



SOLICITATION OVERVIEW

The City of Pflugerville, Texas is soliciting applications for:

TITLE: Primary Depository Services
RFA #2021-11

DUE DATE: 3:00 P.M., Thursday, August 19, 2021

DELIVERY TO: City of Pflugerville
Attention: Purchasing
100 East Main Street, Suite 100
Pflugerville, Texas 78660
(Mailing – P.O. Box 589, Pflugerville, Texas 78691)

PRE-APPLICATION VIRTUAL CONFERENCE - Interested applicants are encouraged to participate in a non-mandatory virtual pre-application conference via Zoom on Tuesday, July 27, 2021 at 11:00 A.M. Pre-Application meeting information for this conference is as follows:

<https://us06web.zoom.us/j/82670288735?pwd=V3NrVS85QWRaa2ZSaG93Q0xhakVrUT09>

Dial in Option: +1 346 248 7799

Meeting ID: 826 7028 8735

Passcode: 806149

EMAIL NOTIFICATION OF APPLICATIONS – Eligible Financial Institutions will be notified via email on Thursday, August 19, 2021 of the applications that were received by 3:00 P.M.. Only the names of the institutions submitting applications will be provided.

All references for times as stated in the RFA will be Central Time Zone.

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 SERVICES**

The City of Pflugerville, Texas (the “City”) is soliciting sealed applications from eligible and qualified financial institutions to provide primary depository services. The initial term shall commence December 31, 2021 and end December 31, 2023, and upon the option of the City, may be extended for up to three (3) additional one-year periods under the same terms and conditions.

Applications will be accepted until 3:00 P.M. on Thursday, August 19, 2021 delivered to the City of Pflugerville, Attention: Purchasing, 100 East Main Street, Suite 100, Pflugerville, Texas 78660. Mailing address is P.O. Box 589, Pflugerville, Texas 78691.

Note: Applications received after 3:00 P.M. Thursday, August 19, 2021 will not be considered.

SEALED PHYSICAL APPLICATIONS SUBMISSION SHALL INCLUDE THE FOLLOWING:

1. One original (so marked) and one (1) complete bound copy of the application,
2. One complete copy of the application response as a PDF file on a Flash Drive,
3. The MS-Excel Bank Service Fee Schedule on a Flash Drive, and

The Excel fee schedule information and a PDF of the complete application are required to be provided on a flash drive with the application.

Applicants shall use this RFA as the official response form. Submitted prices, rates, conditions, and answers shall be included in 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.

Questions concerning this RFA should be directed in writing via email to Lauren Henkes, Assistant Finance Director via email at laurenh@pflugervilletx.gov. Deadline for submission of questions will be 5:00 P.M. Monday, August 2, 2021.

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INTRODUCTION

To be eligible to respond to this RFA, the financial institution must have a full service “brick & mortar” presence within the municipal boundaries of the City of Pflugerville, Texas and or the Zip Codes of 78660, 78664, 78728, 78758 and 78653.

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

Any and all charges and fees associated with the Depository 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 initiated after consummation of the Depository 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 funds balances may be reduced and invested in other available investment alternatives.

The initial term shall be a two-year period of December 31, 2021 through December 31, 2023, 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. Any fee charged for services not listed but later requested by the City will be mutually agreed upon in writing. All fees, rate formulas, and conditions shall be fixed for the entire term, including extensions.

The Depository 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, and
- Financially sound and meets the City’s requirements.

REQUEST FOR APPLICATION

Pursuant to Chapter 105 of the Texas Local Government Code, this RFA is intended to serve as the application form for the Depository Services Agreement. There are multiple blanks to fill in and questions to be answered. The evaluation of the applications will be based on the responses included herein.

Exceptions, conditions, or qualifications to the provisions of the City's specifications or requirements must be clearly identified as such, with the reasons therefore, and alternate language proposed by the respondent, if any, clearly stated and inserted in the appropriate place in the application submission.

Each of these exceptions, conditions, or qualifications to the City's specifications may be included, as appropriate, in the contract documents. Items and matters not explicitly notated in this manner shall be deemed to be in conformance with the City's specifications.

The RFA also requests certain information to be attached and specifically labeled. Responses must be complete, address all aspects of the RFA, and include all requested information to receive full consideration by the City in the selection 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 a contract of mutual party benefit and will answer all questions pertaining to this RFA.

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

CALENDAR OF EVENTS

Wednesday, July 14, 2021	RFA available to prospective financial institutions
Tuesday, July 27, 2021	Non-mandatory Pre-Application Conference via <u>Zoom</u> (11:00 A.M.)
Monday, August 2, 2021	Deadline for Questions/Requests for Additional Information (5:00 P.M.)
Friday, August 6, 2021	Deadline for City Responses to Questions (5:00 P.M.)
Thursday, August 19, 2021	Responses due to Purchasing Office (3:00 P.M.)
Week of September 13, 2021	Invited applicant(s) Presentation/Demonstrations (if requested)
Tuesday, October 12, 2021	City Council consideration of Depository award (7:00 P.M.)
Friday, December 31, 2021	New Depository Services Agreement period begins

CRITERIA FOR EVALUATION

The City shall carefully review the submitted applications based on the following criteria in no particular order of priority:

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

The City reserves the right to contact any applicant, at any time prior to award, to clarify, verify or request information regarding any application, to negotiate with all applicants regarding their applications, and to request oral presentations and/or demonstrations from any one or all applicants.

