

Request for Proposal

Proposal Title: Bank Depository Contract
On behalf of:
Matagorda County Navigation District #1 (MCND#1)

Proposal Due Date: May 20, 2025

Opening Time: 1:00 PM

Location: Public Meeting Room
Matagorda County Navigation District Office
1602 Main Street
Palacios, TX 77465

Contact: MCND #1 at 361-972-5556
or e-mail: info@portofpalacios.com

Request for Proposal for Managing and Participating Banks as Depositories for Matagorda County Navigation District #1 (MCND #1) Funds

I am requesting a Proposal from your bank to become a Depository Bank for MCND #1. The MCND #1 will be considering two types of banking relationships: 1) Managing Bank for Depository and Sub Depository Services, and 2) Participating Banks.

1. The Managing Bank - The bank which receives the award of this bid will serve as the Depository Bank for MCND #1 funds. This bank will handle all daily-banking services including, but not limited to, checking accounts, various types of interest-bearing accounts, and non-interest bearing account, and safekeeping services for securities purchased by the MCND #1. Additionally, the Managing Bank may provide all services supplied by a designated Participating Bank.
2. Participating Banks - will be authorized to hold secured Time Deposits in accordance with the Revised Civil Statutes of Texas. Banks wishing to hold secured time deposits for MCND #1 in accordance with the law should apply to be a Participating Bank. Only those banks and investment firms that apply and are accepted by MCND #1 Board will be eligible to hold time deposits and purchase government securities for MCND #1.

GENERAL

It is the intent of the MCND #1 to execute a contract with a bank desiring to be designated a MCND #1 Managing Bank for MCND #1 Funds. By returning the "Proposal Worksheet", your bank is acknowledging that it understands the Local Government Code, Chapters 116 and 117 and the Government Code Chapter 2257 that pertains to the managing and safekeeping of public funds and will comply with those statutes to the best of its ability. Additionally, the Managing Bank should be aware of the Texas Law (Title X, Texas Government Code) concerning the investment of MCND #1 revenue, and the local MCND #1 Investment Policy, a copy of which is attached to this RFP.

It is also the intent of MCND #1 to execute a contract with a bank wanting to be designated as a MCND #1 Participating Bank for MCND #1 Funds. By returning the "Proposal Worksheet" and this "Agreement" to provide investment and other services not relating to the MCND #1 Demand Accounts, the bank acknowledges that it understands the Texas Law (Title X, Texas Government Code) concerning the investing of MCND #1 revenues and that it is in possession of the local MCND #1 Investment Policy. The contracts for Managing Bank(s) and Participating Bank(s) will be for a four-year period, commencing on the fiscal year beginning June 1st, 2025. The contract period will cover June 1st 2025 through May 31st, 2029. The contract will extend 60 days past the end date to allow the MCND #1 ample time to transfer funds and close out accounts, as necessary. In addition, the Bank will continue to pledge sufficient securities required by law for public funds to MCND #1. The contract shall allow the bank to establish, on the basis of negotiations with the MCND #1, new interest rates and financial terms of the contract that will take effect during the final two years of the four-year contract if:

- (1) the new financial terms do not increase the prices to MCND #1 by more than 10 percent; and
- (2) MCND #1 has the option to choose to use the initial variable interest rate option or to change to the new fixed or variable interest rate options proposed by the Bank.

On expiration of a contract, under Section 116.021 of the LGC, the contract may be renewed for two years under terms negotiated by MCND #1 or its representative.

SCOPE

The depository contract will include funds of MCND #1 accounts.

BANK AFFILIATION

A proposing bank must be a member of the Federal Reserve System and the Federal Deposit Insurance Corporation. The bank must be a Federal or Texas chartered bank doing business in, and having a service facility within, Matagorda County.

CRITERIA FOR AWARDING CONTRACTS

MCND #1 will award the Managing Bank(s) and/or Participating Bank(s) contracts based upon the following criteria:

1.
 - a. Bank's past and present financial position.
 - b. Bank's ability to pledge adequate securities against MCND #1 funds.
2. Net rate of return on MCND #1 funds.
3. The Bank's ability to meet the MCND #1's service requirements.
4. The Bank's overall Cost of Services, including collateralization.
5. Technology offered by the Bank.
6. Cash management products available that will enhance the MCND #1's banking procedures and security.

FINANCIAL STATEMENTS

All Banks wishing to be designated as a Depository Bank must state the amount of the Bank's paid-up capital stock and permanent surplus and must submit a statement showing the financial condition of the Bank on the date of the application. The successful applicant shall, during the term of the depository contract, furnish the MCND #1 Port Director updated issues of (a) each quarterly Call Report and (b) Annual Financial Reports.

