

REQUEST FOR PROPOSAL
DEPOSITORY AND BANKING SERVICES



Response Deadline

July 25, 2018

12:00 PM Central Standard Time (CST)

To:
Nora Dinsmore
Admin Services Specialist
Brushy Creek MUD
16318 Great Oaks Drive
Round Rock, TX 78681

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**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
REQUEST FOR PROPOSAL
DEPOSITORY AND BANKING SERVICES**

I. Introduction

The Brushy Creek Municipal Utility District (the “District”) is accepting sealed proposals from qualified banking institutions to provide depository and banking services for a two-year period beginning approximately September 1, 2018 and ending August 31, 2020.

Through this contract, the District intends to minimize banking costs, improve operational efficiency, and maximize its investment capabilities. This Request for Proposal (RFP), which represents the District's cash management goals, specifies all required qualifications, the banking services required, the estimated activity volumes on all accounts, the method and terms of compensation, submission instructions and contract award provisions. All qualified, institutions as defined below, are invited to submit a proposal if they can provide the services outlined in the RFP.

II. Conditions Qualifying a Banking Institution

A. Equal Employment Opportunity

The proposer agrees to comply with all federal, state, and local laws, resolutions, ordinances, rules, regulations, and executive orders pertaining to unlawful discrimination on account of race, color, creed, religion, political affiliation, national origin, sex, marital status, status with regard to public assistance, sexual preference, disability, age, arrest or conviction record, or military status. When required by law or requested by the District, the proposer shall furnish a written affirmative action plan.

B. Location

The District requires the banking operations to be in Williamson County to accommodate deposits.

C. Qualified Public Depository

A proposer must be a Federally Insured Depository Institution (FDIC).

D. Collateralization/ Safekeeping

The proposer must execute a “depository contract” for the period of two (2) years. The contract shall incorporate the terms of this proposal and the bank’s response including an obligation for the proposer to properly collateralize all time and demand deposits in excess of FDIC insurance limits in accordance with the terms of this RFP and the District’s Investment Policy.

E. Required Financial Information

The successful proposing banking institution shall furnish the District with an audited annual financial report each year during the term of the agreement.

III. Procedural Instructions

A. Intent

The RFP process is intended to result in the selection of a banking institution that can provide the District with the most secure, highest quality and most flexible services with the best value to the District. The District desires that the proposer will be fairly compensated for services rendered, and that all District bank balances will be continuously and fully invested for the benefit of the District.

B. RFP Questions

Questions regarding the proposal process or specific aspects of this RFP must be in writing via e-mail to n.dinsmore@bcmud.org, no later than **4:00 PM (CST) July 13, 2018**. The subject line shall read: ***“Questions for Banking Services RFP.”*** Phone calls and faxes WILL NOT be accepted. Questions will be consolidated and provided via e-mail by **July 18, 2018** to all banks on record as having received the RFP.

C. Timeline

RFP distributed to banks:	June 22, 2018
Questions regarding RFP:	July 13, 2018 by 4:00pm (CST)
Responses to Questions:	July 18, 2018 by 4:00pm (CST)
Proposals due from banks:	July 25, 2018 by 12:00pm (CST)
Recommendation to Board of Directors:	August 9, 2018
Estimated Implementation:	September 1, 2018

D. Sealed Proposals

Proposals must be written and submitted in a sealed envelope using the attached response forms A and B. The proposer shall return One (1) original and three (3) exact duplicate copies, as well as one electronic version for archival purposes, of the completed proposal forms and other pertinent information and reports. All proposals must be sealed and the envelope clearly marked, "CONFIDENTIAL BANKING PROPOSAL ENCLOSED."

The proposal should be sent to the attention of:

Nora Dinsmore, Admin Services Specialist, 512-255-7871 ext 407
Brushy Creek Municipal Utility District
16318 Great Oaks Drive
Round Rock, TX 78681

by **12:00 PM (CST) on July 25, 2018**. Any proposals received after the above date and time will not be considered. Facsimiles and e-mails will not be accepted.

