



NOTICE OF

REQUEST FOR APPLICATION
for
DEPOSITORY AND BANKING SERVICES

...

RFA No. 2019-01

Issue Date: June 3, 2019

Due Date: July 19, 2019 @ 2:00 P.M.

Deliver Application to:

NUECES COUNTY HOSPITAL DISTRICT
ADMINISTRATIVE OFFICES
555 North Carancahua Street – Suite 950
Corpus Christi, Texas 78401-0835



TABLE OF CONTENTS

- 1.0 REQUEST FOR APPLICATION AND SUBMISSION INSTRUCTIONS**
- 2.0 AGREEMENT TERMS AND CONDITIONS**
- 3.0 NCHD OVERVIEW**
- 4.0 REQUIRED SERVICES**
- 5.0 REQUIRED BANKING SERVICES**

ATTACHMENT A: Proposed Fee Schedule

ATTACHMENT B: NCHD Signature Form

ATTACHMENT C: Client Reference Form

1.0 REQUEST FOR APPLICATION AND SUBMISSION INSTRUCTIONS

1.1 RFA SCHEDULE OF EVENTS

The District expects to follow the following schedule for selection and award of the Nueces County Hospital District's (the "District") solicitation.

<u>Description</u>	<u>Date</u>
Issuance of RFA	June 3, 2019
RFA Questions Due	July 3, 2019
RFA Questions Answered	July 10, 2019
Applications Due:	July 19, 2019 at 2:00 pm, CST
RFA Opening at Board of Managers Meeting	July 30, 2019 at 12:00pm, CST
Board of Managers Award:	August 27, 2019
Commencement of Contract:	October 1, 2019

1.2 RESERVATION OF DISTRICT RIGHTS

Issuance of this RFA does not obligate the District to award a bank depository agreement. The District reserves the following rights:

- to reject any or all Applications, wholly or in part;
- to request clarification or additional information;
- to waive any technicalities, informalities, or irregularities in any Application which does not materially affect the integrity or effectiveness of the RFA process;
- to make corrections or changes during the process due to Applicant or District errors identified;
- to cancel or reissue the RFA; to analyze Applications in detail; and
- to award a contract which it in the exercise of reasonable discretion, believes to be in its best interest.

No Application is binding upon the District until an agreement has been executed.

1.3 APPLICATION SUBMISSION

This RFA is available in electronic form only. Send a request to www.nchdcc.org.

1.3.1 SUBMISSION

Applicants must mail or deliver the original signed paper copy and two electronic copies (on two thumb drives – one electronic copy per thumb drive) of the completed Application to the address below:

Nueces County Hospital District 361-808-3300
Accounting Department
555 North Carancahua Street – Suite 950
Corpus Christi, Texas 78401-0835

by 2:00 P.M. **July 19, 2019**. The District assumes no responsibility for delivery delays. The application must include a response to all questions and completed Attachments A-B. Applications WILL NOT be accepted via transmittal by fax, telephone, facsimile, or only in electronic form.

Applications must be submitted in a sealed envelope or package, plainly marked with the Applicant's name and address, the RFA number and Application title clearly marked on the outside.

1.3.2 LATE SUBMISSION

Applications received in Accounting after the published deadline WILL NOT be considered and will NOT be returned.

1.3.3 ACCEPTANCE OF TERMS AND CONDITIONS

Submission of an Application shall be considered by the District as prima facie evidence that the Applicant is familiar with, and understands and accepts, the solicitation, its terms and conditions, etc., under which the agreement is to be awarded, administered, and performed, as set forth in this RFA. The District will not be responsible for any interpretations.

1.3.4 OWNERSHIP OF APPLICATION

All materials submitted in response to this request become the property of the District and will become a part of any resulting contract. Award or rejection of an Application does not change this right.

1.3.5 COVER LETTER

Application shall include a cover letter signed by a duly authorized representative of the Applicant using complete legal names and titles. The letter shall state that the Application and prices quoted shall remain open and irrevocable for a period of 180 days from the submission deadline. All prices submitted shall be binding upon the successful Applicant for the full period of the Agreement.

1.3.6 PREPARATION COSTS

The District is not responsible for any submission costs or any expenses incurred in presentation of the Application. Such costs SHALL NOT be included in the Application prices.

1.3.7 PUBLIC APPLICATION OPENING

Only the names of the responding Applicants will be made public at a special Board of Managers Meeting on July 23, 2019 at 12:00pm in the NCHD Board Room at 555 N. Carancahua, Suite 950-A, Corpus Christi, Texas. Applications may be viewed publicly in the Accounting/Finance Department after the award has been made and notification given to all respondents, subject to the Public Information Act and other applicable law.

