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# City of Murphy, Texas

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Request for Application – Banking Services

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Due: February 19, 2010

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**Introduction**

The City of Murphy (City) is a home rule municipality with a council-manager form of government and the financial functions fall under the supervision of the Director of Finance. The City is accepting proposals from financial institutions, located within the corporate boundaries of Murphy, Texas, to serve as the primary depository for City funds and provide banking services for the City.

The objective of this request is to identify the financial institution most capable of providing the highest level of service at the lowest cost to the City.

The new depository contract will be for three years beginning on or about April 1, 2010 and ending on or about March 31, 2013, with a provision for two one-year continuations under the same terms and conditions of the contract, subject to the mutual agreement of both parties. The depository contract term also provides for an extension period not to exceed ninety (90) days for the transition to a new Depository Bank at the end of the term if necessary.

**Calendar of Events**

<b>TARGET DATE</b>	<b>DESCRIPTION OF EVENTS</b>
Thursday, January 28, 2010	Depository Application/Depository Service Contract distributed to prospective financial institutions
Friday, January 29, 2010 Thursday, February 4, 2010	Advertise the Bank Depository Notice to Bidders in the Dallas Morning News (01/29/10), Murphy Monitor and Murphy Messenger (02/04/10)
Thursday, February 19, 2010	Deadline for bid submission from interested financial institutions by 10:00 A.M. to the Director of Finance, city of Murphy, Texas
Friday, February 20, 2010 – Friday, March 5, 2010	Review bids and discuss recommendations with City staff
Monday, March 15, 2010	Council presentation for the award of the contract
Tuesday, March 16, 2010	Bidder notification
Monday, March 22, 2010	Execute Contracts/Agreements; begin implementation
Thursday, April 1, 2010	New bank depository contract period begins

**Submission of Proposal**

Sealed proposals will be received in the office of the City’s Director of Finance, City Hall – 2<sup>nd</sup> Floor, 206 N. Murphy Road, Murphy, TX 75094 until 10:00 A.M., Thursday, February 19, 2010. Proposals (one original and two copies) should be submitted and signed by an authorized officer of the banking institution, then placed in an envelope, sealed, and clearly marked on the outside of the envelope as "DO NOT OPEN IN MAIL ROOM - Proposal for Banking Services 2010".

City staff will evaluate the proposals and make a recommendation to the City Council for designation of the City's Depository. Questions concerning this proposal should be directed to Linda Truitt, Director of Finance, City of Murphy, at 972-468-4119 or ltruitt@murphytx.org.

### **Criteria for Evaluation**

The City staff will carefully review the submitted proposals. The staff recommendation to the City Council will be based on the application determined to be in the best interest of the City. The evaluation of the proposals will be made based on the following criteria:

- Reputation of bidder and quality of services;
- Ability to perform and provide the required and requested services;
- The aggregate total cost of banking services;
- The proposed earnings rate on overnight cash balances;
- Interest rates paid on interest bearing accounts, time deposits, and investments;
- Earning credit on average available account balances;
- Funds availability;
- Financial strength and stability;
- Convenience of location; and
- Completeness and agreement to points outlined in the Depository Application;
- Previous service/relationship with City and its related entities.

### **Right to Reject**

The City of Murphy reserves the right to reject any and all proposals. The City, at its option, may waive any and all informalities, minor irregularities, and/or technicalities. The City may reject the proposal of a financial institution who is in litigation with the City or who as previously failed to perform properly or complete on time contracts of a similar nature, and reject the proposal of a financial institution who is not, in the opinion of the City, in a position to satisfactorily perform the contract. The City reserves the right to reject any proposal if the evidence submitted by, or investigation of, such financial institution fails to satisfy the City that such financial institution is properly qualified to carry out the obligations of the contract and to complete the work contemplated therein.

### **General Information and Account Activities**

The City requires that one banking officer be assigned to the City's account. This officer shall be the central contact for all banking issues. The City will also select an individual to be the designated City contact for banking services. Upon selection, the Depository may also provide a list of contact personnel who are qualified to provide information and assistance in various areas of the bank.