A cover letter should be included signed by a representative with authority to bind the institution and stating the Proposal's validity for 180 days.

All costs associated with the preparation and submission of proposals are the sole responsibility of the proposer and shall be signed and dated by an official authorized to bind the banking institution in legal matters stating that the proposal is valid for 180 days.

All submitted proposals become the property of the District and information included therein or attached thereto shall become public record after the agreement is finalized.

The proposal must be signed and dated by an official authorized to bind the banking institution in legal matters.

IV. Selection Process

All proposals will be evaluated by District staff. It's recommendation will be submitted to the Board of Directors for consideration at a regularly scheduled meeting following the proposal date deadline.

The criteria that will be used to make the selection include the following, not necessarily in the order listed:

- (a) Cost and earnings potential.
- (b) Quality of services and degree of automation.
- (c) Collateralization.
- (d) Financial strength of the institution.
- (e) Experience in providing depository services to similar accounts.
- (f) Branch locations.

The District reserves the right to reject any or all proposals, to waive any non-material irregularities or informalities in any proposal, and to accept or reject any item or combination of items as it deems to be in the best interest of the District. Acceptance of a proposal will be based on the total package of services offered by the proposer.

The District may submit written questions to any proposer. These questions will be prepared for the purpose of explanation or clarification of items submitted. Individual questions will be sent only to the proposer expected to answer. Answers must be submitted in writing to the District within three (3) business days of receipt of the question. Written answers will become part of the proposal.

V. Acceptance of Terms and Conditions

A. Submission of a proposal shall constitute acknowledgement and acceptance of all terms and conditions contained in this RFP. The proposer chosen will be required to enter into a formal contract with the District. The requirements of this RFP and proposer's response will be incorporated into the contract as well as any bank service agreements. If the proposer does not execute a contract within thirty (30) days after being notified of selection, the District may give notice to the proposer of the District's intent to select the next most qualified proposing bank or call for new proposals, depending upon which course of action the District deems most appropriate. The District may cancel the contract for convenience with or without cause upon a minimum of sixty (60) day's written notice to the bank.

B. The selected bank shall be designated as a District depository for the term of the agreement commencing on September 1, 2018 (or such other date specified in the contract) and ending on August 31, 2020. The District and bank may extend the term of the contract by mutual written agreement. The District reserves the right to cancel any agreement, at any time, upon sixty (60) days prior written notice of its intent to terminate.

C. The selected bank agrees to indemnify, hold harmless, and defend the District, its officers, agents, and employees from any and all liability including claims, demands, damages, actions or causes of action, together with any and all losses, costs or expense, including reasonable attorney fees, arising out of or relating to the acts, errors or omissions of the selected bank, its employees, agents, or subcontractors.

D. All prices for services that are contained in the selected proposal shall remain fixed for the entire length of the original contract. Any addition or modification of services will be charged on no more than the then published rate.

E. The District reserves the right to utilize either a fee basis or compensating balance basis (or a combination of each) for payment of banking services under the contract. The District reserves the right to change the payment methodology during the contract period upon no less than 30 days written notice to the bank with the change commencing on the first of a calendar month. This will enable the District to take advantage of changing interest rate environments.

F. The depository institution selected by the District shall be required to certify the following to the extent applicable:

1. For purposes of Chapter 2270 of the Texas Government Code, at the time of execution and delivery of the Contract, neither the depository institution, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the depository institution, boycotts Israel. The depository institution must agree that, except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, neither the depository institution, nor any wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the depository institution will boycott Israel during the term of the Contract. The terms “boycotts Israel” and “boycott Israel” as used in this provision shall have the meaning assigned to the term “boycott Israel” in Section 808.001 of the Texas Government Code.
2. For purposes of Subchapter F of Chapter 2252 of the Texas Government Code, at the time of execution and delivery of the Contract, neither the depository institution, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the depository institution, (i) engages in business with Iran, Sudan or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller under Sections 806.051, 807.051 or 2252.153 of the Texas Government Code. The term “foreign terrorist organization” as used herein has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

VI. Financial Overview

The District’s total expenditures budget is \$13,761,157 for 2018. The District’s tax levy for 2018 is \$5,783,920. This tax amount is 40% of the projected revenues. The District has a bond rating of AA. Checks are written weekly. Payroll averages \$254,536 monthly with 99% of employees utilizing direct deposit. Wires can total \$3.5 Million in a month.