1.3.8 GOOD-FAITH PERFORMANCE GUARANTEE

As required by the Texas Local Government Code, §116.023(b)(2) and §116.023(c), with the Application, Applicants shall submit a good-faith guarantee which shall consist of either a certified or cashier's check in the amount of one hundred sixty-one thousand five hundred thirty-four dollars (**\$169,516**), which represents one-half percent (½%) of the District's tax revenue for the preceding fiscal year. If the depository is selected to be the district depository, but it fails to enter into the Agreement and/or fails to execute and file a depository bond that is approved by the District, the Applicant's check shall be cashed and retained by the District. Upon executing the agreement and filing a depository bond approved by the District, the check shall be returned to the successful applicant. All other checks will be returned to unsuccessful Applicants after award of the contract.

1.4 RFA QUESTIONS

No pre-Application conference will be held. Questions on the RFA must be submitted in email form only to belinda.chism@nchdcc.org by July 3, 2019 at 3:00pm.

Responses to all questions submitted will be emailed to all known Applicants July 9, 2019 at 3:00pm. No other communications are permitted with any District employee or Board member regarding this RFA.

1.5 ADDENDA

- 1.5.1 The District reserves the right to issue addenda to the RFA at any time as a result of questions, change in acquisition schedule, or other matters. Addenda will be sent to all known Applicants.

1.6 ORAL PRESENTATION

1.6.1 ORAL PRESENTATION

An oral presentation may be required after written Applications are received. Each Applicant should be prepared to discuss and substantiate any of the areas as submitted, its own qualifications for the services rendered, and any other area of interest relative to this Application.

1.7 APPLICATION ERRORS

1.7.1 ERRORS IN APPLICATIONS

The District will not be liable for any errors in Applications. Applicant modifications to Applications WILL NOT be accepted after the closing date and time.

1.7.2 RFA CORRECTIONS

The District reserves the right to make corrections during the evaluation process.

1.7.3 MODIFYING APPLICATIONS

Applicants may modify or amend an Application only in writing, at any time prior to the due date and time listed. Modified Applications shall be submitted as a new Application and must be signed and initialed by the Applicant.

1.7.4 WITHDRAWING APPLICATIONS

Applicants may withdraw an Application at any time prior to the due date and time listed. Applicants shall submit a written withdrawal request to the District signed by an authorized representative of the Applicant prior to the due date and time listed in this RFA.

1.8 EVALUATION OF APPLICATIONS

- 1.8.1 Applications will be reviewed for completeness and compliance with all other requirements including submittal, instructions, provisions, and terms and conditions of this RFA. Applications which fail to comply with the mandatory requirements of the RFA will be rejected as non-responsive and eliminated from further consideration.

- 1.8.2 All responsive Applications will be evaluated by District staff. The evaluation will be presented to the District's CEO. The CEO will review the evaluation and make a recommendation to the District's Board of Managers for award of the contract to the Applicant whose Application is determined to be the most advantageous Application and offers the most favorable terms and conditions for the District.

- 1.8.3 All responses to this RFA shall be subject to verification by the District. Any Application material or information which cannot be verified or confirmed may result in rejection.

- 1.8.4 The evaluation will be based on the following selection criteria.

- Total net cost of services (30%)
- Banking services provided (20%)
- Earnings potential in various account structures from historical rates (30%)
- Creditworthiness, financial soundness and capacity of the Bank (10%)
- Customer service; demonstration of understanding of District's overall requirements and degree of responsiveness to the RFA (10%)

1.9 AWARD

- 1.9.1 The District reserves the right to award a contract on the basis of initial Applications only. Therefore, each initial Application should contain the Applicant's best offer.
- 1.9.2 The awarded Applicant will be notified at the August 27, 2019 meeting of the Board of Managers.
- 1.9.3 After award, letters will be sent to the other responding Applicants notifying them of the award after which the cashier's checks will be returned, and the complete Application file is public and available for review in the District's Accounting/Finance Department, subject to the Public Information Act and other applicable law. After qualification the cashier's check will be returned to the successful applicant.
- 1.9.4 The successful Applicant must have collateral in place at least two days before any funds are deposited if applicable.

2.0 AGREEMENT TERMS AND CONDITIONS

Any bank depository award is expressly conditioned on Applicant's acceptance of the District's Standard terms, conditions and specifications of this RFA. The RFA and the awarded Application will be made a part of the final agreement.

The awarded contract shall be for a period of four (4) years (pursuant to the Texas Health and Safety Code, §281.093(b)), commencing October 1, 2019 through October 31, 2023.

2.1 LAWS, REGULATIONS AND POLICIES

The District requires that all responses to this RFA, and any agreement that may result there from, be in accordance with federal, state and municipal laws and regulations, and District Board of Managers policies.

