

Hopkins County
Bank Depository
RFP NO 2019-006

COUNTY OF HOPKINS, TEXAS

2019 INVITATION TO BID FOR COUNTY DEPOSITORY

RFP # - 2019-006

May 8, 2019

**SHANNAH WALKER
HOPKINS COUNTY AUDITOR
HOPKINS COUNTY, TEXAS
118 CHURCH STREET
SULPHUR SPRINGS, TX 75482**

**TELEPHONE: (903) 438-4010
FAX: (903) 438-4099**

HOPKINS COUNTY, TEXAS
INVITATION FOR APPLICATION AND SPECIFICATIONS
FOR
COUNTY DEPOSITORY

Date: May 8, 2019

Application no. RFP# -2019-006

Opening Date and Time: Monday, June 3, 2019 10:00 A.M.

Return Application and Specifications To:

Hopkins County
Judge Robert Newsom
Hopkins County Courthouse
118 Church Street
Sulphur Springs, Texas 75482

MARK ENVELOPE: Application No. RFP 2019-006 County Depository

For further information contact:

Hopkins County Auditor
Hopkins County Courthouse
(903) 438-4010

Hopkins County appreciates your time and effort in preparing an application. Please note that all applications must be received by the deadline shown above. Applications received after the deadline will be returned unopened and shall be considered void and unacceptable.

Commissioner's Court Work Session Bank Depository Applications:

Monday, June 3, 2019 10:00 a.m.
Third Floor Hopkins County Courthouse Conference Room

Please contact Hopkins County Judge to set up a presentation time 903-438-4006.

HOPKINS COUNTY

Introduction – Hopkins County is requesting proposals from qualified financial institutions for a Depository Bank to provide banking services for Hopkins County Depository and/or Depository for certain trust funds and court registry funds (Chapter 117 funds). Banking services include the basic services of receiving deposits, paying items, investing deposits, electronic wire transfers, stop payments and other normal banking activities.

Purpose - The purpose of this proposal is to solicit comparable market charges for the required services provided and to adequately compensate the Bank for all services provided. The County also places a great deal of importance on the interest paid on all deposits.

The contract period shall be a four (4) four-year period beginning on or about June 10, 2019 with on possible two-year extension, and thereafter until a successor Depository shall have been duly selected and qualified according to State Law. After year two, the contract shall allow the county to establish, on the basis of negotiations with the bank, new interest rates and financial terms of the contract that will take effect during the final two years of the four -year contract. On the renewal of a contract, the county may negotiate new interest rates and terms with the bank for the next two years.

Objectives – the following are the primary objectives of the Depository agreement.

- To seek a Depository that is both capable of providing banking services and willing to be attentive to the Counties' money matters.
- To maximize the total dollars earned by the County on account balances in order to be prudent and effective custodians of the Taxpayers' financial resources.
- To maximize the Counties return on surplus or excess funds in a prudent and effective manner.
- To maintain a good working relationship with the Depository bank.
- To adequately compensate the Depository bank for services provided and to allow a reasonable profit to be earned, subject to competitive forces in the market place.

This Request for Proposal (RFP) is intended to serve as the application for the Depository Agreement. There are several blanks to be completed and questions to be answered. The Depository Agreement shall be based on the bidder's response to the RFP. All points outlined

and material requested should be incorporated into the bidder's reply to be considered for evaluation. Attachments will be appropriate in order to answer some of the enclosed questions.

Upon acceptance by the County of its Bid, the proposing Bank agrees to enter into a formal Depository

Agreement, which incorporates this RFP response and that complies with all Federal and State Laws including Chapter 116 and 117 of the Local Government Code of the State of Texas.

The safekeeping portion of the agreement shall define the Counties right to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The Agreement must be in writing;
- The Agreement has to be executed by the depository and the Entity contemporaneously with acquisition of the asset;
- The Agreement must be approved by the Board of Directors or the loan committee of the Depository; and
- The Agreement must be part of the Depository's "official record" continuously since its execution.

I. EVALUATION CRITERIA

The submitted proposals shall be reviewed based on the following criteria:

- Bank's past and prospective financial strength
- Ability to perform the requested services.
- Best value in terms of service and cost
- Interest rates on deposits
- Electronic bank services offered
- Any additional bank services offered
- Public funds deposits and experience
- Local Presence and convenience (full depository service capabilities in Sulphur Springs)
- Cost of switching depositories

The County will consider the availability of services and cost of those services as well as the earnings potential under the contract. All of these elements combined for evaluation of the proposals.