The District currently has an average collected balance of \$755,712 in the following account structure with most activity occurring in the Operating Account:

	Average Ledger	Type of Account
Operating	\$644,892	Interest bearing
Payroll Clearing	\$13,623	Interest bearing
Fund Acct	\$91,838	Interest bearing
Benefits	\$5,359	Interest bearing
Agency & Trust	\$n/a	Interest bearing

The District may consolidate multiple accounts or create a ZBA structure during the contract period, in order to reduce bank charges and maximize investment opportunities. The District plans to utilize automated banking services when efficient and cost effective. This proposal should address automation potential on any services.

The District’s “typical” monthly account volumes are:

Item	General Checking – Operating Account	Payroll
Deposits	1,155	0
Checks written	366	15
ACH Origination	5	2
ACH debits/credits transactions	1,134	352
ACH Returns NOC	2	0
Other Credits	90	0
Returned Items		0
Wire transmissions Incoming/outgoing	14	0
Average Collected Balance	755,712	0

VII. Financial Institution Qualifications

1. Creditworthiness

In order to fulfill the District's fiduciary responsibility and to protect public funds, each bank submitting applications shall provide the following:

- a. State the full name and holding company of the bank, if applicable.
- b. Provide an audited annual financial statement for the most recent fiscal period. The financial statements may be submitted in electronic form or provided as a reference link on the internet. The bank will be required to submit an audited statement to the District each year of the contract period, as soon as available. Confirm agreement to this requirement.
- c. Provide certification of the bank's Community Reinvestment Act (CRA) rating by its rating agency.
- d. Are there any public plans for merger or acquisition? Will this affect the services to be provided to the District?
- e. Provide the bank's the senior and subordinate debt ratings of the holding company over the past two years. As If not rated, provide most recent four quarters 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 thirty (30) days of any change in any of these ratings during the contract period. Confirm agreement to this requirement.
- f. What experience has the bank had with other political subdivisions and governmental entities in the State of Texas including municipal utility districts?

2. Customer Service

Service will be a primary focus of the District on a continuing basis. Describe the bank's philosophy and approach to satisfying this need through the following responses. These contacts must be authorized to make key decisions to address issues that may arise on the day to day basis. The District shall be notified of key personnel changes within thirty (30) days.

- a. How does the bank anticipate satisfying the District's need for superior customer service?
- b. How will the bank provide the District with relationship support for its services?
- c. Is there a formal process for escalation of issues that are unresolved? How will service and overall contract performance be monitored?
- d. How does the bank intend to support the new and ongoing automation needs?
- e. Is the bank offering any transition or retention incentives? Describe fully and quantify completely.
- f. 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.
- g. Under state law the depository will be required to review the District's Investment Policy and certify to that review in accordance with Texas Local Government Code 2256. The District's investment policy will be provided. Confirm agreement with this requirement.
- h. What programs or processes does the bank have in place to protect the District from electronic fraud of all types? Describe.
- i. In compliance with State law the chosen bank will have to review the Investment Policy of the District and certify to that review. Confirm agreement to this condition.

3. References

List references from three Texas public entity clients. For each reference, include the length of time under contract, a client contact, title, and email address.

4. Depository Agreement and Service Agreements

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

- a. Provide all the agreements required.

VIII. Required Services

1. Consolidated Account Structure with Sweep Mechanism

The District is interested in assuring that all funds are earning at the best, then-current interest rates at all times. The District currently pays for services on a compensating balance basis. When rates rise, the District may use of an automated, daily sweep to a money market mutual fund (or bank alternative if applicable and competitive) in order to reach its full investment goal and to minimize collateral requirements.

