Proposal Form

for Depository Services

by _____ Independent School District

Definitions and Instructions

In this document, the terms “you” and “your” refer to the depository bank, and “we,” “our,” and “us” refer to the district named above.

You must answer all questions in this form and provide it to us as your proposal.

We have the right to reject any proposal. If any part of this proposal or any contract entered into between you and us is invalid, the remainder, at our option, remains in force and is not affected.

Bank Compensation

Do we have the option to pay for your services by targeted balances or by fees? Please describe any differences in related costs to us with either option. If we choose one option for the life of the contract, is there a difference in service fees?

Compensation Based on a Targeted Balance

We may choose to pay for your services by maintaining a targeted amount of our funds in the depository. We will maintain balances in the checking accounts to compensate you in full or in part for services provided. You must provide a monthly account analysis that reflects the earnings credited for these balances.

You may invest any excess collected balance daily as directed by us in an overnight investment that we approve, an interest bearing account, or a money market mutual fund registered with the Securities and Exchange Commission (SEC). Please list below the overnight investment and any index upon which the rate will be based.

The rate history at your bank for the months beginning MM/YY and ending MM/YY was:

Earnings Credit Rate (ECR):	_____%
Interest Bearing Accounts:	_____%
Money Market Accounts:	_____%
Sweep Accounts:	_____%

[Alternatively, the district may require the depository bank to complete the information by month according to Attachment A, Historical Information about the Bank.]

If any of these rates is based on an index rate (such as the T-Bill auction rate), stipulate how you will use the index to calculate the rate.

Compensation Based on Fees

We may choose to pay for your services on a straight fee basis in which we will not maintain a targeted balance. You will assess fees, and we will pay them in accordance with your proposed fees as listed on Attachment A, Volumes for Pricing Transactions.

District Investments

We reserve the right to purchase, sell, and invest our funds and funds under our control, including bond funds, as authorized by the Texas Government Code, Chapter 2256, Public Funds Investment Act, and in compliance with our investment policy, a copy of which is attached as Attachment C *[alternatively, the district may provide the link to the investment policy on the district's website]*.

[The district chooses to insert language of Option A or Option B]

Option A

We may choose to invest in time deposits at the depository, but all investments including certificates of deposit are bid competitively at the time of purchase.

Option B

We may choose to invest in time deposits at the depository. You will pay interest on our funds placed in time deposits with maturities we chose. The interest rate spread on the deposits should be indicated as above, below, or equal to the "asked" yield on the comparable maturity T-Bill of the proposed time deposit being purchased as reported in an independent, financial source.

Single Maturity Time Deposits of more than $100,000:

Maturity	Basis point spread over (+) or under (−) T-Bill "asked" yield *[District-specified rate]*
7 – 29 Days	_____
30 – 59 Days	_____
60 – 89 Days	_____
90 – 179 Days	_____
180 – 364 Days	_____
365 Days or More	_____

Collateral

You must provide either corporate surety bonds or pledged securities in accordance with the Texas Education Code (TEC), §45.208. Please specify which method you will use as collateral for our funds.

Collateral Conditions

You must provide collateral equal to 102 percent of all our time and demand deposits plus accrued interest minus applicable Federal Deposit Insurance Corporation (FDIC) coverage. Collateral will be pledged to us and held in an independent safekeeping institution by a custodian or permitted institution as specified by the Texas Government Code, Chapter 2257, Public Funds Collateral Act. *[Alternatively, the district may specify any limitations on our preferred custodial arrangement.]* You will be liable for monitoring and maintaining the collateral and the required margin at all times and will provide an original safekeeping notice and a monthly report of the collateral including at least the security description, par amount, cusip, and market value.

You and we must execute a collateral agreement in accordance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Provide a sample collateral agreement as Attachment D, Sample Collateral Agreement.

We estimate our maximum anticipated collateral requirement to be $_____.

If voluntary collateral pooling is legislated during the period of this contract, you and we may consider it and agree to use it under this contract.

Eligible Collateral

We will accept only approved securities as specified by the TEC, §45.201, as pledged collateral.

[Alternatively, the district may require specific collateral in accordance with its investment policy. In that case, the district would refer to its investment policy and use the following paragraph instead:

We will accept only the following as pledged collateral in accordance with our investment policy (see Attachment C, District Investment Policy):

The district lists items here.]

Banking Services Fees

Based on the services we require from you, complete the proposed fee schedule, Attachment A, Volumes for Pricing Transactions.

Depository Information

Please answer the following questions about your depository bank.