AMOUNT TO BE PLEDGED AS COLLATERAL

Within 15 days of receiving notice that it has been selected as Managing Bank, the Bank must file a bond or other security approved by MCND#1 Commissioners. The initial amount of securities

to be pledged against MCND #1 funds shall be adequate to fully collateralize the funds of MCND #1 according to the laws of the State of Texas and shall continuously remain as such. Collateral shall consist of United States Treasury Bills, Notes and Bonds, and any United States Agency securities. The amount of deposits is subject to fluctuate. To compensate for increases or decreases in MCND #1 deposits and fluctuation of market value of pledged collateral, the **minimum market value** of collateral pledged by the Bank to MCND #1 at all times will be **110%** of MCND #1 deposits (including any FDIC insurance).

The right of substitution of securities shall be granted to the Managing or Participating Bank, provided that the securities substituted meet the requirements of the law and MCND #1.

WRITTEN COLLATERAL CONTRACT

A written security agreement will be executed by the Depository Bank and MCND #1 and be approved by the Board of Directors of the Depository Bank and MCND #1 Board of Commissioners. Within 30 days from the execution of the written security agreement by the bank, the Depository Bank will furnish to MCND #1 a formal resolution from the Bank's Board of Directors stating that the Board has approved the contract and the signing officer is authorized by the Board to sign for the Board.

COLLATERAL MANAGEMENT

The Depository Bank must include, as part of the bid, a statement as to how the bank intends to ensure, on a daily basis, that sufficient collateral is pledged to protect covered amounts. Also, a detailed monthly collateral report is required. The report shall contain security descriptions, par value/current face and current market value.

The Depository Bank must state how it will value pledged securities. MCND #1, at any time, may investigate the value of any of the securities that are pledged by the bank. The full cooperation of the Bank will be required in such instance.

PAYMENT FOR SERVICES

Settlement for service charges will occur every month. If the earnings credit exceeds the total service charges for the month, there is no service charge payment due. If the earnings credit is less than the total service charges for the month period, an invoice for the amount of the net deficiency will be presented to the MCND #1 Port Director.

INVESTMENTS AND INVESTMENTS MADE OUTSIDE OF DEPOSITORY BANKS

MCND #1 funds may be invested in time deposits (such as certificates of deposit, money market funds, etc.) issued by commercial banks in the State of Texas, for which said banks have pledged collateral according to Section 116.112 of the Local Government Code, and many instruments issued by federal, state, and local governments. MCND #1 reserves the right to make investments outside of its Managing and Participating Banks in accordance with the Laws of the State of Texas and its Investment Policy. These include, but are not limited to, the purchase of investment instruments from brokerage firms.

All investment purchases of Government securities shall be made on a delivery versus payment basis.

INTEREST AND INTEREST RATE

Each bank shall quote variable interest rate and fixed interest rates on all accounts and Time Deposits. MCND #1 reserves the right to select the rate most favorable to the MCND #1 at any time during the term of the contract, subject to any banking laws. (When setting interest rate proposals for Time Deposits, banks should remain aware of MCND #1's Investment Policy and any restrictions placed upon the investment of funds at yields less than those received from a U.S. Treasury obligation of similar maturity.)

GOOD FAITH GUARANTEE

If your bank wishes to be designated as a Managing Bank, you must submit with the "proposal worksheet", a certified or cashier's check in the amount of \$4571.52 one-half of one percent of the MCND #1's revenue for the preceding year) payable to MCND #1 as a guarantee of good faith. This check will be held by the MCND #1 until a Managing Bank is selected and a bond and/or security has been filed.

A Bank desiring to be designated only as a Participating Bank is not required to submit the Good Faith Guarantee Check.

INFORMATION ABOUT MCND #1'S BANK ACCOUNTS

To assist your Bank in the preparation of its proposal, we are providing additional information about the MCND #1's existing bank accounts.

MCND #1 expressly makes no representation that MCND #1 deposits will continue at the same level of previous years, or that the character of deposits will follow the same or similar patterns of previous years.

Please see APPENDIX A (Interest Bearing Accounts).

LIQUIDATED DAMAGES FOR NOT PROVIDING SECURITY

As stated in Code Section 116.023:

"If a bank is selected as a depository and does not provide the bond and/or security, the MCND #1 shall retain the amount of the check as liquidated damages." A new depository shall then be selected.

CONTINUING NON-PERFORMANCE

Continuing non-performance by the Depository Bank to the terms of its depository contract shall be a basis for the termination of the contract by MCND #1. The Bank will be given a reasonable opportunity before termination to correct deficiencies. This, however, shall in no way be construed as negating the basis for termination of non-performance.

SERVICES TO BE PROVIDED

Interest Bearing Checking Accounts:

MCND #1 will establish accounts to hold and disburse MCND #1's funds. Checks, deposits, wire transfers, ACH transfers, and internal bank transfers, ACH transfers, and internal bank transfers will be made to and from these accounts.

It is MCND #1's intent to have all its checking accounts earn interest. See Appendix A. If there are minimum balance requirements, maximum debits allowed, or other limitations that would preclude an account's earning interest, the Bank should state such requirements on the Proposal Worksheet.

MCND #1 reserves the right to select the Variable Interest Rate or the Fixed Interest Rate most favorable to the MCND #1 at any time during the term of the contract and as bid by the Bank.

