
CITY OF PORT LAVACA

COUNCIL MEETING: JANUARY 9, 2023

DATE: 1/6/2023

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: SUSAN LANG, FINANCE DIRECTOR 

SUBJECT: CONSIDER AWARD OF THE BANK DEPOSITORY CONTRACT AND EXECUTION OF DEPOSITORY AGREEMENT AND DEPOSITORY PLEDGE AGREEMENT FOR CITY FUNDS

Background:

The City executed a depository contract with First National Bank (FNB) on January 22, 2018 to be effective February 1, 2018 for a term of five (5) years. The City's depository Contract with First National Bank will be expiring January 31, 2023.

On June 15, 2022, the City advertised in the newspaper and on its website seeking proposals (RFP) for depository services. Additionally, the city emailed the RFP directly to: First National Bank, IBC Bank and Prosperity Bank. The deadline to receive proposals was July 28, 2022.

The reasoning behind such a long lead time between the RFP and the expiration of the depository contract was to allow ample time to transition to a new bank, if it was advantageous. However, the City only received one response to the RFP, which was our current depository, First National Bank.

The Finance Committee met on 8/31/22 to review and discuss the depository proposals received. Questions were asked as to our process and why only one proposal was received. We noted that Prosperity Bank had asked for and received three (3) months' worth of our bank statements in response to receiving our RFP, but failed to return a response.

Staff has provided the depository agreement and depository pledge agreements for review. These documents are in accordance with State and Federal regulations governing public funds and have been reviewed by the City's attorney.

Financial Implications:

The City has had a long relationship with FNB and feels the bank is solid partner. The bank has offered two options for interest earnings on our demand deposits: Option 1: Fixed Rate of 1.50%, Option 2: Variable Rate 13 week US Treasury Bill minus 1.00%. Whichever option we choose will remain effective for two (2) years. Currently, the City has had a variable rate option based upon the 13 week US Treasury Bill minus 2.00%, which led the City to receiving no interest earnings for over a year.

If the depository contract is accepted, it is recommended that we choose Option 1: Fixed Rate of 1.50% for two years. According to the City's Investment Policy and Strategy, the four primary objectives, listed in order of their priority are: safety, liquidity, diversification and yield. Following these principles, it is recommended that we reduce our risk of no return on our investment, with a smaller guaranteed yield.

Comprehensive Master Plan:

Promoting Quality of Life and Protecting Investments.

Recommendation:

Staff recommends a motion to: Award the Bank Depository Contract to First National Bank in Port Lavaca for a five (5) year period beginning February 1, 2023 and ending January 31, 2028, approval of the 1.50% fixed earnings rate for two (2) years and authorize the execution of the Depository Agreement and Depository Pledge Agreement regarding the same.

Attachments:

Depository Agreement

Depository Pledge Agreement

Response to RFP

BANK DEPOSITORY AGREEMENT

This Bank Depository Agreement (Agreement) is made and entered into this 9th day of January 2023 by and between the City of Port Lavaca, Texas (City) and First National Bank in Port Lavaca, Texas (Bank) a bank chartered by the State of Texas and having a place of business in the City of Port Lavaca, Calhoun County, Texas.

Section I Designation as Depository

The City, through action of its City Council, hereby designates the Bank as its depository for banking services for a five (5) year period, commencing on February 1, 2023 and terminating on January 31, 2028.

Section II Designation of Custodian

The City and Bank hereby designate the BNY Mellon's Pershing (the "Custodian") to hold in trust, according to the terms and conditions of the City Request for Proposal dated June 15, 2022, (the "RFP") and pursuant to a separate Municipal Depository, attached as Exhibit A, all securities pledged as depository collateral in accordance with the City's Investment Policy.

Section III Collateral

City time and demand deposits, inclusive of interest, in excess of the Federal Deposit Insurance Corporation insurance shall be secured at all times by collateral, acceptable to the City and in accordance with the Public Funds Collateral Act (Texas Government Code 2257), pledged by the Bank and held in trust by the Custodian in an amount equal to at least 105% of the total of those funds. Custodian will provide a monthly report of the collateral directly to the City.