2.2 FDIC INSURANCE

The District requires that all Applicants be insured by the Federal Deposit Insurance Corporation (FDIC).

2.3 GEOGRAPHIC LOCATION

Applicants must have commercial walk-in banking facilities geographically located within Corpus Christi, Texas.

2.4 INDEMNIFICATION

Applicant agrees to defend, indemnify and hold the District harmless from any expenses, damages and/or claims arising from, related to or connected with the performance under this agreement by Applicant, its agents or employees. Applicant agrees to indemnify and save harmless the District, its officers, agents and employees with respect to any claim, action, cost or judgment arising out of purchase or use of materials, supplies, equipment or services covered by any contract resulting from this solicitation.

The District shall not assume any obligation to indemnify, hold harmless or pay attorney's fees that may arise from or in any way be associated with the performance of this contract.

2.5 PAYMENT TERMS

If payment is on a fee basis, the fees may be debited from the designated account only after review and approval by the District of analysis charges. If the District elects a compensating balance basis, the carry-

over of charges will be on a semi-annual basis at a minimum.

2.6 PRICE PROTECTION

All prices and terms proposed by the Applicant shall be governed by the proposed Attachment A which is then incorporated into bank depository agreement and be valid throughout the contract period. If new services are added during the contract term they will be charged at no more than the then-current published rate.

2.7 CONFLICT OF INTEREST

By submitting an Application, the Applicant certifies that no unlawful relationship exists between the Applicant and the District, its Board of Managers, or employees, that interferes with fair competition or is a conflict of interest. For purposes of this RFA, "conflict of interest" shall be defined and interpreted by the relevant District Board of Managers policy and Texas Local Government Code, §131.903. Applicant shall complete a Form 1295 with the Texas Ethics Commission and submit with the Application. A House Bill 89 Verification (Boycott Israel) shall also be completed.

2.8 FORCE MAJEURE

Neither party shall be responsible for delays or failures in performance resulting from acts beyond the control of such party that could not be audited by exercise of due care.

2.9 PROHIBITION AGAINST GRATUITIES

The District may terminate the right of the Applicant to proceed under the awarded contract, if it is found by the District that gratuities in the form of entertainment, gifts, or otherwise were offered or given by the Applicant or any employee, agent, or representative of the Applicant, to any employee of the District with a view toward securing this contract, or securing favorable treatment with respect to the award or amendment of the award, or the making of any determination with respect to the performance of this contract.

By submitting an Application, the awarded Applicant certifies that no appointed official, officer or employee of the District has benefited or will benefit financially or materially from this award. The awarded contract may be terminated by the District if it is determined that gratuities of any kind were offered to or received by any of the aforementioned individuals at the District.

2.10 OPEN RECORDS

The District is subject to terms and provisions of the Texas Public Information Act (Texas Local Government Code, Chapter 552). Any material that is to be considered confidential shall be clearly marked as such and will be treated as confidential by the District to the extent allowable under the Act.

2.11 INDEPENDENT CONTRACTORS

Applicant and all employees of the Applicant shall be considered Independent Contractors. Any and all claims that may arise under Texas Workers Compensation statutes, on behalf of said employees, and any and all claims made by any third-party as a consequence of any act of omission on the part of the service provided to be rendered herein shall in no way whatsoever be the obligation or responsibility of the District.

2.12 MULTI-YEAR AGREEMENTS CONTINGENT UPON APPROPRIATIONS

If funds are not made available by the District for any fiscal year of this contract succeeding the first fiscal period, this Contract shall be canceled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise not made available. The effect of termination of the contract will discharge both the depository and the District from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The District shall notify the depository as soon

as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

REQUEST FOR APPLICATION
for
DEPOSITORY AND BANKING SERVICES

As provided in the Texas Health and Safety Code, §281.093(a)(1), the Nueces County Hospital District's Board of Managers has elected to exercise its option to initiate a depository selection process in compliance with Chapter 116 of the Texas Local Government Code.

It is the District's intent to select an Applicant that will satisfy the District's terms and specifications as described in this Request for Applications (RFA), and at the same time to reasonably compensate the Applicant for services provided.

It is the District's intent that the Depository selected through this process will provide all the services required in the RFA. Additional services offered by the Applicant may be presented. The Required Services are minimum requirements, and any Applicant refusing or failing to provide such minimal services will not be considered for selection as Depository.