An SEC registered government, or enhanced government, money market fund rated AAA by at least one nationally recognized rating service should be used for the sweep. If the bank has a valid alternative to a SEC money market fund which is in compliance with the District's Investment Policy, it may be presented. **A repurchase agreement is not acceptable as a sweep investment vehicle.**

Automated distribution of interest to the individual accounts is preferred. A history of net rates for any vehicle proposed is to be provided in the depository institution's proposal.

- a. Fully describe your proposed sweep mechanism focusing on the bank's most cost-effective structure. Can the bank create a ZBA structure? Describe ZBA and sweep options. If the bank is proposing an alternative to a sweep, such as an indexed interest-bearing account, detail and describe fully.
- b. Can interest be applied at the master account or individual account level?
- c. If an SEC registered money market fund is utilized for the sweep proposal, provide the full name and identifying cusip of the fund along with a copy of the prospectus. (No repurchase agreements or off-shore sweeps will be permitted.)
- d. Will the bank assess FDIC fees (recoupment fees)? How are they calculated? When assessed?
- e. Provide the proposed computation basis for interest bearing and money market accounts if rates are based on a set index or security (such as the 3-month Treasury Bill).
- f. Interest earned on interest bearing accounts shall not be charged as an expense on the account analysis. Confirm acceptance of this condition.
- g. The District may be required or may desire to open additional accounts, or change account types during the contract period. If this occurs the new accounts and their services shall be charged at the same contracted amount. Unanticipated or new services may be charged at not more than published rates. Confirm agreement to this condition.
- h. What is the proposed interest rate methodology or base index for funds deposited with combined funds totaling \$3 million or less? When combined funds total more than \$3 million?

2. Automated Treasury Services

The District requires automated cash management information on a cost effective and efficient basis. The District requires timely access to transactions and daily balance reporting. The banking institution shall be capable of conducting business transactions and be compatible with existing District systems (currently Windows 2007 and higher; Internet Explorer 10 and higher; and/or Mozilla Firefox.) The banking institution shall provide secure encrypted online access to all accounts. This access should offer the capability to view and track accounts in real time including accounts balances, transaction details, and transaction summaries for all debit and credit transactions.

- a. Fully describe the bank's web-based on-line service capabilities. List the system capabilities (i.e. balance reporting, wires, positive pay, stop pay, etc.).
- b. What is the bank's back-up process to provide balance reporting and transactions in case of system non-availability?
- c. State the access and update times for daily balance information.
- d. Submit samples of major screens or preferably a web-link.
- e. Describe system security protocols. Does the bank or the District administer security? How many levels of security required?

3. Standard Deposit Services

Standard commercial deposit services are required for all accounts. Remote deposit is not currently used but is required under the new contract. Coins are not rolled and may be in partially filled bags. On average the District makes one daily deposit consisting usually of one zippered bag. During the summer there are also swimming pool deposits consisting of mainly currency and coins. A tape of checks is run and included with the deposit, or checks will be listed on the deposit slip. The District also presents requests for change for our pools and customer service areas. These can be presented on a daily basis and are usually under \$100.

The District currently accepts credit cards in the Utility and Recreation Departments. The merchant services provider is NTC Texas.

The District expects all deposited checks to clear based on the bank’s current published FRB availability schedule. All cleared deposits received by the bank’s established deadline must be processed for same day credit. The bank shall guarantee immediate credit on all incoming wire transfers, ACH transactions, on-us items, and U.S. government security maturities and coupon payments. Failure to credit District accounts in a timely fashion will require interest payment reimbursement to the District at the then-current daily Fed Funds rate.