Average monthly activity on all City accounts is as follows:

- Approximately 3,200 checks or money orders are deposited per month;
- Approximately 515 credit card transactions are presented as a deposit to City accounts per month;
- Approximately 1,100 online payments are made for Utilities or Court transactions per month;
- Approximately 915 recurring drafts from customer checking accounts for Utility payments per month;
- Approximately 215 recurring drafts from customer credit cards for Utility payments per month; and
- Approximately 20 wire transfers from Collin County tax office for tax collections to be deposited in two separate accounts per month.

### **Current Account Structure**

The city requires a master account entitled "Operating Account" which checks are written out for all unrestricted accounts, electronic transfers in and out, wiring capabilities, investment activities, debit and credit adjustments, zero-balance accounts and controlled disbursements will be transacted.

The master account has controlled disbursement accounts that are funded by the master account. Under the current depository agreement the controlled disbursement accounts are classified as Money Markets.

A number of zero balance accounts and possibly other accounts will be required by the City for the processing of transactions and the collection of revenues. The zero balance accounts are swept into the master account.

The City reserves the right to open or close any number or type of accounts throughout the term of the contract.

The City *currently* has seventeen (17) money market accounts and five (5) checking accounts.

Monthly banking activities consist of:

- Money Market:
  - Online bank transfers by a designated city employee to and from these accounts as necessary.
  - General Fund – Daily deposits made to this account consisting of cash and checks presented in total with a deposit slip as well as credit cards.
  - General Fund – Daily deposits for online transactions.
  - General Fund – Direct deposits from various entities.
  - Water Fund – Daily deposits made to this account consisting of cash and checks presented in total with a deposit slip.
  - Water Fund – Daily deposits for online transactions.

- Water Fund – Monthly, approximately 1,130 utility customer accounts are drafted by the city of Murphy. The City transmits the data to the Depository by a direct transmission from the City's Utility Billing System. *This is a required service of the Depository.*
- Fifteen (15) miscellaneous accounts needed by the City of Murphy such as Sidewalk Escrow, Paving Escrow, Capital Improvement Fund, 4A and 4B Economic and Community Development, Debt Service, Construction account and Impact Fees. Actual account names will be discussed in detail with the institution at time of contract.
- Checking:
  - Online bank transfer by a designated city employee to and from these accounts as necessary.
  - General Fund – Daily direct deposits from Collin County tax office.
  - Payroll Account – Zero balance checking account where all payroll checks clear. We have approximately 100 employees that participate in direct deposit and an occasional new hire employee that receive a paper check but are converted to direct deposit as soon as possible. Funding from this account is an automatic sweep from the master Operating account.
  - Benefits Account – Zero balance checking account where all benefit checks clear. There are approximately forty (40) checks and fifty (50) ACH draws written against this account each month. Funding from this account is an automatic sweep from the master Operating account.
  - Debt Service Account – Daily direct deposits from Collin County tax office.

All City accounts shall be interest bearing, except when specified by the City for certain instances where the City is legally restricted to non-interest accounts. The amount of interest paid on each account may be determined by certain criteria: minimum balance, number of checks written, etc. Please provide in proposal Section A, "Accounts Offered", the types of accounts offered, the criteria for each account type and the computation for determining the amount of interest to be paid.

Any services not listed, but later requested by the City, will be charged for at a mutually agreed upon fee. Fees are fixed for the entire contract period. No additional setup fees or software fees will be charged if the Depository Bank merges or is acquired by another bank.

The City requires check-cashing services for City checks at no charge to the City or its employees.

### **Required Services**

**Overdraft Protection** - The City requires net overdraft protection to protect all accounts. The City does not intend to have a net overdraft position throughout the

course of the contract. A net overdraft is defined as a negative demand balance in the City accounts collectively, not by individual account. Also, the City may at times request wire transfers in anticipation of funds wired in. The City requires that any wire transfers be made immediately regardless of whether the City has the necessary funds on deposit. Should the City fail to cover any net overdraft of funds or wire transfers in the same banking day, the City will compensate the bank equal to the overnight Federal Fund Rate for that day. The Bank should notify the City's Finance Department as soon as possible in the event of an overdraft. Failure to notify the City by 10:00 a.m. of the next business day shall result in no additional interest being accrued and compensated.