3.0 NCHD OVERVIEW

GENERAL DISTRICT INFORMATION

The Nueces County Hospital District is a political subdivision and special district of the State of Texas, having been created by the voters of Nueces County, Texas in an election held on November 5, 1968, pursuant to Article IX, Section 4 of the Texas Constitution. The District is operated in accordance with Chapter 281, Texas Health and Safety Code. The District employs a staff of 20+ employees to facilitate operations of the District's statutorily obligated indigent health care program. On October 1, 1996, the District entered into an exclusive long-term agreement with Spohn Health System Corporation to provide indigent health care services in Nueces County. With changes made in 2015 the District has become a member with Spohn in the District and receives membership revenue weekly as a percent of net revenue. That revenue is approximately \$90 million per year.

Staff activities occur at four locations: the District's administrative office located at 555 North Carancahua, Suite 950, in Corpus Christi; a main eligibility determination office situated within Hector P. Garcia Clinic in Corpus Christi; one neighbor care clinic located in Corpus Christi; and an additional clinic in Robstown. Staff activities are directed by an administrator/chief executive officer ("CEO") who reports to the District's Board of Managers.

The Assistant Administrator and a Director of Accounting/Finance are responsible for the day-to-day banking activities. The Assistant Administrator will monitor the Applicant's performance against provisions of the agreement and will be responsible for administering the agreement. A list of additional District personnel authorized to deal directly with the Applicant will be provided following contract award.

The Accounting/Finance Department handles all accounts payable, accounts receivable, and banking functions. The Department also manages the District's treasury, depository, and investment functions, in accordance with the District's Investment Policy. The District's fiscal year is October 1-September 30.

The District's principal sources of revenue are from ad valorem property taxes levied in Nueces County and the Spohn membership. The District's tax related revenue in 2018 totaled \$33,903,165. Tax revenue is collected by Nueces County and remitted by ACH direct deposit to the District usually through a pool deposit.

The District maintains one operating and one payroll bank account. The average monthly ledger balance for Fiscal Year 2018 was \$677,067 as shown on Attachment A.

Generally, there is an accounts payable check run once a week, which contains an average of 30 checks. The District also executes approximately one wire and 61 originating ACH transactions per month. Payroll is distributed bi-weekly with 100% in direct deposit (ACH) averaging \$40,000.

The District's investment policies, practices and procedures are regulated by State law and further governed by the District's Investment Policy which is available at www.nchdcc.org. The awarded depository will be required to review the District's Investment Policy. All investments will be made outside of this contract and controlled solely by the District.

4.0 REQUIRED SERVICES

4.1 CUSTOMER SERVICE

Service will be a primary focus of the evaluation. Describe the bank's philosophy and approach to satisfying this need through your responses to the following. The District is particularly interested in high-performance customer service.

- a. What is distinctive about the bank's approach to customer service? How does the bank anticipate satisfying the District's need for customer service?
- b. How many individuals does the bank have in the local bank? How will the bank provide relationship support for its services?
- c. How will local service and overall contract performance be monitored and problems tracked?
- d. How does the bank intend to support the ongoing automation needs of the District?
- e. Is the bank offering any transition or retention incentives? Describe fully and quantify.
- f. What level of community service does the bank and its employees contribute to Corpus Christi?
- g. The District requires the right to use a third party auditor to review the District's accounts, collateral, transactions, and bank records at any reasonable time. Confirm agreement with this condition.
- h. The Depository will be required to review the District's Investment Policy and certify to that review in accordance with Texas Government Code Chapter 2256. Confirm agreement with this requirement.

4.2 CREDITWORTHINESS

In order to fulfill the District's fiduciary responsibility to protect public funds, each bank submitting an Application shall provide the following in response to this question.

- a. Provide a link to the audited annual financial statement (or preferably a web link) for the most recent fiscal period. The bank will be required to submit an audited statement to the District each year of the contract period, as soon as it is available. Confirm agreement to this requirement.
- b. Provide the bank's current Community Reinvestment Act (CRA) rating by its rating agency.
- c. Provide the bank's most recent senior and subordinate debt ratings of the holding company. As an alternative for privately held banks provide the rating from an independent rating agency such as Highline, Veribanc, or comparable bank rating agency. The bank will be contractually liable for notifying the District within fifteen (15) days of any change in any of these ratings during the contract period. Confirm agreement to this requirement.

4.3 REFERENCES

List references from three comparable Texas public entity clients. For each reference, include a client contact, title, e-mail address, and telephone number. (Attachments C – Client Reference Form)

4.4 DEPOSITORY AGREEMENT AND SERVICE AGREEMENTS

Provide a copy of all the bank's depository and service agreements which will be required to be executed under the contract for services rendered (including depository and collateral agreement). Any changes required on the agreements will be discussed and agreed upon before award of the contract is made by the District.