The City will award the contract to the applicant(s) whose response provides the most advantageous terms 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 and the City's needs.

IMPLEMENTATION

Transfer of funds will commence at such time the awarded financial institution has provided the City with all required forms and supplies necessary to ensure uninterrupted day-to-day operations. The awarded financial institution commits its "best efforts" to complete the execution of documentation and receipt of funds by the contract period start date, which will be no later than December 31, 2021.

The awarded financial institution, upon termination of any agreement resulting from this RFA, shall cooperate with a new financial institution for transfer of funds.

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 or NCUA 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:

REQUIRED DISCLOSURES

As defined in Section 105.015 (c), each applicant shall comply with the conflict of interest provision of Section 131.903 of the Texas Local Government Code in regard 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.

In addition, the following disclosures apply:

Disclosure of interest: Pursuant to Chapter 176 of the Texas Local Government Code, a person, or agent of a person, who contracts or seeks to contract for the sale or purchase of property, goods, or services with the City of Pflugerville, Texas must file a completed conflict of interest questionnaire which is available at www.ethics.state.tx.us. The conflict of interest questionnaire must be filed with the City of Pflugerville, Texas no later than the seventh business day after the later of the date that the person or agent begins contract discussions or negotiations with the City or submits to the City an application, response to a request for proposal or bid, correspondence, or writing related to a potential agreement. An updated conflict of interest questionnaire must be filed in accordance with Chapter 176 of the Texas Local Government Code.

Certificate of interested parties: Section 2252.908 of the Texas Government Code applies to all contracts entered into on or after January 1, 2016. The law states that a governmental entity may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity at the time the business entity submits the signed contract to the governmental entity. The law applies, with a few exceptions, to all contracts/purchases of a governmental entity that require action or vote by the governing body of the entity. The electronic filing application process can be started on the Texas Ethics Commission website at www.ethics.state.tx.us. **The City acknowledges that publicly traded business entities are exempt from this requirement.**

Written Verification of Compliance with Chapter 2270: In compliance with HB 793, the successful applicant will be required to submit a written statement that the applicant affirms that it abides by Chapter 2270 of the Texas Government Code and does not boycott Israel and will not boycott Israel during the term of the contract.

In compliance with Chapter 2252 Subchapter F, of the Texas Government Code, Prohibiting government contracts with a company doing business with Iran, Sudan or a foreign terrorist organization, the City of Pflugerville, Texas will not enter into a contract with a company reported on the LISTED COMPANIES per Section 2252.153.

ACCOUNT ACTIVITIES

The City's current account structure is shown below. The City reserves the right to change account configuration after evaluation of received applications and adjust, if necessary, the account structure as deemed appropriate.

- General Fund
- Accounts Payable
- Utility Deposit Escrow
- Utility Fund
- Special Revenue
- Justice Department
- Police Safekeeping

** Local Government Investment Pools

Payroll for City Employees is funded through the Accounts Payable account. The City has approximately a 416 person payroll paid bi-weekly with an approximate monthly amount of \$1,170,000. The City encourages direct deposit of payroll for employees with 97% currently selecting direct deposit. The City does have summer-seasonal employees adding 30-40 employees during this time. Most seasonal employees are paid using direct deposit, although there are a limited number of checks written for payroll. The ACH file is prepared and transmitted to the bank, usually on Wednesday before payday on Friday.

All accounts are currently interest-bearing with the exception of Police Safekeeping.

The activity for May 2021 with balance information for the above accounts is tabulated in Exhibit 1 and Exhibit 2 and used on the Bank Services Fee Schedule. Actual balances and transaction activity could vary significantly.

** Local Government Investment Pools – The City's current depository agreement limits total balances to \$6 million. The City would welcome the opportunity to move additional funds to interest bearing accounts with banks responding to this RFA with interest rates higher than those available in the Local Government Investment Pools.

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. ON-LINE BANKING SERVICES – The City **requires** on-line 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, total credits, total debits, and detail debits and credits, and must allow transaction search capability. Historical information must be maintained on-line and accessible for a minimum of twelve (12) continuous 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 partial account reconciliation service on the Accounts Payable account. Minimum payment verification criteria shall be **payee name, date, check number, and amount**.

Yes, can provide as requested/required.

No, cannot provide as requested/required.

Comment:

3. 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 and utility billing charges.

Yes, can provide as requested/required.

No, cannot provide as requested/required.

Comment:

4. ACH POSITIVE PAY aka ACH Fraud Filter – The City **requires** ACH positive pay/filter 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:

5. WIRE TRANSFERS – The City **requires** an online banking system that provides for initiating wire transfers. Wires may be one-time wires or be set up as repetitive wires of varying amounts. The City expects controls to be in place for the prevention of fraud in the wire transfer process. The City also **requires** online banking system capabilities for daily notification (alerts) of incoming wires and monitoring of such incoming wire activity.

Yes, can provide as requested/required.

No, cannot provide as requested/required.

Comment:

6. POST NO CHECKS – The City **requires** the fraud protection feature or service that prevents checks being presented for payment to be posted to the accounts from which checks are not issued.