**Credit Cards** – The City requires the institution to provide corporate credit cards.

**Daylight Overdrafts** – The City will attempt to avoid daylight overdrafts in its accounts. Please include your daylight overdraft policy in your proposal by answering the questions found in the Questionnaire section (section F). Please include any charges in the Banking Services Costs section (section B).

**Monthly Statements** – For each City bank account, the Bank will provide monthly account statements starting on the first day of each month and ending on the last day of each month. Statements shall include the following information: 1) the beginning and ending balance of the account, 2) all deposits received and other debits to the account, 3) all checks cleared and other credits to the account, and 4) checks listed in numerical sequence on the statement.

Statements should be made available in two (2) formats each month:

- Electronically:
  - No more than two (2) business days after month end;
  - Electronically is defined as attachments to an email to a designated city employee and/or the ability to run statements by a designated city employee.
- Hard copy/Paper:
  - No more than five (5) business days after month end.

**Debit and Credit Adjustments** – The city requires that a copy of all debit and credit adjustments be mailed to the City's Finance department with supporting documentation, as the entries are made throughout the month. Adjustment documentation should include description, date and amount in order for the City to properly record the entry. The City shall not be responsible for the cost of credit and debit adjustments necessitated by bank error.

Electronic notification, such as fax or email, is an acceptable notification method.

**Stop Payments** – The city will require the Depository to issue stop payments and make stop payment inquiries by telephone or by on-line notification from authorized City staff. The method of stop payment is at the City's discretion. The city will provide all required stop payment information. The Depository will provide

the City with hard copy confirmation of each stop payment.

**Wire Transfers** – The city requires that wire transfers and secondary authorizations be initiated by the City's Finance Department. The City also requires the ability to verify incoming and outgoing wire transfers online as well as the current status of all City wire transfers. This service must be available online to the City's Finance Department. A hard copy notification of all income and outgoing wire transfers shall be mailed to the City within three (3) business days. In the event the Depository experiences computer or unexpected difficulties, the Depository shall use whatever means necessary to ensure that the City's wire transfers are completed on the date specified.

In a typical year, the City may transfer large dollar amounts. The funding sources for these transfers can include collected balances, security maturities and sales and incoming wire transfers. The Depository shall release all outgoing wire transfers within one hour of origination by the City.

**ACH Transactions** – The City has approximately 400 utility customers that are drafted monthly for payment. The City transmits data to the Depository daily by direct transmission via the City's computer system. *This is a required service of the Depository.* The City also has ACH debit and credit transactions for state and federal governmental activities as well as non-governmental vendors.

**Other Services and Supplies** – Listed on the bid form in Section D are various supplies and other services that may be needed periodically. It is requested that the Bank state if the supply or service is available through the bank and the current cost of the supply or service. Since the supplies or services could be available from other sources, the City reserves the right to seek the lowest possible price. The City should be notified at least forty-five (45) days in advance of price increases for these supplies and/or services.

**Banking Services Costs** – Each proposer shall use the City of Murphy form entitled Banking Services Costs (Section B) to identify all applicable fees for services requested. The Fee Schedule must be completed in its entirety. Each proposer shall identify all applicable fees for each service if the service is not already listed on the Fee Schedule.

The term "No Proposal" should be entered on the Fee Schedule when a service requirement cannot be provided. In the case of a "No Proposal" remark, the proposer may offer an alternative equivalent service for the City's consideration.

Services for which a bidder intends to charge a fee must have all applicable fees indicated on the Fee Schedule. Space has been provided under each requested service for "other" applicable fees, if any. Any service which does not have a fee indicated on the Fee Schedule will be considered to be free of any and all charges in the Depository Bank Contract.

**Account Reviews** – The Depository Bank’s records relating to the City’s accounts shall be open for review during normal business hours by designated City staff members or City appointed independent auditors.

**Account Research** – The Depository should have the ability to research banking activity such as a cleared check for no less than 18 months after the transaction date.

### **Investments**

The rates the City can earn on its deposits and investments through the financial institution will be an important element in consideration of the net cost/benefit of the relationship to the City.

The City may choose to invest in certificates of deposit in the Depository or any other financial institution. Alternatively, the City may invest in other types of securities as permitted by the City’s written investment policy and State Law.