4.5.1 IMPLEMENTATION TIMELINE

The contract period will commence October 1, 2019. The District recognizes that not all services and funds will be transferred by this date but expects that all services should be available by that date and anticipates that all funds will be transferred by December 31, 2019.

Default in promised delivery of services, without acceptable reasons, as determined by the District, or failure to meet the terms or conditions of the depository contract without remedy, will represent an event of default and may result in the District having the right to terminate the contract, but the exercising of such right to terminate the contract does not limit any other remedies the District may have for damages or other relief under law.

- a. Provide a proposed, detailed timeline for implementation of the contract. Include each activity required defined by its responsible party and assigned responsibilities. Denote any limitations or potential delay points. The timeline must reflect the number of calendar days required to put the services in place or the end date of when such services will be in place and available to the District.

5.0 REQUIRED BANKING SERVICES

5.1 CONSOLIDATED ACCOUNT STRUCTURE WITH SWEEP MECHANISM

The District does not currently utilize an external sweep but does require the account structure to be available for possible future use. In the future use of a sweep, a AAA-rated, SEC registered money market fund which strives to maintain a \$1 NAV must be available. Neither a repurchase agreement nor an off-shore account of any type is acceptable as a sweep investment vehicle. Currently there are only two accounts (a general account and a payroll account) both of which are interest bearing.

Under this contract, the District will require the option to pay for services on a fee or compensating balance basis dependent upon the rate environment. The District wants all its funds continuously earning at the best, then-current interest rates.

- a. Describe the bank's ability to provide a ZBA account structure and state if interest would be applied at the master or sub-account level.
- b. Indicate your currently most cost beneficial and highest earning structure.
- c. Describe any in-bank alternatives to a sweep structure.
- d. If the bank is offering internal interest bearing accounts on what basis is the rate set? If rates are indexed, state the index basis.
- e. How will sweep activity be accrued and reported (daily or monthly)?
- f. If a sweep is proposed, provide the prospectus for the sweep fund alternatives. An AAA-rated, SEC registered government fund which strives to maintain a \$1 NAV is required.
- g. Is the sweep processed as the last transaction of the day? If it is a next day sweep, describe how funds are collateralized for funds held overnight.

- h. The District may be required or may desire to open additional accounts or close/change accounts during the contract period. Any new accounts shall be charged at the same contracted amount. Confirm agreement to this condition.
- i. Will the bank assess a direct FDIC charge on the account analysis? What is the current rate?
- j. Will the bank charge the Reserve Requirement (10%) on calculation of the available balance?
- k. Provide the average rate for the past 12 months and the current rate for each of the following:

	Prior 12 Month Average	Current Rate
ECR	%	%
Interest Bearing Accounts	%	%
Money Market Accounts	%	%
Sweeps	%	%

5.2 AUTOMATED CASH MANAGEMENT INFORMATION ACCESS

The District requires a web-based, single portal cash management service with daily balance reporting and transaction access. It requires a high degree of automation within all service areas. Imaging of all checks with image retention and retrieval is required. Imaging of deposit slips and deposit items is preferred.

The District desires timely access to downloadable information with download capability to the District's accounting software(MIP Fund Accounting).

- a. Provide a link to the information portal (and sign-on capability) for our review of the system.
- b. Fully describe and list the bank's on-line service capabilities and systems.
- c. Describe the retention schedules and search capabilities for reports, transactions and images.
- d. Can customized reports draw across reporting modules and activities? Describe cross functionality features.
- e. Is paper back-up required on any transaction type?
- f. Does the system provide cash forecasting capabilities?
- g. Detail the availability and level of prior day and current day detail and summary reporting. When is prior day information available? Is current day information real-time or delayed?
- h. How often is current day information updated? What types of transactions and summaries?
- i. Describe provisions for off-site backup and continuation of services in local or regional disaster situations.
- j. Describe the security protocols for online services. How is authentication and authorization provided?
- k. Who establishes and administers the security module?
- l. Describe the security protocols established and maintained on mobile devices?
- m. What are the hours of available technical support? Where is the technical support located? How is support provided?
- n. Provide a link to your automated system. If a demo link is not available provide screen samples.

5.3 COLLECTION AND DEPOSIT SERVICES

Twenty-four hour deposit capability is required to accommodate District department activities. All deposits received by the bank's established deadline must be processed same day. Deposits will be made as needed from the downtown location. Deposits are primarily checks. Immediate verification is not required. The bank shall guarantee immediate credit on all incoming wire transfers, on-us items, and securities maturities and coupons. All other checks clearing will be based on the bank's published availability schedule or remote processing schedule. Failure to timely credit the account will require payment reimbursement to the District at the then-current Fed Funds rate.