Such pledged securities shall be subject only to the joint written instructions of both (a) authorized representatives of the City and (b) specifically authorized representatives of the Bank. The Bank shall have the right to substitute or replace, any or all of the pledged securities with collateral of like securities of equal or greater value as acceptable to the City and in accordance with the Public Funds Collateral Act (Texas Government Code 2257). The release of Pledged Securities, without substitution or replacement, must have prior written consent by the City.

Section IV Financial Position

The Bank shall provide the City a statement of its financial position on at least a quarterly basis. The Bank shall provide an annual statement audited by its independent auditors including a letter as to its "fair representation".

Section V Authorized City Representative

For the term of this Agreement, the City and Bank designate the individuals as listed in Exhibit B as authorized to represent and act for the City in any and all matters including collateral assignment and substitution, execution of agreements and transfer of funds. Any change in these representatives must be made in writing.

Section VI Scope of Services

The Bank's response to the City's RFP, dated June 15, 2022 (the "Response") is incorporated into this Agreement for all purposes, including service charges, time deposit, demand deposit and loan rates, and attached as Exhibit C. If any provisions of

the Response and this Agreement are in conflict, this Agreement shall control.

The Bank shall faithfully perform all of its duties and obligations required by the laws of the State of Texas for public funds depositories and shall upon presentation pay all checks drawn on it against collected funds on demand deposits, and shall, at the expiration of the Agreement, turn over to its successor all funds, City-owned securities, property, and things of value held as depository.

The City shall have the power to determine and designate the character and amount of the funds to be deposited in the Bank. The City may arrange for time deposits and Bank may accept such deposits subject to the terms of the Bank's Response.

This Agreement, along with all Exhibits and other incorporated documents shall constitute the entire Agreement between the parties.

Section VII Bank Compensation

Bank will be compensated for any and all services rendered to City under this Agreement. Bank agrees to offset monthly service fees against its customary earnings credit for balances in City's on-interest bearing accounts.

FEE BASIS LANGUAGE

Bank will be compensated for any and all services rendered to City under this Agreement on a cost per item or monthly charge basis as set forth in the service charges of the Bank's Response.

For new services not defined in this Agreement shall be negotiated by the City and Bank and mutually agreed upon in writing, but in no case shall the charge be in excess of the then current published price by the Bank.

Section VIII Default

Bank shall be in default if it fails to pay all or part of a demand deposit, a matured time deposit, or a matured certificate of deposit, including accrued but unpaid interest, at a specified maturity date. The Bank shall also be in default if ruled "bankrupt", "insolvent" or "failed" by a federal or state banking regulator, or if a receiver is appointed for the Bank.

In the event of a default, failure or insolvency of the Bank, the City shall be deemed to have vested full title to all securities pledged under this Agreement. The City is empowered to take possession of and transfer and or sell any and all securities. If the security is liquidated, any proceeds over the defaulted amount, plus expenses related to liquidation, shall be returned to the Bank. This power is in addition to other remedies which the City may have under this Agreement and without prejudice to its rights to maintain any suit in any court for redress of injuries sustained by the City under this Agreement.

Section IX INTENTIONALLY OMITTED

Section X Notice

Any notice required to be given to Bank in writing shall be sufficient when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the Bank at the address shown below. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other

commercially reasonable means and will be effective when actually received.

First National Bank in Port Lavaca
Attn: Bank Officer
1101 So. Hwy 35 Bypass
Port Lavaca, Texas 77979

Any notice required to be given to City in writing shall be sufficient when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the City at the address shown below. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received.

City of Port Lavaca
Attn: Finance Director
202 North Virginia
Port Lavaca, Texas 77979

Section XI Non-Assignability

This Agreement is not assignable in whole or in part but is binding on the parties, their successors and assigns.

Section XII Termination

This Agreement may be terminated by either the City or the Bank by giving ninety (90) day's prior written notice to the other Party.