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

Comment:

7. EMPLOYEE CHECK CASHING – The City **requires** the bank 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 bank.

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

Comment:

8. ELECTRONIC DATA INTERCHANGE – The City **requires** Electronic Data Interchange (“EDI”) service capability with the ability to see addenda information included with ACH deposits.

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

Comment:

9. RETURNED CHECK REPROCESSING – The City would like to reclear all returned items one time, and prefers to receive rejected items electronically on a same day or next day basis.

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

Comment:

10. BANK STATEMENTS – The City **requires** that statements be rendered 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 monthly, 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 them or save them to their internal storage systems.

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

Comment:

11. 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 requirement applies to “No Fee” or “Fee Waiver” applications.**

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

Comment:

12. PAYMENT FOR SERVICES and ACCOUNT SETTLEMENT – 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. The City prefers that settlement of the excess/deficient condition as reflected by the group level account analysis occur on a **quarterly** basis. The City reserves the right to select Monthly Settlement if the pricing structure of the awarded financial institution favors Monthly Settlement. If deficient, settlement is to be made by direct debit to the City’s designated account.

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

Comment:

13. BALANCE ASSESSMENT – State how the bank will treat any Balance Assessment or balance based fee applicable to the City (i.e., Deposit Supervisory Fee, Premium Assessment Fee, etc.): (**Also, please reflect treatment on the attached Fee Schedule**) Please indicate if the assessment will be for all depository balances or non-interest bearing balances only.

- Fees apply to only non-interest-bearing balances.
- Fees to be waived.
- Fees to be partially waived.
- Fee to be passed in full to the City.

Comment:

14. EARNINGS CREDIT RATE – The bank must state the ECR and rate formula being proposed.

ECR %

Rate Basis (i.e., is there an index or is it a bank determination?):

How often will the ECR adjust if not indexed?

Rate Floor:

Comment:

15. 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:

16. INTEREST RATE OPTION – If balances are sufficient to cover all bank services and additional balances are available to earn interest, please state the current rate, the basis, and the floor if one is being offered:

Interest Rate %

Rate Basis (i.e., is there an index or is it a bank determination?):

Rate tiers based on balance.

Rate Floor:

Type of Account: (MMF, Interest Bearing Account, ICS, Investment Sweep Account):

Any Fees associated with the recommended investment option:

Comments/additional info if desired to clarify determination of interest rate:

SERVICES THAT MAY BE CONSIDERED

The City is interested in considering the following services:

1. COURIER OR ARMORED CAR SERVICES – The City currently delivers deposits directly to the financial institution, using the banks night drop option. For the safety and convenience of City staff, the City will during the evaluation period of all applications, consider the benefits and offers for courier or armored car services. Will your institution include in your application terms which could be offered? The City currently deposits approximately \$50,000 per month in cash and coin.

- Credit towards Courier and or Armored Car Fees, if so amount offered \$ _____
- Fees to be partially waived; billed through analysis
- Fee to be passed in full to the City; billed through analysis
- Cannot provide.

Comment:

2. SMART SAFE– The City is considering the possible use of Smart Safe for the secure handling of cash receipts. Please provide details for this service including cost associated with this service. Please describe any requirements the City would have to consider for this service.

- Yes, can provide as requested. No, cannot provide as requested.

Comment:

Please provide a detailed description of how this service is set up, including pricing options for transactions and all equipment:

Description:

3. ZERO BALANCE ACCOUNT - The City is considering zero-balance accounts for selected accounts. The bank teller function must identify the ZBA accounts to ensure employee presentments made at the bank are honored.

- Yes, can provide as requested. No, cannot provide as requested.

Comment:

4. REMOTE DEPOSIT CAPTURE – The City is currently not utilizing remote deposit capture services. Please provide details of your remote deposit capture services including make/model of scanner and your consideration of providing scanner(s) at no cost to the City.

- Yes, can provide as requested. No, cannot provide as requested.

Comment:

5. CONSUMER BILL PAY PROCESSING - The City is considering this service (often referred to as E-Lockbox) for receipts of utility and other payments generated from personal customer bank bill pay applications. The remittance data and payment amount captured during processing must be transmitted to the City daily for the update of the accounts receivable file. The City currently uses Metavante, iPay and Online Resources to convert a number of these payments to ACH payments, but the City would be interested in receiving one consolidated file. Please feel free to elaborate on the success rate of your eBox service in converting these checks into ACH payments.

Yes, can provide as requested.

No, cannot provide as requested.

Comment:

6. BANK PROVIDED ATM – For the convenience of the public and City staff, the City is interested in discussing the placement of a bank provided ATM located in or near City Hall.

Yes, can provide as requested.

No, cannot provide as requested.

Comment:

7. PAYROLL PAY CARDS - The City is interested in offering Pay Cards to City employees so that all employees can be paid via direct deposit, even if they do not have a checking account. Does your bank offer this service?

Yes, can provide as requested.

No, cannot provide as requested.

Comment:

COLLATERAL REQUIREMENTS

1. COLLATERALIZATION – The successful bank 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 bank shall pledge collateral equal to or in excess of the required level on a **same day basis**.
The City shall approve, in advance and in writing, all proposed collateral.

If **prior day ending ledger balance** is to be used as the basis for calculating the required collateral pledge, in order to minimize any period where the City balances could be under collateralized, the City will require that the pledged amount be maintained at a minimum of 110% of the **prior day ending ledger balance**.