The District does not now utilize re-presentment of checks through date-targeted ACH (RCK) but may consider its use during the contract period. Checks are currently presented one time.

- a. What is the bank's daily cut-off time to assure same day ledger and, pending availability, collected credit at branch?
- b. When are credit/debit advices sent to the District? How are these advices sent? What delivery options are available? Are images of originals provided with each advice?
- c. Does the bank have deposit location tracking?
- d. Do daily online reports include activity by account and location?
- e. Does the bank require or prefer strapping and rolling?
- f. Are change orders placed online? How far in advance are orders required?
- g. How does the bank handle discrepancies in deposit amounts?
- h. How and when does notification of return items take place?
- i. If a check is accepted and subsequently returned by the bank NSF, define the process. What obligations/liabilities do the District and bank have? Is an alert sent for a return?
- j. Are returned items imaged and available online? Are they identified by deposit?
- k. How much advance notice is required on change orders?
- l. What type deposit bags are used or required? Are these provided or available from the bank? At what cost?
- m. If provisional credit is given on deposit before verification, when does verification occur?
- n. Describe the bank's remote deposit capabilities. Describe equipment needs.
- o. What is the cut-off for remote deposit?
- p. Include a list of all the bank's deposit locations within the District's limits.
- q. Does the bank offer RCK (re-presentment of checks through direct debit ACH)? Describe.
- r. Price the sample deposit below. (This does not reflect a District's deposit but is used for comparison purposes only.) The bank cost for such a deposit at a banking center would be: \$_____ and at a vault \$_____.

SAMPLE DEPOSIT:				
The sample deposit would be made (a) in four (4) tamper-proof deposit bags, (b) with strapped where possible as shown below, (c) with coins that are not rolled, (d) with tapes attached to bundled but not endorsed checks. The breakdown on the deposit is:				
<i>Currency</i>				
<i>Denom.</i>	<i># Straps</i>	<i>Loose \$</i>	<i>Total \$</i>	
\$100	5	\$ 300		\$ 20,300
\$ 50	6	\$ 600		\$ 15,600
\$ 20	4	\$ 340		\$ 4,340
\$ 10	9	\$ 70		\$ 4,570
\$ 5	22	\$ 175		\$ 5,675
\$ 1	50	\$ 14		\$ 2,514
				<u>\$ 52,999</u>
<i>Coins</i>				
\$.25				\$ 427
\$.10				\$ 114
\$.05				\$ 10
\$.01				<u>\$ 2</u>
				\$ 553
<i>Checks</i>	<i>280 checks</i>			<u>\$140,252</u>
				<u>\$ 140,242</u>
				<u>\$ 193,794</u>

5.3 STANDARD DISBURSING SERVICES

Standard disbursing capability for both accounts is required. The District has a mandatory direct deposit policy. Currently, 100% of the average 20 employees use direct deposit. Manual payroll checks are seldom written.

- a. When is daily check clearing information available online for current day reporting?
- b. How long are transaction details maintained online?
- c. Does the bank image all checks? When and for how long are images available online?
- d. Describe the NSF process.
- e. Describe any payment consolidation services.

5.5 RECONCILIATION AND POSITIVE PAY

The District requires positive pay services, preferably payee positive pay, with complete indemnification for fraudulent checks. The bank must provide a web-based process. Transmissions will be made as part of each check run. Individual manual checks must be able to be input online.

The District may combine positive pay services with partial reconciliation services although it currently does not use reconciliation services.

- a. Does the bank have payee positive pay services available?
- b. Describe data transmission file and timing requirements for check registers.
- c. Is positive pay input for batch and manual checks available on-line?
- d. Is exception reporting and handling managed totally online? Describe.
- e. At what specific time is positive pay exception information reported to the District? Is e-mail notification available or must the District be signed on to check for exceptions?
- f. At what specific time is the response required for District exception elections?
- g. Does the bank review exceptions errors for possible repair before creating a District exception item?
- h. Are all checks, including those received over-the-counter by the tellers, verified against the positive pay file before processing? How often is teller information updated?
- i. Are positive pay services provided without charge when provided in tandem with reconciliation services?
- j. Describe your partial reconciliation services.
- k. When are reconciliation files/reports available? Are they downloadable? Do they contain images of checks?
- l. Provide samples of reconciliation reports.

5.6 WIRES AND INTERNAL TRANSFER SERVICES

The District rarely uses wires, instead preferring ACH. Most outgoing wires are repetitive and input online. Incoming wire transfers must receive same day credit. Wire initiation and release must be available online. The District will require compensation for delays caused by bank errors at that day's Fed Funds rate.