Section XIII Law Governing

All applicable provisions and requirements of the laws of the State of Texas governing depositories for the City shall be a part of this Agreement. Venue for any dispute under this Agreement shall be brought in a state district court in Calhoun County, Texas.

Section XIV Bank Authorization

The Bank represents and warrants that this Agreement is made pursuant to and is duly authorized by the Board of Directors of the Bank and recorded in the official records of the Bank.

CITY

BANK

Jack Whitlow, Mayor

Name and Title

ATTEST:

ATTEST:

Mandy Grant, City Secretary

EXHIBIT B

AUTHORIZED REPRESENTATIVES

The following individuals are authorized representatives of the City empowered to direct the Bank and the Custodian for the Bank, in regard to collateral pledges, releases and substitutions in the joint safekeeping account as well as authorized to represent and act for the City in any and all matters including execution of agreements and transfer of funds.

City Representative's Signature

Name and Title

Susan Lang, Finance Director

Jack Whitlow, Mayor

Joanna P. "Jody" Weaver, P.E. Interim
City Manager

Bank Representative's Signature

Name and Title

Exhibit A

Municipal Depository Pledge Agreement

DEPOSITORY PLEDGE AGREEMENT

WHEREAS, this Depository Pledge Agreement ("Agreement") is entered into on the 1st day of February 2023, by and among City of Port Lavaca ("City"), a Texas Municipal Government; First National Bank in Port Lavaca ("Bank"), and BNY Mellon's Pershing (the "Safekeeping Institution").

WHEREAS, the City has selected the Bank, a national banking association or state chartered bank, as a depository for certain of its funds to be held in demand deposits or interest-bearing time deposits as follows:

Account Name(s)	Type of Account	Account Number
Consolidated Cash	Public Funds	001-3129
Payroll Account	Public Funds	001-3110
Firemans Relief and Retirement Fund	Public Funds	001-3137
Flip Flop Festival	Public Funds	001-4125
Health Insurance	Public Funds	001-3145

and such additional accounts as the City may from time to time designate, and the Bank desires to be the depository of such funds;

WHEREAS, the City has deposited and might in the future deposit public funds in the Bank in amounts exceeding the applicable insurance provided by the Federal Deposit Insurance Corp. (FDIC) as may be applicable from time to time;

WHEREAS, the City has requested that its deposits in excess of the FDIC insurance be otherwise secured;

WHEREAS, the excess funds deposited with the Bank must be continuously secured by a valid pledge to the City of collateral which, under the laws of the State of Texas, can be used to secure the excess deposits of the City, and the aggregate market value, exclusive of accrued interest, of the collateral shall at all times be equal to or in excess of such total excess funds of the City on deposit with the Bank; and

WHEREAS, to the extent the Bank uses eligible securities to secure the City's deposit of excess funds, the Bank will place the above securities for safekeeping in a custodial account at the Safekeeping Institution, which is another financial institution not owned or controlled by the Bank or its holding company; and

WHEREAS, to the extent the Bank uses a letter of credit issued by an agency or instrumentality of the United States of America to secure the City's deposit of excess funds, such letter of credit shall meet the requirements set forth in this Agreement and shall be held by the City;

NOW, THEREFORE, for value received and in consideration of the mutual promises and covenants herein contained, the City, the Bank and the Safekeeping Institution agree as follows:

1. **SECURITY.** The Bank hereby pledges to the City securities (the "Pledged Securities") with a market value, exclusive of any accrued interest, equal to at least 105 percent of City deposits in excess of FDIC insurance less the face value of any letter of credit issued on behalf of the City for the account of the Bank by an agency or instrumentality of the United States, including the BNY Mellon's Pershing.

2. **SAFEKEEPING PROVISION.** The Bank will place the Pledged Securities with BNY Mellon's Pershing (the "Safekeeping Institution") for safekeeping. Except as provided in paragraph 9 disposition of the Pledged Securities shall be subject only to the joint written instructions of both (a) an authorized individual appointed by the City, and (b) a specifically authorized officer of the Bank. The Safekeeping Institution named herein hereby agrees to hold all securities deposited with it pursuant to the terms of this Agreement, to identify the pledge of the securities on the books of the Safekeeping Institution, to issue a trust receipt for such Pledged Securities and to deliver the Pledged Securities in accordance with the terms hereof. The Safekeeping Institution agrees to serve as collateral agent for the City and to take any additional measures necessary to allow the City to perfect its security interest in the securities.