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

Comment:

2. COLLATERAL AMOUNT – The maximum ledger balances ***could*** exceed \$50,000,000 in the aggregate. Historically, the average analyzed balances are less than \$6,000,000 due to balance restriction at the current depository. 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 daily 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 at an independent custodian acceptable to both the City and the successful bank. Monthly holding reports shall be filed with the designated contact of the City. Please provide the name of the proposed independent custodian as well as any related fees.

Name of Proposed Custodian:

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

Comment:

4. COLLATERAL SUBSTITUTION – Any substitutions of the pledged securities or reductions in the total amount pledged shall be made only by and with the proper written authorization of an authorized City signatory.

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

Comment:

5. COLLATERAL REPORT – The successful applicant **and** the custodial bank 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
Maturity Date

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

Comment:

6. BOARD RESOLUTION – The Board of Directors or designated committee of the successful bank will be required to provide a 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 the agreement period. The following is an extract of the FIRREA requirement from the 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.

1. **DIRECT INVESTMENT ALTERNATIVE** – The City's direct investment activities may take place in any and all the City accounts. The City shall have the right, at its sole discretion, to direct investment of its funds. The successful applicant shall be required to provide clearing and safekeeping services for the City investment activity. Interest earnings on interest bearing accounts shall be credited monthly regardless of the amount, with no minimum amount restriction. The Investment Policy outlines City's options for investing. The Investment Policy is subject to annual review and revision by the City Council.

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:

3. **SECURITY CLEARANCE/SAFEKEEPING SERVICES** – The City prefers that their depository bank provide safekeeping services for the securities owned by the City or offers an alternative option for safekeeping services. 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 bank will 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 bank. Confirmation of trades must be provided to the City within one (1) business day.

Security clearance and safekeeping services shall be governed by a "Safekeeping Agent" or similar agreement executed between the City and the bank. All interest payments on securities held are to 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 within seven (7) days of a call date notice for any securities being called prior to maturity. The City prefers a web-based safekeeping transaction monitoring and reporting mechanism.

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

Comment:

2. NOTIFICATION – In the event a check or checks shall be presented for payment where there are insufficient funds in City’s collective accounts, the awarded financial institution agrees to promptly notify the City’s Finance Director and Assistant Finance Director or other signatory person, by telephone or other electronic 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:

OTHER STIPULATIONS

1. 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 awarded financial institution to comply with the requirements of the 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:

2. RIGHT TO OPEN & MAINTAIN OTHER ACCOUNTS – The City reserves the right to open and maintain one or more demand, money market, NOW, and/or CD accounts at financial institutions not affiliated with the awarded financial institution.

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

Comment:

3. RIGHT TO TERMINATE – The City expressly reserves the right to terminate the agreement with or without cause at any time by providing ninety (90) days written notice to the awarded financial institution to close its accounts.

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

Comment:

4. TERMS FIXED – All fees, rate formulas, and conditions shall be fixed for the entire agreement period, including any and all continuations.

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

Comment:

5. RESEARCH – The City requests 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:

6. BANK ERRORS – Bank errors resulting in lost interest to the City must be reimbursed by the bank to the City, utilizing a mutually agreed upon method of reimbursement.

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

Comment:

7. 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:

8. ONE RELATIONSHIP OFFICER – The City requests **one** relationship manager to coordinate the awarded financial institution’s efforts and remain directly responsible for facilitating all City/Bank interaction.

Description	Name	Title	Phone
Relationship Officer			
Address		Email Address	

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 awarded financial institution. 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 awarded financial institution shall be made by the City Council of Pflugerville. The awarded financial institution shall be required to enter into an agreement that incorporates all of the requirements of their official response to this RFA, along with the accompanying related schedules and materials as called for in this RFA. The formal agreements should include: a depository bank services agreement, a collateral custodial agreement, and a FIRREA compliant resolution of certification (see #6 under the Collateral Requirements).

A sample of the Proposed Agreement form is found as Exhibit 3.

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

Comment:

3. TAMPERPROOF DEPOSIT BAGS – Will the financial institution provide tamperproof bags at no charge?

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

Comment:

4. ENDORSEMENT STAMPS & DEPOSIT SLIPPS – Will the financial institution provide endorsement stamps and deposit slips at no charge?

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

Comment:

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

Melissa Moore
Finance Director

EXHIBIT 1

BANK TRANSACTIONS BY ACCOUNT

CITY OF PFLUGERVILLE, TEXAS								
BANK TRANSACTIONS								
Based on May 2021 Transactions								
DESCRIPTION	BEGINNING BALANCE	CREDITS		DEBITS		CHECKS PROCESSED		ENDING BALANCE
		NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	
General Fund	\$53,627	148	\$3,981,964	17	\$3,066,675			\$968,916
AP Checking	\$2,442,898	35	\$8,630,102	22	\$2,078,737	432	\$6,554,213	\$2,440,049
Utility Deposit	\$54,408	13	\$23,985	1	\$23,381			\$55,013
Utility Fund	\$4,273,916	190	\$3,924,631	37	\$6,914,148			\$1,284,415
Special Revenue	\$37,707	2	\$5,967	3	\$13,779			\$29,895
Justice Department	\$87,150	1	\$4					\$87,154
Police Safekeeping	\$508							\$508
TOTALS	\$6,950,214	389	\$16,566,652	80	\$12,096,719	432	\$6,554,213	\$4,865,950