- a. Can all wire transactions be initiated online? Monitored online?
- b. Can repetitive templates be created and stored?
- c. What security level of authorization/release do repetitive or non-repetitive wires require? Is authorization for repetitive and non-repetitive the same?
- d. Is future dating of wires and internal transfers available? How far in advance?
- e. State wire access, posting, and cut-off times.
- f. State the bank's policy on the use of ledger balances for outgoing wires in anticipation of scheduled activity or incoming wires.
- g. Can internal account transfers be processed on-line? Book debits/credits? Is there a fee for District internal transfers?

5.7 ACH SERVICES

ACH service is currently used for payroll direct deposit and some vendor payments. The District uses ACH for pool and paying agent transactions currently. ACH is not heavily used for vendor payments but the District may consider expanding this use. If so, the District requires pre-notification and filters/blocks on all accounts.

- a. Is online ACH service available for individual transactions as well as by transmission for batched files?
- b. Is there dual control on individual ACH transactions?
- c. What is the policy and process for handling of ACH returned items?
- d. Can ACH items and files be future dated?
- e. What specific filters and blocks are available?
- f. Is the District account debited on initiation of the ACH record or on settlement day?
- g. What policy and process is used for file and item reversals and deletions?
- h. Are ACH addenda shown in their entirety on-line and on detail reporting, reports and statements?
Does access to this information require access to additional, specific EDI modules?
- i. Will the District incur a transmission and/or file processing fees for on-line individual ACH transactions?

5.8 SAFEKEEPING SERVICES

All District investments will be made by the District investment officers or its investment adviser and instructions for safekeeping will be given to the bank by an authorized individual in writing/online. The bank will be required to provide book-entry safekeeping services. All securities must be cleared on a delivery versus payment (DVP) basis and ownership clearly and timely documented. All interest payments and maturities shall be given immediate collected credit.

The District anticipates an average of between 5-10 book-entry securities in FRB or DTC safekeeping at any time. Ownership of the securities must be perfected and evidenced by an original safekeeping receipt sent directly to the District within one business day.

All trades will be third-party. The bank's brokerage services will not be used for investment purchases in order to perfect DVP. Certificates of deposit may be purchased from the bank but these will be on a competitive basis.

- a. Is trade initiation available online? Is monitoring of positions available online?
- b. Describe the bank safekeeping arrangements proposed. Identify any correspondent bank to be used. If a correspondent is to be used, define the process and confirm same-day crediting/debiting on all transactions. Describe any additional District actions required.
- c. Are safekeeping fees hard charges or applied through the account analysis?
- d. How are safekeeping fees charged (cusip, transaction or par, etc)? Provide the price list.
- e. Are notifications sent on all transactions (purchase, sale, calls, and maturities)? When and how?
- f. What time are delivery instructions required? Is there a fee charged for late instructions.

5.10 COLLATERAL REQUIREMENTS

The District requires a bank that is fiscally strong and able to provide the services described on an uninterrupted basis. As public funds the District falls under provisions of the Public Funds Collateral Act (Texas Government Code Chapter 2257) with additional restrictive District requirements. If funds are, for any reason, not swept all un-invested time and demand funds above FDIC insurance coverage must be collateralized to 102% with securities authorized by the District. Authorized collateral will include only the following. FHLB letters of credit will not be authorized as collateral.

- Obligations of the US Government, its agencies and instrumentalities, including mortgage backed

- securities and CMOs which pass the bank test.
- Obligations of any US state, their agencies and instrumentalities, and municipalities rated A or better by two nationally recognized rating agencies.

All securities pledged to the District will be held by a District approved independent third party institution outside the bank's holding company. The bank will be responsible for the pricing of securities and monitoring and maintaining margin levels daily. Preferably the custodian would provide market values on the securities. The custodian is required to provide a monthly report directly to the District on the collateral pledged.

The collateral agreement which outlines collateral requirements shall be executed under the terms of FIRREA by the bank and the District with approval by resolution of the bank's Board or Loan Committee. (If the Federal Reserve is used as custodian Circular 7 Pledge Agreement will be executed and appended to the agreement.)

If collateral pooling is offered by the depository, the District reserves the right to choose regarding this pledging mechanism. A full evaluation of the pooled collateral program offered will be made by District staff and presented to the District Board based on risk and cost considerations before final decisions are made.

The following conditions must be met.