3. **STATEMENTS.** Contemporaneously with the execution of this Agreement and at the time of the substitution or release of any of the Pledged Securities, the Bank shall execute and deliver to the City a memorandum describing the securities deposited to the Safekeeping Institution as Pledged Securities or withdrawn as Pledged Securities from the Safekeeping Institution. The Bank agrees to furnish to the City a statement describing the Pledged Securities held in safekeeping in the Safekeeping Institution on at least a monthly basis. The statement will include par value, market value, and maturity date. The same statement will also be available upon demand of the City.

4. **FINANCIAL POSITION.** The Bank will provide a statement of its financial position on at least a quarterly basis. The Bank will provide an annual statement audited by its outside auditors including a statement by its outside auditors as to its "fair presentation."

5. **SUBSTITUTION.** The Bank shall have the right to purchase and sell, and substitute or replace, any and all of the Pledged Securities with like securities of equal or greater value as acceptable to the City and in accordance with the Public Funds Collateral Act (Texas Government Code 2257). A written notice stating the par value, maturity date and market value on the date of substitution must be sent to the City by the Bank evidencing any substitution or exchange. The substituted securities shall become Pledged Securities and thereafter shall be subject to all the terms and conditions of this Agreement. The release of Pledged Securities, without substitution or replacement, must have prior written consent by the City.

6. **LETTER OF CREDIT.** The Bank may provide to the City as eligible security for City deposits in excess of the FDIC coverage one or more letters of credit for the benefit of the City and for the account of the Bank issued by the BNY Mellon's Pershing (each a "Letter of Credit"). The face amount of the Letters of Credit outstanding at any time shall be equal to no less than the amount of the City's deposits in excess of FDIC coverage, including accrued interest, less the market value, exclusive of accrued interest, of any Pledged Securities. Each Letter of Credit shall be irrevocable and shall provide that the City may draw an amount up to the face amount of the Letter of Credit after an event of default specified in paragraph 8 upon presentation of a draw request and the original Letter of Credit. The Bank agrees that the City shall have the right to direct that the proceeds of a draw request be deposited in an account designated by the City in its sole discretion. Each Letter of Credit shall be held by the City and shall be valued at its face value.

7. **REPRESENTATIONS.** The Bank represents to the City:

- (a) That the Bank is the sole legal and actual owner of all securities pledged to the City;

- (b) That no other security interest has been, nor will be, granted in that portion of the Pledged Securities utilized to collateralize City deposits;
- (c) That City deposits at the Bank not in excess of \$250,000, or such other amount as may be applicable from time to time, are insured by the FDIC.

DEFAULT. The Bank shall be in default if it fails to pay all or any part of a demand deposit, a matured time deposit, or a matured certificate of deposit, including earned interest, at the specified maturity date. The Bank shall also be in default if ruled “bankrupt,” “insolvent” or “failed” by Federal Banking Regulators.

8. **PROCEEDS.** In the event of a default, failure or insolvency of the Bank, the City shall be deemed to have vested full title to all Pledged Securities. The City is hereby empowered to take possession of and transfer or sell any and all Pledged Securities. If the security is transferred, ownership of the security will transfer entirely to the City. If the security is liquidated, any proceeds over the value of the defaulted amount of the matured investment, including accrued interest, plus expenses related to the liquidation transaction, shall be returned to the Bank. This power is in addition to other remedies which the City may have under this Agreement and without prejudice to its rights to maintain any suit in any court for redress of injuries sustained by the City under this Agreement.