Award may not be made to the institution submitting the lowest price proposal. The County will choose the institution submitting the best, most responsive overall proposal to satisfy the County's needs.

II. OVERVIEW

The County Treasurer handles banking, treasury, receivables, and investment activities and the County Administration Department prepares payroll and accounts payable. These duties are overseen by the Treasurer and County Auditor. All disbursements from these accounts must be approved by both the County Treasurer and County Auditor. The County Auditor is responsible for the general ledger and financial reporting functions. The Auditor is responsible for the Finance Department and reports to the Commissioner's Court. The County has multiple locations and officials that require separate accounts. All or most of these may deposit and/or disburse funds. The Auditor and Treasurer share reconciliation of the accounts.

Depositor's Access

The Hopkins County Treasurer has exclusive control over Main, Clearing, and Payroll Depositor's accounts. Also, all Depositor's accounts must be able to be accessed by the Hopkins County Auditor. A signature from each of the above offices is required to cash a Depositor's check written on Main, Clearing, or Payroll accounts.

Attachment A shows a list of the 38 current county accounts. Month End Balance on these accounts has been summarized on Attachment A for the county fiscal year October 1, 2017 to September 30, 2018.

The County wants to automate banking services as much as possible for efficiency and cost effectiveness. This proposal should address automation of services where possible and cost effective.

All accounts can receive some limited deposits but not on a daily basis. Wires and ach activities occur normally in the General Payroll and Tax Collections Accounts. Positive Pay is not presently required, but Hopkins County would like to implement this service into this contract.

A. The following specified services will be made available to the County:

Description	Fee Charged Per Unit
Safety Deposit Boxes	_____
Depository Bags	_____
Night Depository	_____
Cashier's Checks	_____
Money Orders	_____
Wire Transfers	_____
ACH Services	_____
Remote Check Deposit	_____
Notary Service	_____
Deposits (item fee)	_____
Account Debits	_____
Stop Payment Services	_____
Return Items	_____
Checks Printed (1 part computerized)	_____
Checks Printed (2 part computerized)	_____
Deposit Slips Printed (2 part)	_____
Deposit Slips Printed (2 part numbered)	_____
Checks (copies of actual front and back)	_____
Positive Pay	_____

- B. At this time, the County requires that paper bank statements and checks be available no later than five working days after the close of the calendar month. All statements shall include deposits made on the last day of the period and end of the last day of the month. The county depository shall provide all canceled checks and warrants and supporting statements to the county treasurer (LOC 113.008(a) or optical images of the front and back of canceled checks and warrants if the optical images are retained in accordance with the rules adopted by the Texas State Library and Archives Commission.
- C. The County requires web-based, automated cash management services and daily balance reporting for timely access to balance information and transactions. The Tax office currently uses remote deposit and wishes to continue with the bank providing software, and hardware. The County currently does not have positive pay services; however, the County would like to implement these services into this contract.
- D. The County intends to pay for all account services provided by the Depository. If payment by account analysis then the County requires account analyses each month which shall clearly show volume, fees charged, and total charges for services. The account analyses shall also show average ledger balances, average uncollected funds, average collected balances, interest rates, the amount of interest paid or credited to the account, and the resulting net fees owed.
- E. Explain the formulas used to determine: (please attach a sample account analysis format)
- Average ledger balance
 - Average collected balance
 - Earnings credit rate
 - Average daily float
 - Reserve requirements
 - Capital allocation
 - Any other term used in the account analysis statement
- F. The County shall receive same day credit for all funds deposited by 3:00p.m., next day credit for all other funds deposited after 3:00p.m. The funds shall be available for any investment transactions that may be executed. If not invested, the funds shall earn interest at whatever rate is being paid the account.
- G. An explanation of the Banks policy and methodology used in the setting of rates paid on the Counties interest bearing accounts must be provided. Specifically indicate if the rates are applied to the ledger balances or collected balances. Indicate when the rates change and if they are based on market rate such as T-Bill discount or yield rate and provide a schedule of rates paid on similar accounts for the past twelve months.

- H. The County reserves the right to enter into an investment agreement with other qualified financial institutions for investing funds, or the Depository may assist the County in the direct purchase of Treasury Bills or Notes or other obligations as allowed by law and the County's Investment Policy (see attached).