- a. Does the bank image all checks, deposit slips and deposit items?
- b. How are debit/credit advices sent to the District? When are they available?
- c. What is the bank’s daily cut-off time to assure same day ledger credit? Will this vary by location?
- d. What type deposit bags are used/required? Are these available from the bank? At what cost?
- e. Are any deposits or credits delayed for any reason?
- f. Include a list of all the bank's deposit locations and alternatives.
- g. Using the sample deposit below state the cost of such a deposit, including all costs involved. The cost for the deposit would be \$_____.
- h. How does the bank notify the District of deposit discrepancies and NSF/Chargebacks?

SAMPLE DEPOSIT:

The sample deposit would be made (a) in five (5) tamper-proof deposit bags, (b) with strapped where possible as shown below, (c) with coins that are not rolled, (d) with bundled but not endorsed checks. The breakdown on the deposit is:

<i>Currency</i>				
<u>Denom.</u>	<u># Straps</u>	<u>Loose \$</u>	<u>Total \$</u>	
\$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	\$ 52,999
 <i>Coins</i>				
\$.25			\$ 427	
\$.10			\$ 114	
\$.05			\$ 10	
\$.01			\$ 2	\$ 553
 <i>Checks</i>				
	280 checks		\$140,252	<u>\$ 140,242</u>
				\$ 193,794

4. Remote Deposit

The District is interested in establishing remote check deposit during the contract period. These deposits include both consumer and commercial checks.

- a. What are the bank's current capabilities in remote check deposit? Describe how checks are processed and cleared.
- b. What is the cut-off time for remote deposit submission?
- c. How long has the bank had this service available?
- d. What scanner equipment is required to operate the system? Is this equipment available through the bank on a lease or purchase basis? On analysis? Please list the equipment required along with its cost(s).

5. Standard Disbursing Services

Standard disbursing services for all accounts are required to include the payment of all payroll checks without charge upon presentation. Will all employee checks be cashed without fee on presentment?

6. Funds Transfer and Wire Services

The District currently has an average of 7 outgoing wires and 7 incoming wire each month along with minimum internal transfers.

- a. Is wire initiation available online? Describe the process of online wire initiation.
- b. Is online monitoring of wire status available?
- c. How and when will the bank notify the District of incoming wires? Online? E-mail?
- d. Include a description of security provisions for wire initiation including security levels available or required for initiation and release.
- e. Is future dating available for both repetitive and non-repetitive wires? How far in advance?
- f. State wire cut-off times.
- g. State the bank's policy on the use of ledger versus collected balance requirements for outgoing wires in anticipation of daily security activity or incoming wires.

7. ACH Services

ACH is currently used for various payments to State agencies and miscellaneous vendors. ACH is also used for deposits for tax collections and Utility payments. Pre-notification is required on all new addresses.

- a. Describe the transmission alternatives for individual ACH transactions. Is the District able to initiate individual ACH transactions on line?
- b. What filters and blocks are available for ACH transactions?
- c. Are ACH addenda shown in their entirety on-line and on reports? Does this require an additional EDI service?
- d. Is the originating account debited when the transaction is initiated or on settlement?

8. Safekeeping Services

The bank will be required to provide a book-entry safekeeping services for securities owned by the District. All investments will be made by the District, or its investment adviser, and instructions for clearing and safekeeping will be transmitted on a trade ticket to the bank by email or fax. The bank and its brokerage subsidiaries will not be used for brokerage services.

Custody must be in the bank or a correspondent. All securities must be cleared on a **delivery versus payment (DVP)** basis and ownership documented by clearing confirmations and/or safe-keeping receipts provided within one business day of the transaction. Funds for investments will be drawn from a designated account. All coupon payments and maturities must receive automated same day collected credit on the District designated account without requiring any additional action.

If the bank utilizes a correspondent bank for safekeeping, the transactions will be handled through the depository bank's systems and shall not require additional interaction by the District. No delay in transactions, wires, or flow of funds will be acceptable under a correspondent relationship.

The District anticipates an average of between 7-10 securities in FRB and/or DTC safekeeping at any one time all from third party transactions. All fees for clearing and safekeeping must be stipulated on Exhibit B of the Bank's Proposal.