Should the City choose to invest in certificates of deposit in the selected Depository, the Depository agrees to honor and continue any investments made during the term of the Depository Contract that will mature after the expiration date of the agreement at the same rate established before the expiration of the contract.

### **Collateral Requirement**

The City’s Depository is required to comply with Texas Government Code Chapter 2257, Collateral for Public Funds. Eligible securities as defined in Chapter 2257 shall be deposited with a third party custodian prior to the deposit of any City funds. The pledged collateral must be maintained at all times during the term of the Depository contract at the levels required in this section. In order to protect the City’s security interest in the pledged collateral under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), it is required that a collateral agreement between the City, Depository, and approved custodian be approved in resolution form by the Board of Directors or Loan Committee of the Depository as reflected in certified minutes given to the City. The resolution should also state that the officer signing the collateral agreement is authorized to sign on behalf of the Depository. The signed collateral agreement, Board resolution, and minutes certifying approval of the collateral agreement must be presented to the City prior to the deposit of City funds.

Please enclose a proposed collateral agreement along with the name and address of your preferred collateral custodian. Banks within the same holding company as the Depository cannot be used as the custodian.

In order to meet these statutory requirements, the City will require that a pool of collateral, consisting of securities which have been approved by the Director of Finance, having a current market value of at least **one hundred and two percent**

(102%) of total deposits. All pledged collateral must be held by an agent approved by the City and held in the nominee's name for the benefit of the City of Murphy. Any security pledged which is subject to pay down in principal must be reviewed on a daily basis to determine its face value. In addition, all securities must be marked to market daily. This is in addition to FDIC insurance should provide for coverage shortages resulting from daily changes in fair market values of the securities. All additions, deletions, or changes from this collateral pool must be approved in advance by the Director of Finance.

The third party shall provide the City a report of securities at the end of each month. This report should reflect the following information: Name, Type/Description, Par Value, Market Value at month end, Purchase Date and Maturity Date.

In the event the Depository is sold, this agreement may be transferred to the new owner upon approval of the City and new owner. Respond in Section C, "Collateral Requirement".

### **Electronic Banking and Training**

1. Direct Deposit:

The City offers electronic payroll direct deposit to its employees. Currently, there are approximately 100 employees who participate with an occasional new employee receiving a paper check until converted to direct deposit as soon as possible after hire. Successful proposer shall provide to the City at no charge any software required to run direct deposit and a minimum of four (4) hours training. This is a required banking service. Proposers who do not offer this service will not be considered.

2. Utility Bill Customer Account Debit:

The City's Utility Billing Department offers a bill paying option of debiting individual utility bill customers' account on a monthly basis. Successful proposer shall provide to the City at no charge any software required to run this account debit service and a minimum of four (4) hours training. This is a required banking service. Proposers who do not offer this service will not be considered.

3. On Line Account Access:

The City currently reviews its account transactions on line via banking software through a direct modem connection. Successful proposer shall provide to the City at no charge any software necessary to allow on line account access and a minimum of four (4) hours training. This is a required banking service. Proposers who do not offer this service will not be considered.

4. Inter-fund Transfers:

The City currently makes electronic inter-fund transfers between various City accounts. Successful proposer shall provide to the City at no charge any

software required to make these transfers and a minimum of four (4) hours training. This is a required banking service. Proposers who do not offer this service will not be considered.

**Billing Services**

It is anticipated that billing for banking services will be done using a Monthly Account Analysis. The analysis should clearly provide the following information:

- 1) **Services Rendered** - The type of service, number of items, cost per item, and total charge, the amount of any account maintenance fees, and the amount of interest paid on the account. It would be desirable that all miscellaneous charges also be included on the analysis. If this is not possible, all miscellaneous charges should be itemized and attached to the analysis. This would make it possible for the City to make one debit per account per month for all bank charges.
  
- 2) **Earning Allowance** - All information necessary to compute the earning allowance on each account. Bidder should state on the bid form how the earning allowance is to be calculated.
  
- 3) **Amount Due** - The net amount owed the bank for each account or the net amount due to the City. This amount should be the difference between the charges for services and the earning allowance. In Section D "Banking Services Costs" provide the charges for the listed banking services.