EXHIBIT 2

AVERAGE MONTHLY BALANCES

CITY OF PFLUGERVILLE, TEXAS	
Cash Balances - October 2020 - May 2021	
	Bank Balance
Oct-20	\$ 3,977,877
Nov-20	\$ 2,978,915
Dec-20	\$ 3,447,410
Jan-21	\$ 4,629,235
Feb-21	\$ 3,864,917
Mar-21	\$ 4,795,340
Apr-21	\$ 5,818,416
May-21	\$ 5,561,028
Average	\$ 4,384,142
Local Government Investment Pools	\$ 172,300,000

EXHIBIT 3

SAMPLE DEPOSITORY SERVICES AGREEMENT

THIS DEPOSITORY SERVICES AGREEMENT hereinafter called the “Agreement”, is made and entered into on the date last herein written by and between the City of Pflugerville, Texas, hereinafter called the “City”, and _____ a banking association, organized under the law of the United States and authorized by law to do banking business in the State of Texas, hereinafter called the "Bank", and provides as follows:

1. **Designation of Depository.** The City, through action of the City Council, on October 12, 2021, hereby designates Bank as a primary depository bank for the period beginning December 31, 2021, and continuing through December 31, 2023, with the option for three (3) one-year extensions under the same terms and conditions.

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 Pflugerville Request for Application for Depository Services released on July 14, 2021, hereinafter referred to as the “RFA” and attached to this Agreement as Exhibit “A”. The RFA and Bank’s response to the RFA, hereinafter referred to as 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, hereinafter called “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 (together, 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 Texas Government Code as amended), the Public Funds Collateral Act (Chapter 2257 of the Texas Government Code), 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 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 safekeeping or 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. Travis County 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: Ms. Melissa Moore, Finance Director
City of Pflugerville
100 East Main Street
Pflugerville, Texas 78660

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. **Non-Assignability.** This Agreement is not assignable in whole or in part.

24. **Termination.** This Agreement may be terminated by the City at any time with or without cause by giving thirty (30) days prior written notice to Bank.

25. **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.

26. **Continuation.** Unless this Agreement is terminated sooner, Bank’s designation as the primary City Depository will remain continuously in effect through December 31, 2023, subject to execution of the extension options.

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

CITY OF PFLUGERVILLE, TEXAS

BANK

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

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

ATTEST:
By: _____
Name: _____
Title: _____

ATTEST:
By: _____
Name: _____
Title: _____

BANK SERVICES FEE SCHEDULE

City of Pflugerville Fee Schedule			
Bank Name:			
Transaction Volumes and Estimates Based on Oct to May Activity			
Service Description	Volume	Unit Price	Monthly Charges
BALANCE & COMPENSATION INFORMATION			
BALANCE ASSESSMENT FEE	4,384,142		0.00
GENERAL ACCOUNT SERVICES			
ACCT MAINTENANCE	6		0.00
CREDITS POSTED	88		0.00
DEPOSITORY SERVICES			
CASH DEPOSITED (Pre-Covid avg)	52,998		0.00
RETURN ITEM - CHARGEBACK	4		0.00
ON-US ITEMS DEPOSITED			0.00
CHECKS DEPOSTIED	2,270		0.00
PAPER DISBURSEMENT SERVICES			
POSITIVE PAY MONTHLY BASE	1		0.00
POSITIVE PAY EXCEPTION	2		0.00
STOP PAYMENT - ONLINE	5		0.00
DDA CHECKS PAID	434		0.00
PAYEE VALIDATION STANDARD-ITEM	434		0.00
ARP MONTHLY BASE - PARTIAL	1		0.00
ARP FULL RECON-ITEM	434		0.00
POST NO CHECKS	5		0.00
GENERAL ACH SERVICES			
ACH MONTHLY BASE	2		0.00
ACH RECEIVED ITEM	316		0.00
ACH PAYMENTS ONLINE BATCH RELEASE	14		0.00
ACH DELETE - ITEM	1		0.00
ACH NOC PER ITEM	20		0.00
ACH RETURN ITEM	10		0.00
ACH PAYMENTS ONE and TWO DAY ITEMS	8,732		0.00

WIRE & OTHER FUNDS TRANSFER SERVICE		
WIRE IN - DOMESTIC	1	0.00
WIRE OUT DOMESTIC	1	0.00
INFORMATION SERVICES		
PREV DAY REPORTING MAINTENANCE	6	0.00
PREV DAY REPORTING ITEMS LOADED	887	0.00
EDI DETAIL REPORT	1	0.00
EVENT MESSAGING SERVICE- EMAIL	40	0.00
EVENT MESSAGING SERVICE - TEXT	40	0.00
INFO REPORTING HISTORY STORAGE 120	3,548	0.00
TOTAL MONTHLY SERVICE CHARGES		0.00