- a. Is the bank a member of the Federal Reserve and DTC? If not, name the correspondent bank to be used for clearing and safekeeping. Describe the workflow with a correspondent bank including processing requirements by the District.
- b. Are security transactions available on-line for either origination or monitoring?
- c. What is the deadline for settlement instructions on a cash (same day) settlement?
- d. Will safekeeping fees be hard dollars or on the analysis?

The District may choose to purchase time deposits from the bank but all-time deposits will be competitively bid at the time of purchase.

9. Collateral Requirements

Authorized collateral, as defined below, must be pledged against the total time and demand deposits, net of FDIC insurance, with a 102% margin on the collateral maintained daily by the bank. All District requirements, including those beyond the Public Funds Collateral Act, must be met by the bank. The proposal must state agreement to the following terms and conditions.

- All collateral pledged must be held in an independent, third party bank outside the bank's holding company.
 - A collateral/depository agreement shall be executed designating the custodian and regarding pledged securities in full compliance with FIRREA requiring a bank resolution.
 - All time and demand deposits above FDIC coverage shall be collateralized at a minimum of 102% of principal plus accrued interest daily.
 - The bank shall be responsible for the continuous monitoring and maintaining of collateral at required margins.
 - Pledged collateral shall be evidenced by original safekeeping receipts/report sent directly to the District by the custodian within one business day of receipt.
 - The District shall receive a monthly report of collateral pledged including description, par, market value and cusip from the custodian.
 - Substitution rights shall be granted if the bank obtains prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.
 - Authorized collateral includes only:
 - Obligations of the US Treasury
 - Obligations of US Government agencies and instrumentalities including mortgage backed securities which pass the bank test and excluding letters of credit.
 - Bonds of any state or its political subdivision if rated A or better by at least one nationally recognized rating agency.
- a. State the bank's acceptance of the collateral conditions above. State any exceptions clearly.
 - b. Does the bank propose any collateral charges and how will the charge be applied?
 - c. Provide the bank's collateral agreement for review.

10. Account Analysis

Monthly account analysis reports must be provided for each account and on a relationship basis. Within five business days of receipt of the monthly account analysis (and subsequent approval of the fees) the bank may direct debit the designated account for fees due if compensation is being calculated on a fee basis. A complete account analysis will be required monthly.

- a. Provide a sample account analysis including calculation bases. (There must be one consolidated statement as well as individual accounts.)
- b. When is the analysis available each month: on-line and paper?

11. Monthly Statements

The bank must provide monthly account statements on all accounts with complete supporting documentation. All accounts must be on a calendar monthly cycle and statements received on a timely basis.

- a. Provide a sample monthly statement.
- b. When are monthly statements available each month? How are they provided: electronic or paper form?
- c. If statements are maintained online, when are they available and how long are they on line?

12. Overdrafts

Every effort will be made to eliminate intra-day and inter-day overdrafts. However, because this situation may arise, state the bank's overdraft policy and detail rates and fees, if any, to be charged on a per event or per account basis.

- a. Are all accounts aggregated for overdraft calculation purposes?
- b. State the fee charged per overdraft occurrence.
- c. State the rate basis for intra-day and inter-day overdrafts.

13. Stop Payments

The District has few stop pays but requires online service for stop pays.

- a. What are the options available for stop pays periods?
- b. How is a stop pay renewed/extended? What is the period on renewed stop pays?
- c. What is the deadline for same day action on stop pays?
- d. Can stop pay orders be initiated on-line? Is there any paper follow-up required?
- e. What information on current and expiring stop pays is available on-line?

14. Company Banking

The District is interested in giving its employees the opportunity for enhanced banking services.

- a. Does the bank have a banking services program available for District employees?
- b. List services provided under this program with applicable discounts or fees to the District or employee.
- c. Is availability of the program based on use of direct deposit or District employment?

15. Additional Services

- a. If the bank has additional services (such as e-payables and e-receivables) which may be of enhanced value or interest to the District they should be fully described in this section. Any service presented should have all associated costs detailed on Exhibit B of the depository institution's proposal.