1. State the full name and address of the depository and any parent holding company. List all branch locations within our boundary.

2. Provide the Uniform Bank Performance Report (UPBR) reference or annual audited financial statement for the most current fiscal year. This may be in printed form, but we prefer an electronic link to the website. Members of your holding companies must include corporate annual financial statements and your individual call report for the most recent operating quarter.

3. State your rating from an independent depository rating agency or, if that rating is not available, the rating on your senior and subordinate debt. You must inform us of any change in this rating during the period of the contract within a reasonable period.

4. Contact Information

   To ensure smooth communication and continuation of services, you must assign a specific account executive and a backup to our account to coordinate services and help solve any problem encountered.

   a. Designate a depository officer as a primary contact with us.

      Name _____

      Title _____

      Telephone # _____

      Fax # _____

      Email _____

   b. Designate a depository representative as a backup contact with us.

      Name _____

      Title _____

      Telephone # _____

      Fax # _____

      Email _____

   c. If the primary and backup contacts are not available, how do we contact someone in an emergency? After hours?

   d. Describe in detail how you handle problem resolution, customer service, day-to-day contact, and ongoing maintenance for governmental clients. Please be specific about exactly whom we will be calling and working with for the situations described above.

5. List references from at least three of your current, comparable governmental clients. Include the length of time under contract and a client contact, title, and telephone number.

6. Based on the services we require, please provide a proposed timeline for implementing the contract; include the timeline activities and direct responsibilities of both our district and your depository bank during implementation.

7. Provide a copy of all agreements (including those not directly referenced in this proposal) that will be required under the contract.

8. If we award the contract to you, you must review our then-current district investment policy and certify in writing to that review in accordance with the Public Funds Investment Act verifying that you have sufficient controls in place to avoid transactions not authorized by the policy. *[The district specifies one:* We have attached our investment policy to this proposal notice. *or* We have provided a link to our investment policy on our website.*]*

9. We may conduct a preaward interview on-site at your deposition bank before awarding the contract. Please provide us with a contact name for arranging the preaward interview.

10. Are you offering any transition or retention incentive to us? If so, please describe it in detail

Banking Services

1. Consolidated Account Structure with Sweep Mechanism

We are interested in earning at then-current interest rates available at all times. We want the option to use an automated, daily sweep to a money market mutual fund or depository alternative account (if competitive) to reach our full investment goal. *[District option:* We will not accept a repurchase agreement as a sweep investment vehicle*.]*

Our current account structure is listed as Attachment B, District's Current Account Structure. We do not guarantee that we will maintain the balances at these same levels.

You must clearly describe your most cost-effective account structure (interest bearing accounts, zero balance accounts [ZBAs], or sweep, etc.).

a. Fully describe the proposed account structure. Would a sweep be from a master account with ZBAs or directly swept from the individual accounts? Is interest distributed at the account level?
b. State the average interest rate on the recommended alternative structure for the past 12 months.
c. If an SEC-registered money market fund is used for the sweep proposal, provide the full name and a copy of the prospectus.
d. Interest earned on interest bearing accounts must **not** be charged as an expense on the account analysis. Confirm acceptance of this condition.

We may be required or may desire to open additional accounts, close accounts, or change account types during the contract period. If this occurs, the new accounts and services must be charged at the same contracted amount or, if unanticipated, at not more than published rates.

2. Automated Cash Management Information

We are interested in automated balance and detail information. Minimum automated services must include the following *[The district specifies the requirements.]*:

- prior-day summary and detail balance reporting on all accounts
- intraday detail and summary balances (on local main and payroll accounts)
- initiation and monitoring of stop payments
- positive pay exception transactions
- initiation and monitoring of internal and wire transfers
- image access
- controlled disbursement presentment totals

a. Fully describe your online service. **List** the system capabilities (for example, balance reporting, wires, positive pay, stop payment, etc.).
b. What is your backup process to report balances and transactions in case the system is not available?
c. When is daily balance information available?
d. Submit samples of major screens available, or provide web link access to a demonstration module.

e. How is an individual security sign-on assigned, and who maintains the security module? How many levels of security are available?
f. With regard to controlled disbursements:
   – What is the cutoff time for disbursements?
   – What Federal Reserve location do these accounts clear through?
   – How do we have access to this information?

3. Deposit Services

We require standard commercial deposit services for all accounts.