Optional Services Under Consideration		
POST NO CHECK MAINTENANCE	6	0.00
REMOTE DEPOSIT-MAINTENANCE	3	0.00
ZERO BALANCE MASTER ACCOUNT MAINT	1	0.00
ZERO BALANCE MONTHLY BASE	1	0.00
ACH FRAUD FILTER REVIEW MO BASE	7	0.00
ACH FRAUD FILTER REVIEW- ITEM	5	0.00
SUBTOTAL		0.00
E-BOX SECTION		
E-BOX PAYMENTS	1000	0.00
E-BOX MONTHLY MAINT (W/CROSS REF)	1	0.00
E-BOX REPORTING PACKAGE MTHLY BASE	1	0.00
E-BOX REVERSAL REPORTING MTHLY BASE	1	0.00
E-BOX FILE TRANSMISSION	25	0.00
REPORTING MONTHLY BASE	1	0.00
EDI PMT DETAIL SUBSC MO BASE	1	0.00
EDI PMT DETAIL - ITEM	994	0.00
EDI PMT DETAIL -ADDENDA ITEM	57	0.00
SUBTOTAL		0.00

COMPLETE APPLICATION CHECKLIST

(Please provide in the order listed)

- Executive Summary / Coversheet
- One (1) original so marked completed application and one bound copy.
- Completed RFA in PDF format on USB-flash drive. (Including all attachments)
- Completed Fee Schedule returned in Excel format on the USB – flash drive.
- Good Faith Performance check in the amount of \$5,000 payable to the City of Pflugerville

COMMENTS:

- PRO-FORMA ACCOUNT ANALYSIS** – A pro-forma account analysis statement using your format and service descriptions that reflect your proposed fees based on the volumes provided in this RFA and indicate any capability to provide the information electronically.

COMMENTS:

- SAMPLE COLLATERAL AGREEMENT** – As required by Bank / Custodian named in the RFA.

COMMENTS:

- SAMPLE SAFEKEEPING AGREEMENT** – As required by Safekeeping Agent.

COMMENTS:

- SAMPLE SAFEKEEPING REPORT OF CITY-OWNED SECURITIES** – Sample safekeeping report of the City owned securities that the City will receive monthly.

COMMENTS:

- SECURITIES SAFEKEEPING FEES** – Schedule of Securities Safekeeping Fees.

COMMENTS:

- REFERENCES** – List of at least three (3) comparable references and current Texas public funds clients, with total number of collateralized Texas public fund clients.

COMMENTS:

- SAMPLE FIRREA COMPLIANT DOCUMENT** – A sample copy of the bank’s document that clearly shows that the bank’s Board or designated committee has accepted the depository contract and authorized the pledge of collateral, with a permanent record of this action to be maintained in the minutes of the bank.

COMMENTS:

- COMPLETED AND SIGNED DISCLOSURES** – As required and applicable within the RFA.

COMMENTS:

COMPLETED AND SIGNED APPLICATION SUBMITTED BY FORM – Please include the signed form in the PDF file as well.

COMMENTS:

EXCEPTIONS TO RFA REQUIREMENTS – Please provide a summary of any exceptions your institution has noted regarding the requirements as contained in this Request for Applications.

COMMENTS:

SUBMITTER'S INITIALS: _____

City of Pflugerville Fee Schedule

Bank Name:

Transaction Volumes and Estimates Based on Oct to May Activity

Service Description	Volume	Unit Price	Monthly Charges
BALANCE & COMPENSATION INFORMATION			
BALANCE ASSESSMENT FEE	4,384,142		0.00
GENERAL ACCOUNT SERVICES			
ACCT MAINTENANCE	6		0.00
CREDITS POSTED	88		0.00
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STOP PAYMENT - ONLINE	5		0.00
DDA CHECKS PAID	434		0.00
PAYEE VALIDATION STANDARD-ITEM	434		0.00
ARP MONTHLY BASE - PARTIAL	1		0.00
ARP FULL RECON-ITEM	434		0.00
POST NO CHECKS	5		0.00
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ACH DELETE - ITEM	1		0.00
ACH NOC PER ITEM	20		0.00
ACH RETURN ITEM	10		0.00
ACH PAYMENTS ONE and TWO DAY ITEMS	8,732		0.00
WIRE & OTHER FUNDS TRANSFER SERVICE			
WIRE IN - DOMESTIC	1		0.00
WIRE OUT DOMESTIC	1		0.00
INFORMATION SERVICES			
PREV DAY REPORTING MAINTENANCE	6		0.00
PREV DAY REPORTING ITEMS LOADED	887		0.00
EDI DETAIL REPORT	1		0.00
EVENT MESSAGING SERVICE- EMAIL	40		0.00
EVENT MESSAGING SERVICE - TEXT	40		0.00
INFO REPORTING HISTORY STORAGE 120	3,548		0.00
TOTAL MONTHLY SERVICE CHARGES			0.00

Optional Services Under Consideration

POST NO CHECK MAINTENANCE	6	0.00
REMOTE DEPOSIT-MAINTENANCE	3	0.00
ZERO BALANCE MASTER ACCOUNT MAINT	1	0.00
ZERO BALANCE MONTHLY BASE	1	0.00
ACH FRAUD FILTER REVIEW MO BASE	7	0.00
ACH FRAUD FILTER REVIEW- ITEM	5	0.00
SUBTOTAL		0.00
E-BOX SECTION		
E-BOX PAYMENTS	1000	0.00
E-BOX MONTHLY MAINT (W/CROSS REF)	1	0.00
E-BOX REPORTING PACKAGE MTHLY BASE	1	0.00
E-BOX REVERSAL REPORTING MTHLY BASE	1	0.00
E-BOX FILE TRANSMISSION	25	0.00
REPORTING MONTHLY BASE	1	0.00
EDI PMT DETAIL SUBSC MO BASE	1	0.00
EDI PMT DETAIL - ITEM	994	0.00
EDI PMT DETAIL -ADDENDA ITEM	57	0.00
SUBTOTAL		0.00