IX. OPTIONAL SERVICES

The District continues to investigate new services. These services are not currently required but will be evaluated in terms of availability, feasibility, service levels, services provided and charges for potential current, or future, use under the contract. The District will make its determination on the service's use. If the service is initiated later in the contract period the services and charges stipulated in this proposal will be applied. If the bank currently does not offer the service but is planning to make it available during the initial contract period, so stipulate along with the anticipated date of activation.

1. Positive Pay and Reconciliation

To safeguard against fraudulent checks, positive pay is required on all check writing accounts. The positive pay process should be fully automated and web based. Check register information will be transmitted in batch/file form.

The District currently utilizes positive pay services with complete indemnification for fraudulent checks.

- a. Describe the data transmission/transfer requirements and alternatives for computer generated check runs.
- b. Describe the input process and requirements for individual, manual checks written. Is input available online? Provide sample screens.
- c. How can check records be changed or deleted, if necessary?
- d. How is the District to be notified of a positive pay exception?
- e. At what time is exception information reported? What time is the response deadline for exception elections?
- f. Are all checks, including those received by the tellers and vault, verified against the positive pay file before processing? How often is teller information updated?
- g. Describe the partial reconciliation process.
- h. Can the District download reconciliation files?

**EXHIBIT A
PROPOSAL FORMS INSTRUCTIONS AND CHECK LIST FOR SUBMISSION**

- All lines on each form must be completed.
- A checkmark and cost (if applicable) should be entered for each line item of service described on Exhibit B. If a service cannot be met by the proposer, then a checkmark should be placed in the “No” box on the line item representing that service.
- If the proposer will not charge for a service described on Exhibit B, then the term “no cost” should be entered on the line item representing that service.
- If there is no per item cost for a particular service, but an annual fee, then the term “N/A” should be entered on the “unit price” line and an amount entered on the “annual cost line.”
- Exhibits A, B, C, D, E, F, and G must be completed and returned with the proposal.
- All additional documents, reports, and enclosures requested in the RFP must be submitted with the proposal.

CHECK LIST FOR SUBMISSION

Instructions: A check mark is required next to each item as verification that your institution has complied with the requirements for each item as specified in the RFP:

COMPLETION & SUBMITTAL OF THE FOLLOWING EXHIBITS:

- | | |
|---|-------|
| Exhibit B – Services Rendered | _____ |
| Exhibit C – Additional Information | _____ |
| Exhibit D – Financial Ratios | _____ |
| Exhibit E – Investment Policy – Certification of Receipt and Review | _____ |
| Exhibit F – Conflict of Interest | _____ |
| Exhibit G – Contract and Acceptance | _____ |

ENCLOSURES:

- | | |
|--|-------|
| Annual Financial Reports (three previous years) (Section II – Paragraph E) | _____ |
| Statement of Bank’s Affirmative Action Policy and Community Reinvestment Act Statement together with supporting information (Exhibit C – Item 6) | _____ |

RFP:

- | | |
|--|-------|
| Cover Letter Signed by an official authorized to bind the banking institution in legal matters | _____ |
| Submitted in Sealed Envelope marked
“CONFIDENTIAL BANKING PROPOSAL ENCLOSED” | _____ |

The proposal must be signed and dated by an official authorized to bind the banking institution in legal matters.

**EXHIBIT B
SERVICES RENDERED**

Instructions: Please check "YES" to verify that your banking institution will offer the service and indicate the fee/cost for same. If the service is not available, please check "NO".