Each bidder shall submit with his proposal a sample account analysis statement.

If a monthly analysis is not to be used, please indicate what method the city will be charged for services. Bidder shall submit a sample with his proposal.

Method

\_\_\_\_\_

**BANKING SERVICES BID FORM**

**Section A "Accounts Offered"**

Type of Account	Criteria for Account	Interest Rate Basis


Bidder should submit a sample of monthly account statement or a sample of the monthly billing document.

**Section B "Banking Services Costs"**

- |   |    |             |
|---|----|-------------|
| 1) Monthly Maintenance Charge             | \$ | per account |
| 2) Credit Entries                         | \$ | per item    |
| 3) Debit Entries                          | \$ | per item    |
| 4) Items deposited                        | \$ | per item    |
| (Itemize if necessary)                    |    |             |
| a.  | \$ | per item    |
| b.  | \$ | per item    |
| c.  | \$ | per item    |
| 5) Wire Transfers - Incoming              | \$ | per item    |
| 6) Wire Transfers - Outgoing              | \$ | per item    |
| 7) Returned Checks                        | \$ | per item    |
| 8) Stop Payment                           | \$ | per item    |
| 9) Photo Copies (account items)           | \$ | per item    |
| 10) Telephone Balance Inquires            | \$ | per item    |
| 11) Bank Drafts                           | \$ | per item    |
| 12) Extra Statements                      | \$ | per item    |
| 13) Direct Deposit – Payroll Transactions | \$ | per item    |
| 14) On-line Transaction Detail            | \$ | per item    |

15) Daylight Overdrafts \$ per item

16) Other \$ per item

17) Other \$ per item

18) Indicate methodology used to compute earning allowance:

**Section C "Collateral Requirement"**

Collateral to be provided as specified: Yes  No

Third Party Safekeeping/Clearing Agent:

Listing of securities to be initially pledged:

Bidder should submit a copy of the Safekeeping Agreement to be used in the event of Depository award.

**Section D "Other Services and Supplies"**

Service	Will Provide (Yes/No)	Charge	Comments
Deposit Slips	-		
Locking Bank Bags	-		
Zippered Bank Bags	-		
Large Safety Deposit Box	-		
Coin Envelopes	-		
Currency Bands	-		
Money Orders	-		
Cashier's Checks	-		

Traveler's Checks	-		
Letter of Credit	-		
Gift Cards	-		

**Section E "Other Services Offered"**

- 1) Bank will honor as current day posting all transactions received by \_\_\_\_\_ o'clock when delivered to the Murphy bank facility.
- 2) Bank should describe on-line services available to the customer by PC computer/modem hookup such as daily transaction lists, balance inquires, automated wire transfers, transfers between City accounts.
- 3) Other Services offered:

*The undersigned hereby certifies that he understands all the terms, conditions, and specifications and has read them carefully and will furnish and deliver all articles or services specified within this document as is or with the Exceptions noted below:*

**Section F "Banking Services Questionnaire"**

1. What information is required for the utility bill (ACH) draft transmission from the City? What is the file format of this transmission?
2. How does your institution define a daylight overdraft?
3. If funds have been received by the Depository, but have not been credited to the City's account, could this result in a daylight overdraft?
4. Should a daylight overdraft occur, or be required, what is your policy on such an event, and what charges would be made to the City's account?

5. Please list your cut-off time for receiving a direct deposit transmission for a Friday payroll.
  
6. Please describe your pre-notification procedures for direct deposit; also describe your funding requirements for direct deposit.
  
7. Please list three (3) governmental clients as references and include contact names and phone numbers.

**Section G "Suggestions"**

Offer any suggestions to improve services and/or offer cost savings:

*This proposal was requested by the City and is made by Bidder with the expressed agreement and understanding that the City reserves the right to reject any and/or all proposals and the further right that if any portion or provision of this bid and/or any contract between Bidder and City entered into by virtue thereto is invalid, the remainder of this bid and/or resulting contract at the option of the City shall remain in full force and effect, and not be affected by said invalid portion or provision.*

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Printed or Typed Name & Title

\_\_\_\_\_  
Bank Name

\_\_\_\_\_  
Physical Address

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Telephone/Fax/E-mail

\_\_\_\_\_  
Date