III. COLLATERAL REQUIREMENTS

- A. As security for the deposits of the County, the Depository shall pledge equal to the largest total balances the County maintains in the Depository.
- All pledged securities must be approved by the Commissioners Court prior to their acceptance.
 - The Securities pledged shall be valued at par or market (exclusive of accrued interest), whichever is lower and shall consist of U.S. Treasury, Agency and Instrumentality Securities.
 - FDIC insurance coverage
 - Obligations of the United States or its agencies and instrumentalities
 - A bond, certificate of indebtedness, or Treasury note of the United States, or other evidence of indebtedness of the United States that is guaranteed as to principal and interest by the United States.
 - Irrevocable Standby Letter of Credit issued by the Federal Home Loan Bank of Dallas.
- B. The Depository shall provide the County with a report of securities pledged at any time requested by the Investment Officers. This report should reflect the following information: Name, Type/Description, Coupon Rate, Maturity Rate, Par Value/Original Face Amount, Current Face Amount, Market Value, Moody's or S&P Rating.
- C. The Securities pledged shall be held in safekeeping in the name of Hopkins County by a separate and unaffiliated bank than the Depository Bank. The original copy of all security receipts shall state that the securities are held for "Hopkins County" and shall be filed with the County Auditor. The third-party safekeeping bank must be a subscriber to the Federal Reserve Bank Security Wire System.
- D. Any substitution of the securities or reductions in the total amount pledged shall be made only with the approval of Hopkins County Commissioner's Court.
- E. Please state the maximum amount, if any, of pledged securities which the bank is willing or able to commit for collateralized investments and accounts throughout the contract period _____.

IV. OVERDRAFTS AND LOAN PROVISIONS

- A. The County does not intend to have a net overdraft position throughout the term of the contract. An overdraft shall be defined as a negative demand balance in the County's accounts collectively, not by individual account. Any overdrafts beyond this will be billed monthly at _____ per item.
- B. In the event a check or checks shall be presented for payment on any account or accounts maintained by the County, where there shall be insufficient funds for the purpose of paying checks, then the Depository agrees to make payment on the check, promptly notify the County Treasurer of the existence of the overdraft situation and provide the Treasurer a period of _____ to respond to such overdraft.
- C. Loans may be made to the County at a rate of _____ % per annum to cover current operating expenses and will be repaid during the County's fiscal year during which the debt was incurred.

V. OTHER STIPULATIONS

- A. The successful bidder shall notify the County in writing with ten (10) days of any changes in Federal or state regulations or laws that would thereafter affect the Depository Agreement. The Depository shall also notify the County of any services that may become available for the County throughout the contract period.
- B. Notification of wire transfers shall be made to the County within twenty-four (24) hours.
- C. The County reserves the right to make external investments in accordance with its Investment Policy.
- D. Any services not listed, but later requested by the County will be charged at a mutually agreed fee.
- E. After two (2) years the bank will be allowed to establish on the basis of negotiations with the County, new interest rates and financial terms of the contract that will take effect during the next two years of the four -year contract and again upon a two year contract renewal: If:
- (1.) The new financial terms do not increase the prices to the County by more than 10 percent; and
 - (2.) The County will have the option to choose to use the variable interest rate option or fixed interest rate options proposed by the bank.

- F. The application must state the amount of the banks paid-up capital stock and permanent surplus and the application must be accompanied by
 - 1. A statement showing the financial condition of the bank on the date of the application; and
 - 2. A certified check or cashier's check for at least one-half percent of the county's revenue for the preceding year, \$50,000.00
- G. After selecting a County Depository, the Commissioners Court shall immediately return the certified check of the rejected applicants. The Commissioners Court shall return the check of a successful applicant when the applicant executes and files a depository bond that is approved by the Commissioners Court.
- H. If after the term of this contract expires, and a Depository has been duly selected and qualified according to state laws, this contract shall be automatically extended up to 90 days if the County is actively proceeding with bidding or rebidding process, but cannot finalize the process by the end of the contract period. Bidder shall, upon termination of this contract, cooperate with the new bank for transfer of funds.
- I. Transfer of funds will commence at such time as the successful bidder has provided the County with all required forms and supplies necessary to insure uninterrupted day -to-day operations.