attachment A – Banking Services Charges” for example format)
- Proforma analysis of yearly account activity (See “Attachment B – Estimate of Yearly Account Activity”)

#### A. *Consolidated Account Structure*

The bank is to provide a master consolidation account and zero balance accounts from which daily balance and detail reporting is available. The City’s current account structure and foreseeable addition(s) contains the following accounts:

##### Account Title

- General Operating Account
- Grant Depository/Reserve
- Lucas Fire Control Prevention & EMS District
- West Lucas Road
- American Rescue Plan Act

#### B. *Wire Transfer Services*

The City currently generates an average of 15 wire transfers per month during the last fiscal year. A standard wire transfer agreement will be executed with the bank. This proposal should include a copy of your standard transfer procedures and wire transfer agreement. The City requires adequate security provisions and procedures. If the wire transfer requests are available online, full information should be submitted detailing the use.

#### C. *Automated Daily Balance Reporting*

The City requires an automated PC-based or web based reporting system for access to the closing ledger and available balances, stipulate the time at which the access is available, and describes the systems to be used. Samples of the reports are to be included in the proposal. This balance reporting system will include but not be limited to the following:

1. Current Day Balance Report
2. Previous Day Balance Report
3. Debit and Credit detail
4. ACH Activity Report
5. Wire Transfers

6. Ability to view images of the checks cleared in the last 60 days
7. Monthly Bank Statements
8. Detail Reporting
9. Charge Back Reporting
10. ACH Positive Pay
11. Check Positive Pay

Detail any other internet services available.

***D. Account Provisions***

The City intends to use interest bearing transaction accounts. The City may use money market accounts for excess funds and special purpose accounts. Describe the following:

- Interest rate mythology for setting interest rates on interest bearing transaction accounts and money market accounts (The City would prefer that the interest rate be tied to a third party index)
- Specific charges in account analysis for interest bearing and money market accounts
- Frequency of rate changes
- History of the account interest rates for the prior three months.

The City reserves the right to use other financial institutions for money market accounts.

***E. Investment of Idle Funds and Safekeeping of City Securities***

All certificates of deposit bought by the City will be bought on a competitive basis. The City has no obligation to invest its funds with or through the bank awarded the contract. If the bank is proposing overnight repurchase agreements, an executed master repurchase agreement is required. In order to fulfill GASB III requirements for reporting, if a repurchase agreement is executed with the bank itself, the collateral must be held in the trust department of the bank in a separate account.

All securities will be handled on a delivery versus payment (DVP) basis as they are cleared into and out of the account. There will be approximately ten securities in safekeeping at any time. All clearing and safekeeping will be in the bank or its correspondent. All correspondent and safekeeping arrangement will be stipulated in the proposal.

***F. Standard Disbursing Services***

Standard disbursing services for all accounts are required to include the payment of all checks upon presentation.

***G. Standard Deposit Services***

The bank must guarantee immediate credit on all incoming wire transfers and U.S. Treasury checks upon receipt and all other checks based on the bank's published availability schedule (attach availability schedule). The bank should specify in their deposit, requirements for commercial and retail deposit locations, including night deposit services and procedures.

The bank should include any remote check capture options with a full description of the system, bank fees, hardware, and software requirements.

#### ***H. Reporting and Account Analysis***

Monthly account analysis reports must be provided by the bank on a timely basis for each account and on a total account basis. A sample account analysis format must be provided as part of the proposal. All costs associated with account analysis reports should be provided, as well as samples of monthly statements. The monthly statements are to be received within ten business days following the end of the month.

#### ***I. Account Executive***

An account executive must be assigned to the account to coordinate the account services and expedite the solution of any problem. A trained and competent backup for the account executive, familiar with the account, should be assigned in the proposal. Stipulate the name and a brief biography of the account executives to be assigned to the City's account.

#### ***J. Direct Deposit***

Describe the requirements and deadlines for input of ACH transactions. The proposal should indicate when funds will be available in participating banks. ACH input should be available via the banking online system.

#### ***K. Daylight Overdraft Provisions***

Every effort will be made to eliminate daylight overdraft situations on the account. However, in case this situation does arise, the proposal should include any and all bank policies regarding daylight overdraft charges or handling procedures.

#### ***L. Stop Payments***

The proposal must include a statement on the proposed stop payment process on an automated or manual basis.