We expect all deposited checks to clear based on your current published availability schedule, but please note any options for expedited availability in your proposal. For all cleared deposits you receive by your established deadline, you must process them for same-day ledger credit. If you fail to credit our accounts in a timely fashion, you must pay interest to us at the then-current effective federal funds rate.

a. What is your daily cutoff time to ensure same-day ledger credit?
b. Describe how and when you send credit and debit advices to us.
c. What type of deposit bags do you use or require? Are these available from you?
d. In what city does item processing occur?

Remote Deposit

We are interested in establishing remote check deposit for a few high-volume locations during the contract period. These deposits include both consumer and commercial checks.

e. What are your current capabilities in remote check deposit? Describe how checks are processed and cleared. Please state the cutoff time for same-day ledger credit.
f. Give two comparable references with contact information.
g. Do you produce a daily balancing report? Provide a sample.
h. What scanner equipment is required to operate the system? Is this equipment available through your depository bank for purchase or lease? Please list the equipment required along with its cost.

4. Standard Disbursing Services

We are interested in standard disbursing services for designated accounts.

a. Do you image all checks and deposits?
b. Are check and deposit images available online? When? Do you provide a monthly compact disc (CD)? If not, are reports downloadable?
c. How long do you maintain check and deposit images online?
d. Do you pay all our checks without charge upon presentation?

5. Positive Pay

We are interested in positive pay services for designated accounts on which checks are written. The positive pay process should be fully automated and web based. We will transmit check information electronically to you on each check run and as we create checks manually.

a. Describe the data transmission and transfer requirements for automated and manual checks.
b. Is input available online for manual checks? If it is not available online, how do we transmit information on individual manual checks to you?
c. How can we change or delete check records, if necessary?
d. How do you notify us of a positive pay exception?
e. When do you report exception information to us? When is the deadline for our exception elections? Are images of exceptions available?
f. Are all checks, including those received by the tellers and vault, verified against the positive pay file before processing? How often do you update teller information?
g. Do you offer payroll positive pay?
h. Please provide a copy of your file layout format.

6. Account Reconciliation

We anticipate using partial or full reconciliation services on all accounts in concert with positive pay, depending on cost effectiveness.

a. Describe the partial and full reconciliation processes.
b. With what format(s) does your system interface? What record formats are required? *[Alternatively, the district can specify its interface format for the depository to determine compatibility.]* How do you send reconciled data to us? When?
c. Specify all reporting alternatives.
d. Are reports available online? How long are reports maintained online? Provide a sample copy of reports.

7. Funds Transfer and Wire Services

Incoming wire transfers must receive immediate same-day collected credit. Wire initiation should be available online. We require that wires be released the same business day if information is provided by the established deadline.

a. Describe the process of online wire initiation. What backup process is available for the online process in case the system is unavailable?
b. Is any paper transaction required for transfers or wires as follow-up?
c. How and when will you notify us of incoming wires? Online? Email?
d. Is future dating available for both repetitive and nonrepetitive wires and transfers? How far in advance?
e. What is the deadline for initiation:

   – by telephone?
   – online?

f. Are templates available for repetitive transfers?

8. Optical Imaging

We desire optical images that are downloadable or on CD on all accounts.

a. What items and reports are available online (checks, statements, deposit slips, deposited items, etc.)?

b. What items are captured on the monthly CD, if provided?
c. When do you make the monthly CD or imaged reports available?
d. When and for how long are statements and account analyses available online?

9. Automated Clearinghouse (ACH) Services

We expect to use more ACH transactions for payable and receivable transactions. We require a prenotification (prenote) on all new transactions.

a. Describe the transmission alternatives for individual ACH transactions. Can we initiate individual ACH transactions online?
b. What filters and blocks are available on our accounts for ACH transactions?
c. Are ACH addenda shown in their entirety online and in reports?
d. What is your policy on prenotification? Is the prenote charged as a standard ACH transaction?
e. What is the deadline for transmission (hour and day) for a payroll to credit employee accounts on a Friday?

10. Investments and Safekeeping Services

We will require you to provide book-entry safekeeping services for any securities we own. We will make all our investments and transmit instructions for clearing and safekeeping to you in writing.

All securities must be cleared on a **delivery versus payment (DVP)** basis. Ownership must be documented by original clearing confirmations, and safekeeping of receipts must be provided within one business day of the transaction. Funds for investments must be drawn from our designated demand deposit account. All principal and interest payments, coupon payments, and maturities must receive automated same-day collected credit on our designated account without requiring any additional action by us.

If you are not a member of either the Federal Reserve or a Federal Home Loan Bank and you use a correspondent bank for safekeeping our securities, the transactions must be handled through your systems and must not require additional interaction by us with the correspondent bank. No delay in transactions, wires, or flow of funds is acceptable under a correspondent relationship.

a. Are you a member of either the Federal Reserve or a Federal Home Loan Bank? If not, name the correspondent depository you would use for clearing and safekeeping. Describe any safekeeping arrangement proposed with a correspondent depository including processing requirements by us.
b. Are security transactions available online for either originating or monitoring?
c. What is the deadline for settlement instructions on a cash (same-day) settlement? Would we incur any charge for late instructions?

We may choose to purchase time deposits from you, but all time deposits will be competitively bid at the time of purchase.

11. Collateral Requirements

You must meet all the requirements, including those beyond the Public Funds Collateral Act, as stated in our investment policy and below. The proposal must state that you agree to the following terms and conditions:

- All collateral pledged to us must be held by a custodian or permitted institution as specified by the Texas Government Code, Chapter 2257, Public Funds Collateral Act. *[Alternatively, the district may specify any limitations on its preferred custodial arrangement in its investment policy.]*
- We, you, and the safekeeping bank must execute a triparty safekeeping agreement for custody of pledged securities in full compliance with the FIRREA requiring a depository resolution. (Or completion of Circular 7 if a Federal Reserve bank is acting as custodian. Even if a Federal Reserve bank is used, you and we must still execute a depository agreement.)
- All time and demand deposits above FDIC coverage must be collateralized at a minimum of 102 percent of principal plus accrued interest at all times (110 percent on mortgage-backed securities).
- You are contractually liable for continuously monitoring and maintaining collateral at our required margin levels.
- The custodian must provide evidence of pledged collateral by sending original safekeeping receipts or a report directly to us within one business day of receipt.
- We must receive a monthly report of collateral pledged including description, par, market value, and cusip, at a minimum.
- We must grant substitution rights if you obtain our prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.

Authorized collateral includes only approved securities as specified by the TEC, §45.201. *[Alternatively, the district may specify any limitations on its preferred collateral requirements as stated in its investment policy.]*

a. Do you propose any collateral charges? If so, under what conditions are they charged, and how is the charge applied?
b. What is your deadline for requesting collateral in excess of existing requirements?

12. Account Analysis

You should provide monthly account analysis reports for each account and on a consolidated account basis.

a. When is the account analysis available each month?
b. Is the account analysis available online? Is it imaged monthly?
c. Are paper statements also sent to us? If so, when?
d. How long will it take you to correct any billing errors on the account analysis?

13. Monthly Statements

You must provide monthly account statements on all accounts with complete supporting documentation.

a. State when monthly statements will be available each month.

b. Is the monthly statement available online? If so, when and for how long? Are the statements imaged or on a CD?
c. If imaged, are paper statements also sent to us? If so, when?

14. Overdrafts

a. Are all accounts aggregated for overdraft calculation purposes?
b. State the rate basis for intraday and interday overdrafts.
c. What is the policy for daylight overdrafts?

15. Stop Payments

We desire an automated stop payment process.

a. What are the time period options available for stop payments?
b. What are the options for extended stop payment periods? How are they extended?
c. What is the cutoff hour for same-day action on stop payments?
d. Can we initiate stop payment orders online? If so, do you require any paper follow-up document?
e. What information on current and expiring stop payments is available online?

16. Customer Service

Do you offer customer services in languages other than English? What languages are offered?

17. Service Enhancements

Based on the information you provide in the proposal and your knowledge of the public sector, please describe any services or technological enhancements, not previously mentioned, that we should consider to manage our treasury operations more effectively.

Optional Services

1. Nonsufficient Funds (NSF) Checks Re-presented as ACH (Re-presented Check [RCK] Entry)

We may want the option of the second presentment to be made by ACH to targeted dates for maximum collection potential.

a. Are you currently using ACH for collection of NSF checks? How long have you been providing this service? Provide two comparable references with contact information.
b. How are the NSF and the later ACH transactions matched and reconciled? Does your system cross-reference the two transactions in any way?
c. Is the NSF information, image, or occurrence available online? When and how? For how long is it available online?
d. Can we specify any target pay day(s)?

2. Merchant Services.

We currently accept Visa, MasterCard, American Express, Discover, and debit card payments approximating $_____ in collections per month with an average ticket size of $_____. There are _____ (specify number) locations with _____ (specify number) terminals. *[Alternatively:* We are interested in possibly accepting credit card payments for various activities.*]* The service should include daily capture, transmission, and authorization of payments at point of sale and on the web. The service must include reporting by location.

[The district inserts this statement if it is true: We can and do comply with Payment Card Industry Data Security Standards.*]*

a. Do you currently offer merchant card processing services? How long has this service been available? What interface format(s) does your system supply?
b. How many institutions and end customers do you have?
c. Describe the fee components of a merchant card processing relationship. Provide a list of all the fees to us. State the association fees, the discount rates, and your fee per transaction.
d. Do you have software that allows online payments to us through your portal?
e. Describe the reporting functions and data availability.
f. Describe billing options.
g. Describe the authorization method or process used. How are incorrect authorizations reversed?
h. Describe your debit card processing capabilities. Do you distinguish between debit and credit cards on your bank identification number (BIN)? Can you program a debit card to the lowest cost network?
i. Describe your transmission process. Describe the monitoring and notification process if transmissions fail.
j. Is data imaging available online? What is available online? When? For how long?
k. Describe the dispute resolution process.
l. Describe your security measures for Internet transactions and unauthorized use.

3. Payroll Cards or Debit Cards

We are exploring the use of stored-value cards (payroll cards or debit cards) as a payroll option for employees at a minimum. Cardholders should be able to use the cards as debit

cards for purchases at point of sale as well as for cash withdrawals at financial institutions and automated teller machines.

The purchasing ability of the cards must be limited to the stored value of the card. We may choose not to pay for access fees for the employees issued the stored-value cards.

We will be responsible for any marketing of the program and have total discretion on the distribution of the cards. We will enroll the employees. You must provide cardholders with all processing and transaction information and reports. We expect the following services from you, at a minimum:

- embossing, encoding, and distributing standard cards as directed by us
- providing paper and electronic statements to cardholders
- administering accounts, including maintenance of accounts, application of funds, authorization of transactions, and related tracking
- customer service functions

a. Do you currently provide this service? If so, how long has it been available?
b. How many institutions and end customers use the service? Provide three comparable references for the service.
c. Which program (authorization marks) does your program use? (Visa, MasterCard, etc.)
d. Describe the enrollment process. Is enrollment batched and web-based?
e. Describe the manner by which funds will be made available to the cardholders.
f. What are the inactivity levels for the program? Do these generate additional fees? Describe any other potential fees.
g. Are all funding transmissions by standard ACH? Describe the data transmission requirements and deadlines.

4. Purchasing Cards

We may consider a purchasing card program during the contract period. Cards would be assigned to our employees for defined use.

a. What card platforms do you support (MasterCard, Visa)? Do you use a third-party processor?
b. What, if any, information is available online? When? Describe data download and integration capabilities. Describe reporting capabilities.
c. What client support is available? How is it provided?
d. Describe the diverse parameters and restrictions available for the card control. How many access levels are available?
e. Discuss settlement and corporate liability terms. Include information on your support for the program and your experience, settlement terms on payment, security procedures, and license requirements. How will we receive billing?
f. Describe how cards are issued, deleted, or replaced. How do you handle lost or stolen cards?
g. Provide three comparable references for the service.

Schedules and Attachments

We provide the following:

- copy of our audited financial statements *[or link to website]*
- Attachment A, Volumes for Pricing Transactions (filled in with volumes)
- Attachment B, District's Current Account Structure
- Attachment C, District Investment Policy *[or link to website]*

You must include the following information with the proposal:

- copy of your audited financial statements *[or link to website]*
- corporate audited financial statements and the individual depository's call report (for members of your holding companies) *[or link to website]*
- Uniform Bank Performance Report reference
- Attachment A, Volumes for Pricing Transactions (filled in with rates)
- Sample Account Analysis Statement and User's Guide (if applicable)
- Attachment D, Sample Collateral Agreement (if applicable)
- any agreements (including those not directly referenced in this proposal) that must be executed under the contract (if applicable)
- screen shots of major pages within your automated cash management system, or web access (if applicable)
- sample daily balancing report for remote deposit (if applicable)
- sample account reconciliation reports (if applicable)

Optional Acknowledgments *[insert as required by district preference]*

You confirm that you will not charge interest earned on the account analysis.

If awarded the contract, you must review our then-current district investment policy and certify in writing to that review in accordance with the Public Funds Investment Act verifying that you have sufficient controls in place to avoid transactions not authorized by the policy.

You accept the investment options and/or collateral conditions as specified in our investment policy.

By submitting this proposal, you acknowledge that you agree with and accept all specifications in the proposal except as you expressly qualified in the proposal.

Bank: _____

Address: _____

City, State, Zip:_____

Phone Number: _____

Fax Number: _____

Email Address:_____

Typed Name: _____

Date:_____