CITY OF PFLUGERVILLE, TEXAS INVESTMENT POLICY

I. POLICY STATEMENT

It is the policy of the City of Pflugerville ("City") that the administration of its funds and the investment of those funds shall be handled in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the City and conforming to all applicable state and City statutes and ordinances governing the investment of public funds. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. The Policy is adopted in accordance with the Texas Public Funds Investment Act, Chapter 2256 of the Texas Government Code, as amended and establishes guidelines for periodic review and reporting of the investments.

II. SCOPE

This investment policy applies to all aspects of investing the financial assets and funds held by the City of Pflugerville. These funds are defined in the City's Comprehensive Annual Financial Report (CAFR) and include:

- General Fund
- Special Revenue Fund
- Utility Fund
- Debt Service Fund
- Capital Project Fund
- Trust and Agency Fund
- Any new fund created by the City unless specifically exempted by the City Council and this policy.

All funds covered by this Investment Policy shall be invested in accordance with the Public Funds Investment Act as amended from time to time. (Texas Government Code, Ch. 2256.)

III. INVESTMENT OBJECTIVES AND STRATEGY

A. Objective

It is the policy of the City that all funds shall be managed and invested in conformance with State and Federal Regulations, applicable bond covenants and ordinances, and this adopted Investment Policy. The primary objectives for investment activities are listed below in priority order

1. Suitability

Understanding the suitability of the investment to the financial requirements of the City is important. The needs and limitations of each group of funds must be considered. Any investment eligible in the Investment Policy should be suitable for all City funds.

2. Safety of Principal

The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they have resulted from securities defaults or erosion of market value. All investments are to be of high-quality instruments with no perceived default risk. Market price fluctuations will, however, occur.

With foremost emphasis on safety of principal (i.e. avoidance of capital losses), the Investment Officers will ensure that preservation of capital and protection of principal in the overall portfolio is maintained. Speculation is prohibited.

3. Maintenance of Adequate Liquidity

The City's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated. Liquidity shall be achieved by maintaining appropriate cash equivalent balances, matching investment maturities with anticipated cash flow requirements, investing in securities with active secondary markets, and maintaining appropriate portfolio diversification.

4. Marketability

Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. An efficient market is generally defined as having a bid-asked price relationship being no greater than $\frac{1}{4}$ of 1 percent of principal value.

5. Diversification

Diversified investment maturities shall provide monthly cash flow based on anticipated operating needs of the City. Short term financial institution deposits, investment pools, money market mutual funds and staggered maturities of securities shall provide timely liquidity and may be utilized.

6. Yield

The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

B. Strategy

The investment objectives above apply to all funds covered by this Policy. Investment strategies and guidelines by fund-type are as follows:

1. Pooled Funds

These Funds comprise the majority of the City's portfolio and include all operating funds and long term reserves. Investment strategies for these funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment volatility while providing competitive yields on City funds. Daily liquidity for operations is required first. Reserves established in accordance with the City's cash reserves policy or designated for specific purposes and time frames may be invested for longer terms.

2. Debt Service Funds

Investment strategies for Debt Service Funds have as their primary objective the assurance of investment liquidity to cover the debt service obligations on the required dates. Surplus funds outside the debt service dates will be invested in longer term maturities within the overall guidelines of this Policy.

3. Debt Service Reserve Funds

Debt Service Reserve Funds are reserves required by bond covenant or other contractual requirements to be maintained through the life of the debt issuance. These funds generally do not have a need for liquidity and may be invested in longer term maturities within the overall guidelines of this Policy.

4. Capital Project and Special Purpose Funds

These funds include both bond proceeds and operating funds set aside for identified Capital Projects or Special Purposes. These funds should be invested to match projected cash flow requirements of projects with sufficient liquidity to meet unanticipated project outlays. In general, the final maturity dates of investments should not exceed the expected project completion date(s) and meet all underlying bond covenants, where applicable,

IV. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act), as amended. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, specifies collateral requirements for all public funds deposits.

The Interlocal Cooperation Act, Chapter 791, Texas Government Code, as amended, authorizes local governments in Texas to participate in an investment pool established thereunder. That statute and reference to authorized investment in investment pools in the Act is primary authority for use of investment pools by political subdivisions of the State of Texas.

V. STANDARD OF CARE

A. Prudence

The standard of prudence to be used in the investment function shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio. This standard states: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived.”

B. Limitation of Personal Liability

The Investment Officer and those delegated investment authority under this policy, when acting in accordance with the written procedures and this policy and in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio provided that deviations from expectations for a specific security’s credit risk or market price change or portfolio shifts are reported in a timely manner and then appropriate action is taken to control adverse market effects.