New Accounts:

Both Managing and Participating Banks are required to notify the MCND #1 Port Director of any new accounts opened by individuals, offices, or departments (other than the Port Director) under which there is an attempt to use the MCND #1's Federal ID number. Notification should be by fax or letter identifying the new account number, the name of the account, and all signers on the account.

Reports:

Both Managing and Participating Banks are required to provide detailed monthly collateral-to-deposit reports with deposits broken out by account, including name and account number. These reports are due no later than the 15th of the month following. The collateral section of the report shall contain security descriptions, par value/current face and current market value. To compensate for increases or decreases in MCND #1 deposits, and the fluctuation of market value of pledged collateral, the minimum aggregate current market value of collateral required will be 110% of aggregate MCND #1 deposits at that institution (including any FDIC insurance coverage).

It is further requested that as a part of the proposal the Managing Bank(s) will provide on-line availability for daily reporting of account balances, collateral and ledger balances, detail of any additional debits and credits, and allow fund transfers initiated from Port Director's Office. The history of transactions and available statements should be at least 60 days of history.

Monthly account analysis reports will be provided by the Managing Bank for each account and on a total account basis. The account analysis will contain, at minimum, the following:

1. daily average ledger balance
2. average collected balance
3. price levels for each activity
4. daily average float
5. reserve requirements
6. monthly volumes by type
7. available balance for earnings credit
8. earnings credit allowance (provide explanation of how the earnings credit rate is calculated)

(A sample account analysis format is to be provided as part of the proposal.)

Copies of the Bank's latest quarterly uniform bank performance report and quarterly call report statement is to be included in the proposal.

Statements:

Monthly account statements will include corresponding checks (or optical imaging), debits and credit memos, etc... This statement should show the number of checks, deposit and deposit items posted, daily ledger balance for the month, average daily collected balance for the month and other items upon which any charges are based. Such statements are to be provided within five working days after the calendar month end.

Contact Person:

Managing and Participating Banks are to specify an officer of the Bank who will be familiar with these contracts and are qualified to provide information and assistance in the following areas: general information, safekeeping and securities clearance, posting and deposit discrepancies, stop payments, balance adjustments, collateral adequacy, internal transfers, wire transfers, certificate of deposit rate quotes, signature cards, opening and closing of accounts, and online services. In the case of a change in personnel, the MCND #1 Port Director is to be notified within 3 working days in regard to a new contact person.

Aggregate Overdraft Provisions:

For determining cash overdrafts, the daily cash balance in all MCND #1 accounts will be added together and if a negative balance occurs, MCND #1's account is to be considered to be overdrafted. An applicable insufficient funds fee may then be charged.

Stop Payments:

The Managing Bank will be required to immediately process stop payments on verbal instructions from the Port Director, or their assignee, with follow-up written confirmation.

Reconciliation Services:

At MCND #1's option, services may include partial reconciliation (Bank sends MCND #1 an electronic copy or facsimile of the checks paid for the month) or full reconciliation (MCND #1 sends bank a tape of checks issued and voided and the bank reconciles paid items and shows a list of outstanding items at the end of the month), and/or positive pay services.

Stale Dated Checks:

The Managing Bank will agree not to honor stale dated checks on MCND #1 accounts that are not endorsed by MCND #1 as acceptable after the 365-day limit.

Standard Disbursement Service:

Standard disbursing services for all accounts are required to include the payment of all MCND #1 checks upon presentation.

Standard Deposit Services:

Both Managing and Participating Banks will guarantee immediate credit on all wire transfers, ACH transactions and Government checks upon receipt and all other checks based on the Bank's availability schedule. All deposits received before the Bank's established deadline will be credited daily.

ACH Transfer Services:

Bank must provide for acceptance of ACH (Automated Clearing House) credits and debits to MCND #1 accounts. To guard against electronic fraud, the Bank must provide MCND #1 an ACH blocking service to filter electronic debits and allow only those authorized by MCND #1.

Wire Transfers:

Bank must provide the ability for MCND #1 to send and receive wire transfers on an automated or on a manual basis. Bank must provide MCND #1 the ability to restrict outgoing wire transfers (debits) to only those authorized.

Positive Pay:

If elected by MCND #1, the Managing Bank shall provide positive paycheck authentication services. MCND #1 will provide the bank electronic files for all checks written. At a minimum, values to be compared are: Check number, Check amount, and Payee. Any discrepancies shall be cleared by the Port Director/staff before checks are paid by the bank. This is to further safeguard MCND #1 funds from fraudulent activity.

Payroll Direct Deposit:

The Depository Bank must provide MCND #1 "Direct Deposit" services for MCND #1 employee payroll processing, allowing the employees to select the banks of their choice.

Account Inquiries and Research:

Account inquiries and research that is done as a request of MCND #1 shall be completed within 3 working days. Should the research need more time to complete, the request for an extension will be made in writing to the Port Director explaining the delay.

Other Services:

As described on the "Proposal Worksheet", each Bank will acknowledge any other services provided and attendant fees for such.

Sincerely,

Anette Uher