MONTHLY VOLUME	DESCRIPTION OF SERVICE	YES	SET UP CHARGES	UNIT PRICE	MONTHLY FEE	ANNUAL COST	NO
12	Account Analysis – Per Account						
12	Account Maintenance - Per Account						
15	ACH						
2/YEAR	Audit Requests						
	Charge for accounts overdrawn for short periods of time						
250	Checks						
	Check Copy Fee						
	Check Enclosure Fee						
	Check Image Service						
	Credits						
	Currency per Strap						
60	Deposits						
	Deposit Adjustments						
2	Deposit Bags						
	Deposit Books						
	Deposit Endorsement Stamps						
	Deposit Slips						
	Direct Deposit						
	Federal Wire Transfer Service						
1/YEAR	Furnish safe deposit box of adequate size						
	Furnish cashier's checks						
	Internet/Online Banking Services						
	New Accounts						
	Online Account Access						
10	Online Account Transactions						
	Return Canceled Checks						
5	Return Item Notification						
5	Return Item – Reclear						
5	Return Item Regular						
3	Stop Payments						
	Uncollected Funds						
5	Wire Incoming						
5	Wire Outgoing						
	Supplemental Services: Please use the space below to describe additional services offered which are not listed above including the cost/fee for same						
	PROPOSED ANNUAL COST						

EXHIBIT C
ADDITIONAL INFORMATION

In preparing the response to this RFP, please briefly address each of the following areas.

- (1) State the full name and address of company and parent company if a subsidiary.
 - a. State the address of the location closest to the District Office at 16318 Great Oaks Drive, Round Rock, TX 78681:
- (2) Describe your Interest Rate Methodology for funds deposited under this proposal:
 - a. When combined funds total \$3 million or less:
 - b. When combined funds total more than \$3 million:
- (3) Provide an explanation of good funds availability policy.
- (4) Discuss prospects and/or plans for merger, branching, or acquisition, and how it may affect the Bank or other services to be provided to customers and/or this District.
- (5) State experience with municipalities and/or utility districts.
- (6) Enclose annual financial operating statements for the past three years, plus full call reports for the three most recent operating quarters. Members of bank holding companies should include corporate annual financial statements and individual bank call reports for the eight most recent operating quarters.

**EXHIBIT E
INVESTMENT POLICY
CERTIFICATION OF RECEIPT AND REVIEW**

By my signature below, I hereby acknowledge that I have received and reviewed the Investment Policy of the Brushy Creek Municipal Utility District.

Name of Banking Institution

Authorized Signature

Title

Date

Attached is a copy of the Brushy Creek Municipal Utility District Investment Policy.

EXHIBIT F CONFLICT OF INTEREST

The Board of Directors of Brushy Creek Municipal Utility District (the "District") in compliance with Section 49.199 of the Texas Water Code has adopted a Code of Ethics Policy. In accordance with this policy, please disclose the following information:

1. Whether or not any of the Board of Directors or Management Staff listed below has a substantial interest in the bank or its affiliates.
2. Whether or not any of the Board of Directors or Management Staff listed below has a direct or indirect contractual relationship with the bank or its affiliates.

Furthermore, the Texas Legislature adopted House Bill 1295, which added section 2252.908 of the Government Code. The law states that a governmental entity or state agency may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency.

Board of Directors Brushy Creek Municipal Utility District

- Rebecca Tullos, Treasurer
- Michael Tucker, Assistant Secretary/Treasurer
- Shean Dalton, Board President
- Donna B. Parker, Board, Vice President
- Kim Filiatrault, Secretary

Staff

- Mike Petter, General Manager
- Jim Lamm, Chief Administrative Officer
- Armida Macias, Accounting Manager
- Nora Dinsmore, Administrative Services Specialist

EXHIBIT G
CONTRACT AND ACCEPTANCE

Upon selection of a proposed depository institution, the District shall then negotiate with that depository institution a contract that incorporates the terms and conditions of this Request for Proposal, along with other terms and conditions specified by the District. Without limitation, the contract will provide for the collateralization of all District funds in accordance with the Public Funds Collateral Act. If a satisfactory contract cannot be negotiated, then the District shall end negotiations with that depository institution and select an alternative depository institution, or end this procurement, as determined in the sole discretion of the Board of Directors of the District.

By execution below, the depository institution agrees to the terms and conditions set forth herein.

Proposal Submitted:

Name of Banking Institution

Address

Authorized Signature

Title

Telephone

E-mail address

Date