C. Delegation of Authority

The Deputy City Manager, Finance Director and Assistant Finance Director, acting on behalf of the City Council, are designated as the Investment Officers of the City and are responsible for investment management decisions and activities. The Council is also responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officers shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this investment policy. Procedures will include reference to safekeeping, require and include PSA Master Repurchase Agreements, wire transfer agreements, banking services contracts, and other investment related activities.

The Investment Officers shall be responsible for all transactions and shall establish a system of controls to regulate the activities of subordinate officials and staff. The Investment Officers shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer is not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer and approved by the City Manager.

D. Training

It is the City’s policy to provide training required by the Public Funds Investment Act Section 2256.008(a) through courses and seminars offered in compliance with the Act to ensure the quality and capability of the Investment Officers in making investment decisions. In

accordance with State Law, Investment Officers must accumulate ten hours of investment training within twelve months of attaining the position of Investment Officer. Thereafter, eight hours of training must be accumulated every two-years within the period that begins on the first day of the City's fiscal year and ends on the last day of the next fiscal year.

All investment training shall be from an independent source approved by the City Council. The following sponsors are hereby approved:

- 1) Government Finance Officers Association (GFOA and GFOAT);
- 2) Texas Society of Certified Public Accountants (TSCPA);
- 3) Texas Municipal League (TML);
- 4) Government Treasurers' Organization of Texas (GTOT);
- 5) Sponsors approved by the TSCPA and GFOA, GFOAT, GTOT, to provide CPE credits;
- 6) Center for Public Management at the University of North Texas; or
- 7) Alliance of Texas Treasury Associations (ATTA)

E. Ethics

The Investment Officers involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Furthermore, in accordance with the Public Funds Investment Act, an Investment Officer who has a personal business relationship with a firm or is related within the second degree by consanguinity or affinity to individuals seeking to sell investments to the City must disclose such relationships in accordance with Section 2256.005(i) of the Public Funds Investment Act. Such disclosure should be made to the Texas State Ethics Commission and to the City Council.

F. Internal Controls

The Investment Officer shall establish a system of written internal controls which will be reviewed annually with the independent auditor of the City in accordance with accepted industry practices. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the City.

The Investment Officer shall monitor the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by policy, the Investment Officer shall immediately solicit bids for and sell the security, if possible, regardless of a loss of principal.

G. Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of the City. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes. Cash flow will include the historical researching and monitoring of

specific cash flow items, payables and receivables as well as overall cash positions and patterns.

VI. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below. The investments are to be chosen in a manner which promotes diversity or market sector and maturity.

- A. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed two years to the stated maturity;
- B. Direct obligations of the State of Texas or its agencies.
- C. Certificates of deposit issued by an FDIC insured financial institution, not to exceed the current FDIC limit per institution and with a maximum maturity length of one year.
- D. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.
- E. Repurchase agreements and reverse repurchase agreements as defined by the Public Funds Investment Act, as amended, not to exceed ninety (90) days to stated maturity, provided an executed PSA Master Repurchase Agreement is on file with the City and the counterparty bank or primary dealer.
- F. Texas Local Government Investment Pools as defined by the Public Funds Investment Act, as amended. The maximum dollar-weighted maturity for the pool may not exceed ninety (90) days and the pool must maintain a minimum rating of AAAM.
- G. Interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor.

VII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

All investments made by the City will be made through either the City's banking services bank or a primary dealer. The City shall maintain a list of financial institutions which are authorized to provide investment services. Banks shall continuously provide their most recent "Consolidated Report of Condition" (call report). Securities broker/dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve as primary dealers. The following criteria must be met by those firms on the list: provision of an audited financial statement for the most recent period, proof of certification by the National Association of Securities Dealers (NASD), and proof of current registration with the State Securities Commission.

Every business organization with whom the City transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. The business organization will be required to return a signed copy of a certification form certifying that the policy has been received and reviewed.

VIII. DIVERSIFICATION AND MATURITY LIMITATIONS

It is the policy of the City to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. With the exception of U.S. Treasury securities and authorized investment pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investment with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to specific requirements such as semiannual or annual bond payments, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year. The Investment Officer may not invest any portion of the portfolio for a period greater than two (2) years.

IX. SAFEKEEPING AND COLLATERALIZATION

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Investment Officer and evidenced by safekeeping receipts.

X. PERFORMANCE EVALUATION AND REPORTING

The Investment Officer shall submit quarterly reports to the City Manager and City Council containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program. This report shall contain:

- Beginning and ending market value of the portfolio by market sector and total portfolio;
- Beginning and ending carrying (Book) value of the portfolio by market sector and total portfolio;
- Transactions which change market and book value;
- Detail reporting on each asset (book, market, and maturity dates);
- Overall current yield of the portfolio;
- Overall weighted average maturity of the portfolio;
- Maximum maturities in the portfolio; and,
- The signature of the investment officer.

XI. INVESTMENT POLICY ADOPTION BY THE CITY COUNCIL

The City's investment policy shall be adopted by the City Council. The policy shall be reviewed on an annual basis by the City Manager and City Council.

AUTHORIZED FINANCIAL INSTITUTIONS AND GOVERNMENT POOLS

Financial Institutions Authorized To Do Business with the City of Pflugerville

First Texas Bank

Government Pools Authorized To Do Business with the City of Pflugerville

First Public Lonestar Investment Pool
TexPool Local Government Investment Pools