- Collateral must be held in an independent third party bank approved by the District outside the bank's holding company.
 - Initial collateral will be provided at a minimum two (2) days before funds are transferred into the Depository.
 - All deposits will be collateralized, above FDIC insurance, at 102% of principal plus accrued interest at all times.
 - The bank is responsible for the daily monitoring and maintaining of collateral margin requirements.
 - Pledged collateral will be evidenced by original safekeeping receipts/report sent directly to the District by the custodian and the Custodian will prepare a report of collateral pledged including description, par, and cusip monthly directly to the District (market value is not required). The monthly report will not come from the Bank.
 - Substitution rights will be granted if the bank/custodian obtains the District's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping. Collateral value will be maintained during substitution at 102% or above.
 - The bank shall execute the master depository/collateral agreement with the District in full compliance with FIRREA. Approval of the agreement will be made by resolution of the bank's Board or Bank Loan Committee.
- a. Confirm agreement to the collateral conditions stated above. Note any proposed exceptions to the provisions.
 - b. Will there be any collateral charges? If so, on what basis?
 - c. Will the bank set a limit on balances which may be maintained in the bank? If so, what are those limits?
 - d. What institution will serve as custodian?
 - e. Can collateral be monitored online?

5.11 ACCOUNT ANALYSIS

A monthly account analysis report shall be provided for each account and on a consolidated account basis.

- a. Provide a sample account analysis as a pro forma on the relationship.
- b. State when the analysis will be available each month.

- c. Is the analysis provided online? When? How long is the analysis maintained on-line?
- d. If a compensating balance is used a minimum six-month carry over provision is required. Confirm agreement with this condition.
- e. Is the analysis also imaged on the monthly CD-ROM?

5.12 MONTHLY STATEMENTS

The bank shall provide monthly statements on individual accounts. All accounts are on a monthly cycle using the calendar month as cut-off. Timeliness of reporting is critical.

- a. Provide a sample statement.
- b. When and how are statements available? Are statement provided in both paper and electronic formats?
- c. When is the statement available online? Downloadable?
- d. How long are statements maintained online?

5.13 ACCOUNT EXECUTIVE

To ensure smooth contract implementation and continuation, a specific account executive and back-up must be assigned to the District account to coordinate services and expedite the solution of any problem. The account executive should meet with District staff semi-annually at a minimum to review banking matters.

- a. What service and level of support is provided by the local representative(s)?
- b. Provide the name and title of the proposed account executive(s).
- c. How often do representatives plan to visit with the District regarding services?
- d. How are technical or operational problems, questions, or changes to be handled?

5.14 OVERDRAFTS

Every effort will be made by the District to eliminate net aggregate daylight and overnight overdraft situations.

- a. State the bank's policy regarding aggregation of account balances for overdraft purposes.

5.15 STOP PAYMENTS

The District currently averages 1 stop pay and 1 renewal every few months. An automated input process is required.

- a. Describe the online stop pay service.
- b. How long do standard stop pays and renewals remain in effect? What time options are available?
- c. How is a stop pay renewal or cancellation accomplished?
- d. What is the deadline for same day action?
- e. Will the on-line system verify if the check was cleared before accepting the stop pay? How far back does the system search?

ATTACHMENT B

SIGNATURE FORM

REQUEST FOR APPLICATION FOR BANK DEPOSITORY SERVICES

NUECES COUNTY HOSPITAL DISTRICT

The undersigned has carefully examined all instructions and requirements and hereby proposes to furnish the services described herein, in accordance with the Application instructions and requirements.

The Applicant also certifies that (1) Application terms, including prices, will remain in effect for a minimum of one hundred eighty (180) days after the Application due date; (2) representations, certifications and statements are true and accurate as of the date of submittal of this Application; (3) all proposed capabilities can be demonstrated by the Applicant; and (4) the Application services are currently marketed and sold.

Applicant Name _____

Physical Address _____

Mailing Address _____

City _____ State _____ Zip Code _____

Telephone _____ Fax _____ Email _____

I certify that I am a duly authorized representative of the firm listed above, and that information and materials enclosed with this Application accurately represent the capabilities of the Depository to provide the services indicated in compliance with the requirements of the RFA. Nueces County Hospital District is hereby authorized to request from any individual any pertinent information deemed necessary to verify information regarding capacity of the firm, for purposes of determining responsiveness of the Application, or responsibility of the firm as a prospective contractor.

Signature _____

(Must be signed in full in ink by an officer of your firm)

Name _____

(Please type or print)

Title _____

(Please type or print)

Date _____

ATTACHMENT C

CLIENT REFERENCE FORM

For each client reference, please provide the following information:

Client Name:

Client Contact Name:

Contact Name's Title/Position:

Client Address:

Client Telephone Number(s): Email:

Date Contract Began:

Client Name:

Client Contact Name:

Contact Name's Title/Position:

Client Address:

Client Telephone Number(s): Email:

Date Contract Began:

Client Name:

Client Contact Name:

Contact Name's Title/Position:

Client Address:

Client Telephone Number(s): Email:

Date Contract Began:
