



**June 27, 2024**

**RFP for Banking Services Depository**

***I. Introduction***

The City of Dalworthington Gardens, Texas (the "City") is seeking bids from eligible and qualified financial institutions to serve as the Banking Services Depository (the "Depository") for the public funds of the City. This includes the basic services of receiving deposits, paying items, wiring out funds, receiving wired funds, stop payments, time deposits, and other normal business banking activities. The agreement will not cover any investment transaction activities other than safe keeping services and other potential items listed in Section VI Investment Activities. The City plans to manage its own investment portfolio per its investment policy (see Attachment B).

The philosophy incorporated into this Request for Proposal (RFP) is to solicit comparable market charges for services provided and to pay for services provided by the Depository. The City also places importance on the interest paid on daily deposits above any minimum requirements. The RFP specifications and evaluation criteria have been developed and are described herein. To assure a close working relationship, to facilitate available services, and to support local business, the entity may give strong preference to those banks with full-service capabilities within close proximity to or within the City limits.

This RFP is intended to serve as the Bid Form (see Attachment A) and is intended to become part of the Depository Agreement. There are several blanks to fill in and questions to be answered. Any alterations, changes, or deletions to the RFP may be reason for the City to disregard and reject the proposal. Any such alterations, changes, or deletions must be clearly identified as such, with reason therefore, and alternate language proposed by bidder, if any, clearly stated and inserted in the appropriate place in the bid submission. Exceptions to the specifications will be considered only if listed in the proposal. Any terms in this RFP which are in conflict with Chapter 105, as amended, of the Texas Local Government code shall be deemed superseded by such chapter. Conflicts discovered between this RFP and state law should be noted in the proposal form. The City will disregard any exceptions that may conflict with Chapter 105 of the Local Government Code. The successful financial institution shall be required to execute a Depository Agreement with the City incorporating the terms, conditions, and specifications of this RFP.

Bids must be complete, specifically address the requirements described in this document, and include all requested information as detailed in the Submission Checklist to receive full consideration by the City in the evaluation/selection process. During that evaluation/selection process, the City reserves the right to request additional information or clarification from bidders, or to allow corrections of errors or omissions.

Questions regarding this RFP should be directed to Kay Day, Finance Director, City of Dalworthington Gardens, 2600 Roosevelt Dr., DWG, TX 76016, telephone (682) 330-7421, e-mail [finance@cityofdwg.net](mailto:finance@cityofdwg.net).

Contact with any personnel, officers, or officials of the City of Dalworthington Gardens, other than the designated official regarding this RFP may be grounds for elimination from the selection process. No officer or employee of the City of Dalworthington Gardens shall have a financial interest, direct or indirect, in any contract with the City of Dalworthington Gardens.

### ***Term of Contract***

The contract period shall be for three (3) years beginning October 1, 2024 and thereafter until the successor depository shall have been duly selected and qualified according to state laws, with an option to extend the contract for two additional one-year periods, subject to the mutual agreement of both parties. The Depository contract shall provide that the City reserves the right to terminate the agreement at any time, upon sixty (60) days prior written notice of its intent to terminate any agreement. Further, the agreement will have a ninety (90) day extension period for transition to the new depository bank at the end of the term if needed.

### ***Proposal Objectives***

The banking services described in this RFP are directed toward five (5) major goals:

- To seek an institution that is capable of providing banking services as required while maintaining the safety and security of the City's financial resources;
- To maximize the total dollars earned by the City on account balances in order to be prudent and effective custodians of financial resources;
- To cost efficiently compensate the Depository for services provided while remaining subject to competitive forces in the market place;
- To develop and maintain a good working relationship with the Depository; and
- To fully comply with the requirements of the Texas Local Government Code Chapter 105, as amended.

As a public entity, the safety of the funds and assets of the City is paramount. The use of technology to minimize manual or time-consuming operations is a continuing effort and the successful applicant will be expected to bring new ideas and technologies to the City's attention throughout the contract period. The City intends to earn the best reasonable yield on its fund in all time or demand accounts.

The City requires the Depository to be fiscally strong and able to provide the required services on an uninterrupted basis. City funds are public funds and all under provisions of the Public Funds Investment Act and the Public Funds Collateral Act (Texas Government Code Chapters 2256 and 2257) and are further restricted by the City's Investment Policy. The selection of a depository by the City is further governed by Chapter 105 of the Texas Local Government Code.

## ***II. Calendar of Events***

June 27, 2024	Advertise RFP notice in the Commercial Recorder.
July 17, 2024	Receive proposals from interested institutions no later than 2:00 p.m. at Dalworthington Gardens City Hall.
August 15, 2024	City Council considers contract for Bank Depository Agreement at the regular City Council meeting.
October 1, 2024	New Bank Depository Agreement begins within 90 days of award.

### **III. Criteria for Evaluation**

The City staff shall review the submitted proposals. The staff recommendation to the City Council shall be based on the proposal determined to be the best value to the City. The evaluation of the proposals shall be made on the following criteria:

#### **Required Criteria include:**

- Service facility within the City or close proximity to the City of Dalworthington Gardens.
- Ability to meet the legal qualifications and terms and conditions specified in this RFP.
- Ability to provide sufficient collateral for deposits, and
- Strong financial strength and stability of proposing Depository.

#### **Critical Criteria include:**

- Ability to perform and provide the requested services in the RFP, and
- Cost of the proposed Depository services and the cost of conversion and implementation services.

#### **Important Criteria include:**

- Effective rates paid on City accounts,
- City funds availability,
- Quality of reports requested,
- Securities clearance and safekeeping procedures,
- Experience and success in providing banking services to municipal governments in Texas,
- Ability to provide the City with effective and innovative cash management services, and
- Completeness of the bid form and submission of required information.

### **IV. City Financial Overview**

The City's Finance Department is responsible for all banking, treasury, and investment activities, accounts receivable, accounts payable, and financial reporting functions, all bank account reconciliation and bank interface activities. The Finance Director reports to the City Administrator.

#### **Accounts**

The City currently maintains seven (6) accounts. The account descriptions and type of accounts are outlined below:

<b>Description</b>	<b>Type</b>
Pooled Cash	Checking, Interest Bearing
Park & Rec Facility Dev Corp	MMKT, Interest Bearing
CCPD	MMKT, Interest Bearing
General Fund Reserve	MMKT, Interest Bearing
CLSFRF Fund	MMKT, Interest Bearing
Opioid Abatement Trust Fund	MMKT, Interest Bearing

The Pooled Cash Account will serve as the City's master account into which the majority of the deposits will be made and will clear all operational checks for the City. The City's deposits include utility bill payments, user fees, court fines, sales, and property taxes. The depository must have the capability of ACH transfers and direct deposits through this account. It will require daily balance reporting through a cash management program which is user friendly and accessible via the internet.

The Finance Department handles reconciliation of all bank accounts. One (1) set of bank statements per month will be submitted by Depository to City Staff and available for on-line retrieval.

Under the anticipated contract, the City would maintain an excess balance in the bank account to minimize bank fees. The City may also utilize money market accounts dependent upon interest rate opportunities and will decide on the nature and use of the accounts as interest rates and conditions vary. All balance decisions will be made by the City.

### ***Administration***

Primary responsibility for administration of the depository contract within the City resides with the City's representative who will monitor the successful applicant's performance against provisions of the agreement. The City's representative will be responsible for administering the contract with respect to day-to-day activities, including deposits and withdrawals, ACH transactions, maintenance of account balances, daily reporting, etc. A list of City personnel authorized to deal directly with the depository will be provided following award of contract. The depository will provide the City with a similar list of authorized personnel for inclusion in the subsequent contract.

The City reserves the right to open and/or close any of its accounts throughout the contract period. All fees listed in the Depository Contract will apply to new accounts that are opened by the City during the contract period.

### ***V. Banking Service Requirements***

Banking services to be provided are listed on the Bid Form, along with estimated monthly volumes. The following identify the various services to be provided. Please attach copies of reports and separate agreements that apply to each service, if applicable.

***PC on-line balance reporting system*** which will provide information reporting services including but not limited to:

- Previous Day Balance Report
- Current Day Balance Report
- Debit and Credit Detail
- Stop Payment Status Report
- ACH Activity Report
- Positive Pay Activity Report
- Return Check or ACH Reports
- Void Check Report
- Monthly Interest Income Reports

***Processing of all deposited items*** on checks and cash to include encoding services and return of stamped duplicate deposit slip to the City via email within two business days of the deposit.

**General Automatic Clearing House (ACH)** services which may include:

- Payroll direct deposit file (ACH Credit) transmitted to the bank bi-weekly
- Utility billing automatic drafts (ACH Debit) transmitted to the bank once per month for withdrawal from accounts, and
- Various ACH credits and debits from various approved agencies and companies such as State and Federal agencies, investment pools, and credit card processing centers.

**Insufficient Funds (NSF)/Returned** Items should be submitted at least twice before being returned to the City. Returned items that do not clear on the second attempt shall be returned to the City within two (2) business days with a complete description of non-payment. The City shall receive same day email notification of all returned items which will include images of returned item.

### **Account Reconciliation Services**

**Bank Statement** on the account shall be addressed as follows:

City of Dalworthington Gardens  
ATTN: Finance  
2600 Roosevelt Drive, DWG, Texas 76016.

Statements shall be rendered within two (2) working days after the close of the calendar month. Statement shall include all debits and credits made thru the last day of the calendar month.

Check images must be included as part of the monthly bank statement. The Depository shall safely keep the actual checks for a period of time and the depository shall provide to the City the proprietary software for retrieval and viewing of the check image if the City does not currently have the capability.

**Positive Pay** shall provide positive pay reconciliation services, where the bank electronically compares each check presented for payment against the database provided by the City. Each responding Depository must state the policies for notification of exceptions.

**Resource Personnel** shall be identified and updated by the Depository of who is available to the City to answer questions and assist with correcting problems or concerns with the account. Please provide contact information, and their back-ups. The Depository shall be responsible for communicating the terms of this contract to their employees.

**Account Analysis Statements** shall be prepared each month by the Depository and shall clearly show volume counts, fees charged (as set forth on the Bid Form), and total prices for services on the account. The account analysis shall also show average ledger balances, interest rates, and earning credit rate and amounts. Fees charged to the City are not subject to change for the length of this contract. If the City renews the contract under the two-year renewal option, prices may only be raised by an amount using the Local Dallas Metroplex CPI index or another reasonable index previously agreed upon in the Bid. Account analysis statements should include any safekeeping fees charged to the City and should not be deducted from each security settlement.

## **VI. Investment Activities**

**Portfolio Management** activities shall be handled by the City. The Depository shall be included in the

bidding process as deemed appropriate in accordance with the City's Investment Policy.

**Investment Safekeeping** shall employ the Depository as a transfer agent for some or all security transactions undertaken by the City. All such transfers shall be executed delivery versus payment, that is the Depository or the Federal Reserve Bank shall not make payment until the security is received.

**Reports of safekeeping confirmations** for all City security transactions will be issued and mailed to the City within two (2) business days after settlement. A monthly report listing all City securities held in safekeeping will be mailed to the City at the end of each month.

**Certificates of Deposit** (CD) may be an investment option for the City. The Depository shall agree to accept deposits from the City for investment purposes in the form of certificates of deposits in varying amounts and maturities at rates determined by the depository's competitive bid. The CD must be fully insured by the FDIC or collateralized by fully guaranteed Federal Obligations that are pledged to the City and that have a market value equal to or greater than that of the CD for the life of the CD.

## **VII. Collateral Requirements**

**Securities** shall be pledged by the Depository as security for the deposits of the City. The collateralization level will be 102% of market value of principal and accrued interest on deposits or investments less the amount coverage provided by the FDIC-

**Eligible Collateral** shall be only those securities identified in the Public Funds Investment Act as eligible investments for City deposits. The City must approve all securities pledged and reserves the right to accept or not accept the securities to be pledged as collateral. The City shall accept the following securities as collateral:

- FDIC and FSLIC insurance coverage.
- Letter of Credit issued by a federal home loan bank.
- Obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas.
- Direct obligations of the United States or other obligations of the United States, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States.
- Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States with a remaining maturity of ten (10) years or less
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized rating firm not less than A or its equivalent

**Collateral Security Safekeeping** must be held by a third-party financial institution pursuant to a safekeeping agreement signed by the Depository and the City,

**Reporting Requirement** shall be that the Depository provides to the City a report of securities pledged at

the end of each month or at any time requested by the City's Finance Director or designated representative. This report should reflect the following information at the end of each month:

1. Total pledged securities itemized by:
2. Name
3. Type/Description/Cusip Number
4. Par Value
5. Market Value
6. Maturity Date, and
7. Rating from nationally recognized rating agency

**Reimbursement** shall be made by the City to the Depository for charges associated with pledged collateral at a reasonable fee rate quoted in the Bid Form.

**Collateral Substitutions** of the securities or reductions in the total amount pledged may be made only with written authorization by the City Finance Director or authorized representative.

**Audit** of collateral may be performed at least annually by the City's independent auditors and may be audited by the City at any time during normal business hours.

#### **VIII. Other Services**

Supplies needed by the City include but are not limited to:

- Sealed Depository Bags, and
- Deposit slips

#### **IX. Other Stipulations**

**Regulation Notices** of any changes in Federal or State laws that would affect the depository agreement need to be communicated in writing by the Depository to the City within ten (10) days of such change.

**Right to Cancel Contract** shall be retained by the City in the event it would be ruled illegal under the provision of any Federal Statute or regulation for the Depository to pay interest in the manner outlined in this RFP.

**Right to Review** shall be retained by the City where as the City may require a meeting with the Depository and the City to evaluate the working relationship between the two parties.

**Right to Audit** shall be retained by the City to allow the City Staff or City Independent Auditors to audit or review the City's Account(s) during normal business hours.

**Merger of the Depository**, notwithstanding any other provision of this agreement, which may be to the contrary, shall not affect this agreement and the respective rights and obligations of the parties here under.

**Depository Errors** resulting in lost interest to the City will be reimbursed by the Depository to the City at the amount that would have been earned had the error not occurred.

**Right to Terminate** the terms of this contract shall be retained by the City should the Depository fail, close, or be forced into reorganization during the term of this contract and the Depository has not corrected, to the City's satisfaction within ten (10) business days of written notification by the City, failure to perform services as agreed to in the RFP. The City expressly reserves the right to terminate the Depository Agreement with

or without cause at any time by providing sixty (60) days written notice to the Depository.

**Venue** for any action related to the Depository Agreement shall lie in Tarrant County, Texas. The Depository Agreement shall be governed by the laws of the State of Texas.

**Investments** made during the term of the Depository Agreement that mature after the expiration date shall be continued at the same rate of interest and shall be honored by the Depository.

**Annual Financial Reports** to the shareholders and any public information concerning changes in the ownership, management or financial position of the Depository or its parent company shall be timely provided to the City during the term of the Depository Agreement.

### **X. Bidding Instructions/Submission Checklist**

Sealed bids or proposals clearly marked "Depository Applications" shall be delivered to the office of the following person by 5:00 P.M. on July 17, 2024:

Ms. Kay Day  
Finance Director  
City of Dalworthington Gardens  
2600 Roosevelt Drive.  
DWG, Texas 76016

Please place "Depository Bid" in the lower left corner of the envelope.

No bid shall be received after 5:00 P.M. July 17, 2024 and shall be returned unopened.

The proposing Depository shall use this RFP as the official Bid Form to submit rates and to answer questions. Any alterations, changes, or deletions to the RFP may be reason for the City to disregard and reject the proposal. Any such alterations, changes, or deletions must be clearly identified as such, with reason therefore, and alternate language proposed by bidder, if any, clearly stated and inserted in the appropriate place in the bid submission. Exceptions to the specifications will be considered only if listed in the proposal.

The City reserves the right to request additional information or clarification from bidders, or to allow corrections of errors or omissions.

The City reserves the right to reject any and all proposals, to waive any non-material irregularities in the RFP, and to accept or reject any item or combination of items.

All costs incurred by the proposer in responding to the RFP shall be the responsibility of the proposer.

If a service requirement cannot be met by a proposer, the term "No Proposal" must be entered on the Bid Form for that specific requirement.

The Dalworthington Gardens City Council shall make final appointment of a Depository.

Questions regarding this RFP should be directed to Kay Day, Finance Director, City of Dalworthington Gardens, 2600 Roosevelt Drive, DWG, Texas 76016, telephone (682) 330-7421, e-mail [finance@cityofdwg.net](mailto:finance@cityofdwg.net). Contact with any personnel, officers, or officials of the City of Dalworthington



Gardens, other than the designated official regarding this RFP may be grounds for elimination from the selection process.

No officer or employee of the City of Dalworthington Gardens shall have a financial interest, direct or indirect, in any contract with the City of Dalworthington Gardens.

***Submission Checklist***

1. Bid Form (Important Criteria #7)
2. Sample Bank Statement (Important Criteria #3)
3. Sample Monthly Pledged Collateral Report (Important Criteria #3)
4. Sample Safekeeping Agreement for Collateral
5. Sample Safekeeping Agreement with the Depository Bank for the City's Investment Securities which includes guidelines for FIRREA compliance
6. Sample ACH Transaction Agreements
7. Sample Stop Payment Agreement
8. Sample Account Analysis Statement (Important Criteria #3)
9. Sample Positive Pay Agreement
10. Sample of funds Transfer Agreement
11. Most Recent Audited Annual Financial Statement of the Depository along with the last two quarterly FDIC call reports (Required Criteria #4)
12. Information regarding On-Line Access
13. Interest Rate History with 2024 current rates, or at a minimum, 2023 rates (Important Criteria #1)
14. Account Representatives and Back-up Contact Information (Important Criteria #5)

Attachment A- City of Dalworthington Gardens Bid Form

Attachment B- City of Dalworthington Gardens Investment Policy

You are representing to the City of Dalworthington Gardens that you are authorized to submit this proposal by signing below. **Include this page as a cover to your proposal response.**

Depository Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ ST: \_\_\_\_\_ Zip: \_\_\_\_\_

E-mail address: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Authorized Official Name (print): \_\_\_\_\_

Signature of Authorized Official: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

**NOTICE TO BIDDERS**  
**Request for Proposal**  
**Depository Services**

The City of Dalworthington Gardens is soliciting sealed proposals from qualified banking institutions to provide Bank Depository Services for the City. Sealed proposals will be opened at 2:00 p.m. on Wednesday, July 17, 2024. Proposals received after this deadline cannot be considered and will be returned unopened. The initial contract period will begin October 1, 2024 and end September 30, 2027. At the City's option, the contract may be renewed for two additional 12-month periods or until the successor Depository has been selected according to the state laws of Texas. The City Council will meet to consider the selection of a depository on August 15, 2024 at 7:00 p.m. during the regular City Council Meeting at 2600 Roosevelt Drive, DWG, TX 76016. This invitation for applications for City Depository is made pursuant to V.T.C.A., Local Government Code Sections 105.001-105.092, and subject to all the provisions thereof. A complete application package is available for download at [www.cityofdwg.net](http://www.cityofdwg.net).

Sealed proposals must be sealed and clearly marked on the outside "Bank Depository Services" with the company's name and addressed to:

City of Dalworthington Gardens  
Attention: Kay Day, Finance Director  
2600 Roosevelt Drive  
DWG, TX 76016

**Attachment A**  
**City of Dalworthington Gardens, Texas**  
**Depository Services Bid Form**

1. Funds Schedule and Deadlines - Please list your Depository's various activity deadlines (Important Criteria #2):

<b>Description of Activity</b>	<b>Deadline</b>
<i>Example: ACH Initiation</i>	<i>2:00 p.m. Business Day Prior to Transaction</i>
Credit Posting	9:00 pm (remote, mobile, etc deposits)
Debit Posting	9:00 pm (remote, mobile, etc deposits)
Wire Transfer Acceptance	4:30pm
Wire Transfer Initiation	4:45pm online with Cash Manager
ACH Acceptance	Anytime throughout the day
ACH Initiation	6:00 pm Business Day Prior to Transaction
Direct Deposit Payroll Transfer	6:00 pm Business Day Prior to Transaction
Utility Billing Draft	6:00 pm Business Day Prior to Transaction
Other:	
Positive Pay Exceptions	2:30 pm
Account Transfers	Immediate - anytime

2. Please explain your Depository's policy and methodology used in setting earnings credit rates (Important Criteria #1):

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3. Does your depository offer a fixed or higher rate of interest if the City agrees to maintain a specified balance? Please explain:

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**Attachment A**  
City of Dalworthington Gardens, Texas  
Depository Services Bid Form

4. Provide the name, hours of operation, and location of the depository where daily deposits will be made by the City (Required Criteria #1):

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5. Provide the name, hours of operation, and location of the disbursement bank that will be handling the City's checks:

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6. Please specify the days during the year on which the depository is closed for receiving deposits and clearing checks:

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7. Does the bank have an established maximum dollar value limit, which may not be exceeded by an individual check? Are there any other restrictions regarding individual check amounts?

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8. How long are stop payment orders effective? Does the bank offer automatic stop payment over the Internet?

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9. Please state whether the bank would offer any type of special checking, money market, loan account, or any other incentive for City employees:

**Attachment A**  
City of Dalworthington Gardens, Texas  
Depository Services Bid Form

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10. Has the Depository had any significant problems noted by regulatory agencies or by an independent audit in the past 24 months? If "yes", please explain:

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11. Please list the Depository's capital to assets and return on asset ratios for the past three years (Required Criteria #4 along with Required Attachments):

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12. The City does not intend to have a net overdraft position throughout the course of the contract. An overdraft is defined as a negative demand balance in the City account at the end of the day. Should an overdraft occur what are the maximum days the overdraft will be allowed: \_\_\_\_\_. The maximum of the net overdraft to be allowed: \$\_\_\_\_\_. The interest rate charged for overdrafts would be \_\_\_\_\_ per annum computed on an actual day basis for the days and amount of the overdraft.

13. Describe any other cash management or banking services that could be offered to the City and the related charges that would apply:

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14. Describe the implementation plan / process you would recommend the City follow if your Depository is chosen by City Council August 15, 2024 for implementation of contract on October 1, 2024:

**Attachment A**  
City of Dalworthington Gardens, Texas  
Depository Services Bid Form

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15. If applicable, please list three (3) other Municipal Governments in the State who the City can call for recommendations (please give name, title, and contact number) (Important Criteria #5):

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16. Is your Depository able to meet the legal qualifications and terms and conditions specified in this RFP (Required Criteria #2)? \_\_\_\_\_

17. Is your Depository able to provide sufficient collateral for deposits as described within the RFP (Required Criteria #3)? \_\_\_\_\_

18. Is your Depository able to meet the security clearance and safekeeping procedures described in this RFP (Important Criteria #4)? \_\_\_\_\_

**Attachment A**  
**City of Dalworthington Gardens, Texas**  
**Depository Services Bid Form**

19. Services and Fees Chart (Critical Criteria #1 & #2 and Important Criteria #6) – please quote on all line items as the Estimated Monthly Volume reflects one month in 2024 and may not be reflective of the entire year:

Service	Estimated Monthly Volume**	Unit Price	Extended Estimated Monthly Charges
Account Maintenance	6		
Average Daily Balance	\$2,125,407.00		
Account Analysis Statement	6		
Deposit Bags			
Deposit Slip Books			
Branch Deposits per Deposit	44		
Deposit Volume	\$88,855.79		
Night Drop Box Deposit	10		
Deposited Items On Us	6		
Deposited Items Not On Us	324		
ACH Credits	142		
ACH Debits	24		
Checks Written - Debits	99		
Internal Transfers	6		
Stop Payments			
Rejected Items			
Return Items Re-Deposited			
Return Item Fee			
Safekeeping Receipt			
Safekeeping Fee per \$1,000 Par Value			
Safekeeping Disbursement Fee			
Security Clearance			
Cashiers Checks			
Same Day ACH Origination	1		
ACH Origination Items	250		
ACH Origination Module Fee	1		
Positive Pay Module Fee	1		
Positive Pay Check Clearing Fee Per Item	123		
Positive Pay Exception Items	1		
Statement Fee	6		
Previous Day Reporting Service	1		
Previous Day Reporting Detail Items	300		
Previous Day Reporting per Account	6		
Information Reporting Module	1		
Total Estimated Monthly Charge			

\* Incoming ACH includes two (2) utility drafts (Residential & Commercial separate batches) occurring each month. \*\*Based on May 2024.

The Pooled Cash Account handles bi-weekly outgoing payroll ACH files with approximately 45 transactions.



**Attachment A**  
City of Dalworthington Gardens, Texas  
Depository Services Bid Form

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Name of Depository

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Officer's Name & Title (Please Print)

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Officer's Signature

| Date

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Address

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Telephone Number

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Fax Number

**RESOLUTION NO. 2023-18**

**A RESOLUTION OF THE CITY OF DALWORTHINGTON GARDENS, TEXAS,  
ADOPTING THE CITY OF DALWORTHINGTON GARDENS INVESTMENT POLICY**

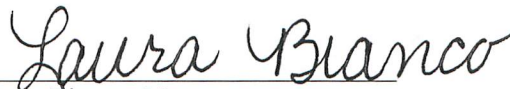
WHEREAS, Chapter 2256 of the Local Government Code, known as the Public Funds Investment Act, requires a governing body to review its investment policy and investment strategies not less than annually; and

WHEREAS, the governing body is required adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALWORTHINGTON GARDENS, TEXAS, THAT:**

PASSED & APPROVED this 21st day of December, 2023.

**CITY OF DALWORTHINGTON GARDENS**

  
\_\_\_\_\_  
Laura Bianco, Mayor

ATTEST:

  
\_\_\_\_\_  
Sandra Ma, Interim City Secretary





## CITY OF DALWORTHINGTON GARDENS

# INVESTMENT POLICY

### 1. Policy Statement

It is the policy of the City of Dalworthington Gardens (City) that the investment of public funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow demands of the City and conforming to all applicable state and City statutes governing the investment of public funds. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity.

It is the intent of the City to be in complete compliance with local law, the Public Funds Investment Act and the Public Funds Collateral Act. Specific investment parameters for the investment of public funds in Texas are stipulated in the Public Funds Investment Act (“PFIA”), Chapter 2256, Texas Government Code. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for deposits of all public funds. The Interlocal Cooperation Act, Chapter 791, Texas Government Code, authorizes local governments in Texas to participate in a Texas investment pool established thereunder.

### 2. Scope

This investment policy applies to all financial assets and funds held by the City. These funds are accounted for in the City's Annual Financial Report.

- A. General Fund
- B. Special Revenue Funds
- C. Debt Service Funds
- D. Capital Project Funds
- E. Proprietary (Enterprise) Funds
- F. All Other Funds

Any new operating or bond funds created by the City will be managed under the provisions of this Policy unless specifically exempted by the City Council and this Policy.

### 3. Objectives and Strategy

It is the policy of the City that all funds shall be managed and invested with four primary objectives, listed in order of their priority: *safety, liquidity, diversification and yield*. These objectives encompass the following:

**Safety [PFIA 2256.005(b)(2)]:** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

**Liquidity [PFIA 2256.005(b)(2)]:** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in shares of money market funds or local government investment pools that offer same-day liquidity.

**Diversification [PFIA 2256.005(b)(3)]:** Diversification is required in the portfolio's composition. Diversification of the portfolio will include diversification by maturity and market sector and will include the use of a number of broker/dealers or banks for diversification and market coverage.

**Yield [PFIA 2256.005(b)(3)]:** The City's investment portfolio shall be designed with the objective of attaining a reasonable market yield throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

#### **4. Delegation of Authority [PFIA 2256.005(f)]**

Authority to manage the City's investment program are derived from a Resolution of the City Council, wherein, the City Administrator and Finance Director are designated as the Investment Officers of the City and are responsible for all investment management decisions and activities. The investment authority granted to the investing officer(s) is effective until rescinded by the Council or termination of employment. No person may engage in an investment transaction or the management of City funds except as provided under the terms of this Investment Policy as approved by the City Council.

Procedures will be developed for the operation of the investment program which is consistent with this Investment Policy. Procedures will include safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements.

#### **5. Prudence Person Standard [PFIA 2256.006]**

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. This standard states that:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived".

Limitation of Personal Liability - Investment officers and those delegated investment authorities, when acting in accordance with written procedures and this Policy and in accord with the Prudent Person Rule, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific security's credit risk or market price change are reported in a timely manner and that appropriate action is taken to control adverse developments.

#### **6. Investment Training IPFIA 2256.008(1)(2)**

The City shall provide periodic training in investments for the designated investment officer(s) in order to insure the quality and capability of investment management in compliance with the Public Funds Investment Act.

The investment officer shall:

- 1) within 12 months from the date the officer takes office or assumes the officer's duties, shall attend an initial training session of at least 10 hours of instruction relating to investment responsibilities in accordance with the Public Funds Investment Act; and
- 2) attend at least 8 hours of additional investment training not less than once within a 2-year period that begins on the first day of the City's fiscal year and consists of the 2 consecutive fiscal years after that date.

The investment training session shall be provided by an independent source approved by the Council. For purposes of this policy, an "independent source" from which investment training shall be obtained shall include a professional organization, an institution of higher education or any other sponsor, other than a business organization with whom the City may engage in an investment transaction.

#### **7. Ethics and Conflicts of Interest IPFIA 2256.005(i)**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Council any material interests in or with financial institutions with which they conduct business. They shall further disclose any material personal financial/investment positions that could be related to the performance of the City's investment portfolio.

The Investment Officer(s) of the City who have a personal business relationship with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity (Close relationship or kinship) or consanguinity (Blood relationship) to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council.

**8. Authorized Financial Dealers and Institutions [LOC GOV'T 105.017] & IPFIA 2256.025]**

The City shall designate one banking institution through a competitive process as its central banking services provider at least once every (5) five years. This institution will be used for normal banking services including disbursements, collections and safekeeping of securities.

The City will maintain a list of financial institutions and/or broker/dealers which are authorized to provide investment services. This list will be reviewed at least annually and updated as needed by the investment officers, acting as the Council's investment committee. Time and demand deposits shall be made in qualified public depositories under a written agreement with the City.

All financial institutions, broker/dealers and pools who desire to provide investment services will be required to review the Investment Policy and to supply the City with the appropriate credentials, as determined by the Investment Officer, to qualify as an approved service provider. The firm will be required to return a signed copy of the Certification Form certifying that the Policy has been received and reviewed and only those securities approved by the Policy will be sold to the City. [PFIA 2256.005(k-l)]

**9. Investments [PFIA 2256.005 (b)(4)(A)]**

Acceptable investments under this Policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act.

**Authorized:**

- A. Obligations of the United States Government, its agencies and instrumentalities, not to exceed five years to stated maturity, but excluding all mortgage backed securities. [PFIA 2256.009(1)]
- B. Direct obligations of the State of Texas or its agencies and instrumentalities. [PFIA 2256.009(2)]

- C. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC or by the explicit full faith and credit of the United States. *[PFIA 2256.009(4)]*
- D. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated not less than A or its equivalent. *[PFIA 2256.009(5)]*
- E. Certificates of Deposit which are fully FDIC insured or collateralized from a depository institution doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed five years to stated maturity. Collateral should equal 102% of principal and interest excluding FDIC insurance coverage. *[PFIA 2256.010]*
- F. No-load Money Market Mutual Funds that are 1) registered with and regulated by the Securities and Exchange Commission, 2) must provide a prospectus and other information required by federal law, 3) has a dollar-weighted average stated maturity of 90 days or fewer, 4) include in their investment objectives to maintain a stable net asset value of \$1.00 per share, and 5) investing entity may not own more than 10% of the fund's total assets. *[PFIA 2256.014(a)]*
- G. Texas Local Government Investment Pools defined to meet the requirements of the Public Funds Investment Act. An investment pool that is created to function as a money market mutual fund must mark its portfolio to market daily, and to the extent reasonably possible, stabilize at a constant \$1 net asset value. A Public Funds Investment Pool must be continuously rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. *[PFIA 2256.019]*

Council approval by resolution is required for participation in any local government pool. An investigation of the pool/fund is necessary prior to investing and on a continual basis. If local government investment pools and/or money market mutual funds are utilized, each must provide confirmations on deposits/withdrawals, full monthly reporting and a prospectus (information statement) fully describing the pool/fund with information as listed in Chapter 2256.016(b-c) of the Public Funds Investment Act.

**Delivery versus Payment** - All security transactions entered into by the City, shall be conducted on a delivery versus payment (DVP) basis.

**Not Authorized [PFIA 2256.009(b)(1-4)]:**

The City is specifically prohibited from investing in:

- A. An obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest.
- C. Collateralized mortgage obligations that have a stated final maturity of greater than 10 years.
- D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment until this Policy has been amended and the amended version adopted by the City Council.