#### ***M. Collateralization of Deposits***

The bank must agree to obtain and maintain acceptable collateral sufficient to cover all time and demand deposits, above FDIC insurance limits. All the requirements, including those beyond the Public Funds Collateral Act, must be met by the bank. Failure to meet these requirements may be cause for termination of the contract. The proposal must state agreement to the following terms and conditions:

- Collateral will be maintained at a minimum market value of 105% of the City's total deposits calculated daily and marked to market at least once a month.
- All investments should meet the requirements of the Texas Public Funds Investment Act contained in Chapter 26 of the Texas Government Code.
- Securities used to pledge against time and demand must be held in an independent third-party safekeeping institution outside the bank's holding company.
- Securities other than those secured by the "full faith and credit" of the United States government are subject to prior approval of the City.
- The depository bank will execute a tri-party safekeeping agreement with the City and the safekeeping bank for custody of pledged securities. Control will be shared jointly between the depository bank and the entity.
- Substitution rights shall be granted if the depository bank obtains the City's prior approval and if substituting securities are received before previously pledged securities

are removed from safekeeping. The proposal will name the safekeeping bank for collateral.

- The bank shall be contractually liable for the continuous monitoring and maintaining of collateral at the City's required margin levels.
- The City shall receive a monthly report of collateral pledged including security description, par value, market value, maturity date, CUSIP number, and bond rating.
- The securities so pledged, the amounts thereon and the time for pledging same shall satisfy the requirement of the Texas Public Funds Collateral Act Statutes contained in Chapter 2257 of the Texas Government Code.

***N. Additional Services***

If new services become available and are provided during the period of this contract, they will be charged at the bank's then published rate.

**V. OTHER SERVICES**

The City is interested in obtaining service and cost information on additional services for possible use during the contract period. These services are not required but will be evaluated in terms of availability, feasibility, service levels, service providers and cost. The City will make its determination after receipt of proposals as to whether a service will be used. If the service is accepted later in the contract period the services and charges stipulated in the proposal will be applied.

**VI. BANK COMPENSATION**

Any net settlement based on compensating balances will be made annually. If fees are chosen as the payment methodology, fees will be paid monthly after receipt of the account analysis.

### Attachment A – Banking Services Charges

Any and all anticipated service charges must be shown on this form to be applicable under the agreement. Add additional lines as required.

Service Unit	Unit Charge	Cost of Service
Account Maintenance	Per Month/account	
Cash Management Online Banking		
Daily Balance Reporting	Per Month	
Credits Posted	Per Transaction	
Debits Posted	Per Transaction	
Encoding Charge	Per Transaction	
ACH Origination	Per Transaction	
ACH Deletions	Per Transaction	
ACH Entries	Per Transaction	
Chargeback Checks	Per Transaction	
Items Deposited-Branch		
Deposits Processed	Per Transaction	
Deposited Items	Per Transaction	
Remote Capture	Per Transaction	
Deposits Processed	Per Transaction	
Deposited Items	Per Transaction	
Stop Payments	Per Transaction	
Wire Transfers		
Incoming	Per Transaction	
Outgoing	Per Transaction	
Investment Safekeeping		
Safekeeping Interest/Credit	Per Transaction	
Safekeeping Receipt Deposit	Per Transaction	
Safekeeping Outgoing	Per Transaction	
Securities Purchased DVP	Per Transaction	
Check Printing	Per Transaction	
Extra Statements	Per Transaction	
Disposable Bank Bags	Per Item	
Chargeback Checks – Re-cleared	Per Transaction	
Check Positive Pay	Per Month	
ACH positive Pay	Per Month	

**Attachment B – Proforma Yearly Account Analysis**

Any and all anticipated service charges must be shown on this form to be applicable under the agreement. Add additional lines as required.

Service	Volume	Cost	Monthly Projected Costs	Yearly Projected Costs
Monthly Maintenance				
Debits				
Debits - Electronic				
Credits				
Credits - Electronic				
Deposited Items				
Charge Back				
ACH Origination Batch				
ACH Origination Items(Credits/Debits)				
Cash Management Fee				
Stop Payment				
Outgoing Wire Transfer OLB				
Incoming Wire Transfer OLB				
Subtotal 2021 Service Charges				
		\$		
Average Daily Ledger Balance		-		
		\$		
Less Average Daily Float		-		
		\$		
Average Daily Collected Balance		-		
		\$		
Less Required Reserve		-		
		\$		
Average Net Collected Balance		-		
Current Month Earnings(Percentage)		0.00%		
			\$	\$
Current Month Net Excess/Payable			-	-

### Calendar for RFQ 024-22 for Banking Services

<b>DATE</b>	<b>DESCRIPTION</b>	<b>NOTES</b>
November 04	First Ad	Allen American
November 11	Second Ad	Allen American
November 18	Due date for submitting questions	5:00pm
November 29	Due date for RFQ submission	4:00pm
December 1 -3	Evaluation/Tabulation	
December 16	City Council contract award	