**10. Maximum Maturities & Diversification [PFIA 2256.005(b)(4)(B-C)]**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than (2) two years from the date of purchase. At no time will more than 20% of the portfolio extend beyond (1) one year. This will be accomplished by purchasing high quality, short-term and intermediate securities in a laddered structure or utilizing constant dollar investment pools. The composite portfolio will have a dollar weighted average maturity (WAM) of no more than 365 days. This dollar-weighted average maturity will be calculated using the stated final maturity dates of each security. The portfolio shall be diversified to protect against market and credit risk in any one sector. Diversification requirements can be fully met through use of an authorized investment pool.

<b>SECURITY TYPE</b>	<b>MAXIMUM ALLOWABLE PERCENTAGE OF PORTFOLIO</b>
U.S. Treasury Obligations	100%
U.S. Government Agencies and Instrumentalities	50%
Fully insured or collateralized CD's	30%
Money Market Funds	100%
Local Government Investment Pools	100%
Maximum percent of pool ownership	20%



## **11. Safekeeping and Collateralization**

The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as part of its investment portfolio or held as collateral to secure demand or time deposits. Securities owned by the City shall be held in the City's name as evidenced by safekeeping receipts of the institution holding the securities.

Collateral for deposits will be held by the depository bank or a third-party custodian designated by the City and pledged to the City as evidenced by safekeeping receipts of the institution with which the collateral is deposited. Original safekeeping receipts shall be obtained. Collateral may be held by the depository bank's trust department, a Federal Reserve Bank or branch of a Federal Reserve Bank, a Federal Home Loan Bank, or a third-party bank approved by the City.

## **12. Collateral Policy [PFCA 2257.02]**

Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all City funds on deposit with a depository bank, other than investments. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on deposits or investments less an amount insured by the FDIC. At its discretion the City may require a higher level of collateralization for certain investment securities. Securities pledged as collateral shall be held by the depository bank or an independent third-party with which the City has a current custodial agreement. The Investment Officer(s) are responsible for entering into collateralization agreements with third-party custodian in compliance with this Policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. Collateral shall be reviewed at least annually to assure that the market value of the pledged securities is adequate.

### **Collateral Defined [PFIA 2256.009]**

The City shall accept only the following types of collateral:

- FDIC and FSLIC insurance coverage.
- Letter of Credit issued by a federal home loan bank.
- Obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas.

- Direct obligations of the United States or other obligations of the United States, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States.
- Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States with a remaining maturity often (IO) years or less
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized rating firm not less than A or its equivalent

All collateral shall be **subject to inspection and audit** by the City's independent auditors.

### **13. Reporting [PFIA 2256.023]**

The Investment Officer shall provide to the City Council investment reports no less than quarterly which provide a clear picture of the status of the current investment portfolio and conform to requirements of the Public Funds Investment Act. The management report should summarize investment strategies employed in the most recent quarter.

Schedules in the report should include detail and summary information including the following:

- A listing of individual securities held at the end of the reporting period.
- Unrealized gains or losses resulting from appreciation or depreciation by listing The beginning and ending book and market value of securities for the period.
- Additions and changes to the market value during the period.
- Average weighted yield to maturity of portfolio as compared to applicable benchmark.
- Listing of investments by maturity date.
- Fully accrued interest for the reporting period.
- The percentage of the total portfolio that each type of investment represents.
- Statement of compliance of the City's investment portfolio with state law and the investment strategy and policy approved by the Council.

The report will be prepared jointly by all involved in the investment activity and be signed by all Investment Officer(s) as in compliance with the PFIA and this Policy. Prices used for the calculation of market values shall be obtained from an independent source.

### **14. Investment Policy Adoption [PFIA 2256.005(e)]**

The City's Investment Policy shall be adopted by resolution annually by the City Council. The City's investment policy shall be subject to revisions consistent with changing laws, regulations, and needs of the City. The Council shall adopt a resolution stating that it has

reviewed the policy and investment strategies annually, approving any changes or modifications.

*ADOPTED BY COUNCIL DECEMBER 21, 2023*

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Mayor Laurie Bianco

Date

**BROKER/DEALER CERTIFICATION FORM**  
**As required by Texas Government Code 2256.005(k)**

**City of Dalworthington Gardens** (the "City")

\_\_\_\_\_ (the "Firm")

I, as a registered principal or authorized representative for the Firm hereby certify that I and the broker covering this account have received and reviewed the Investment Policy of the City.

We acknowledge that this firm has implemented reasonable internal procedures and controls in an effort to preclude investment transactions conducted between this Firm and the City that are not authorized by the City's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.

Signature \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Firm Name: \_\_\_\_\_

Date: \_\_\_\_\_

**LIST OF FINANCIAL INSTITUTIONS AND/OR BROKER/DEALERS**

**Banks:**

**Susser Bank**

CDARS-Certificate of Deposit Account Registry Service

**Texas Public Funds Investment Pools:**

LOGIC (Local Government Investment Cooperative)

TexSTAR

**Broker/Dealers:**

*N/A*