9. **DUTIES.** The Bank shall faithfully do and perform all of the duties and obligations required by the laws of the State of Texas for depositories of the City, and shall upon presentation pay all checks drawn on it by the duly authorized representatives of the City against collected funds of the City on demand deposit, and shall at the expiration of the term for which it has been chosen as depository of the City turn over to its successor all

funds, property and things of value coming into its hands as depository; however, the Letter of Credit shall be non-cancellable during its term.

10. **NON-ASSIGNABILITY.** The collateral agreement is not assignable in whole or in part but is binding on the parties hereto, their successors and assigns.

11. **TERMINATION.** This agreement may be terminated by either the Bank, the City or the Safekeeping Institution by giving thirty (30) days prior written notice to the other parties. The Bank shall be responsible for all costs necessary in the use or confirmation of the Letters of Credit and agrees that these costs shall not be a charge against the City.

12. **LAW GOVERNING.** All applicable provisions and requirements of the laws of the State of Texas governing depositories for the City shall be a part of this Agreement.

13. **AUTHORIZATION.** The Bank represents and warrants that this Agreement is made pursuant to and is duly authorized by the Board of Directors or the Loan Committee, which approval is reflected in the minutes of said Board or committee of the Bank. The Bank further warrants and represents that this Agreement has been continuously, from the time of its execution, an official record of the Bank.

14. **SAFEKEEPING FEES.** Any and all fees of the Safekeeping Institution in connection with the safekeeping of Pledged Securities for the benefit of the City shall be borne by the Bank.

15. **SOLE AGREEMENT.** This is the sole Depository Pledge Agreement among the parties and supersedes any and all prior agreements.

WITNESS the execution hereof this 9th day of January, 2023.

CITY OF PORT LAVACA

By: _____
Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary

First National Bank in Port Lavaca

By: _____
Name: _____
Title: _____

ATTEST:

BNY Mellon's Pershing SAFEKEEPING
INSTITUTION

By: _____
Name: _____
Title: _____

ATTEST:

ADDENDUM A-1

At its City Council meeting on January 9, 2023, the City Council of Port Lavaca ("City") designated the following individuals as authorized representatives pursuant to Section 2 of that certain Depository Pledge Agreement dated as of February 1, 2023, to direct BNY Mellon's Pershing ("Safekeeping Institution") in regard to collateral pledges, releases and substitutions in the joint safekeeping account and to accept letters of credit provided as collateral on behalf of the City. Such pledges, releases and substitutions shall follow procedures set forth in the Depository Pledge Agreement.

Authorized Representative's Signature

Name and Title

Susan Lang, Finance Director

Jack Whitlow, Mayor

Joanna P. "Jody" Weaver, P.E. Interim City
Manager

By: _____
Mandy Grant, City Secretary
City of Port Lavaca

ADDENDUM A-2

The following individuals are authorized representatives of First National Bank in Port Lavaca pursuant to Section 2 of that certain Depository Pledge Agreement dated as of February 1, 2023, to direct BNY Mellon's Pershing ("Safekeeping Institution") in regard to collateral pledges, releases and substitutions in the joint safekeeping account and to accept letters of credit provided as collateral on behalf of the Bank. Such pledges, releases and substitutions shall follow procedures set forth in the Depository Pledge Agreement.

Authorized Representative's Signature	Name and Title
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By:

Authorized Officer
First National
Bank Port Lavaca

Exhibit C

Bank's Response to City's RFP



CITY OF PORT LAVACA
202 N VIRGINIA ST
PORT LAVACA, TEXAS 77979

ATTACHMENT A

SUBMITTAL COVER / SIGNATURE SHEET

ISSUE DATE:	JUNE 15, 2022	Request For Proposal Title DEPOSITORY PROPOSAL
DATE OF CLOSING: TIME OF CLOSING:	JULY 28, 2022 (No later than) 2:00 p.m. CDT	DEPARTMENT: FINANCE
SUBMIT TO:	City of Port Lavaca 202 Virginia St Port Lavaca, TX 77979	

READ AND SIGN BELOW. UNSIGNED COVER SHEETS WILL NOT BE ACCEPTED.

Legal Name of Firm:	First National Bank in Port Lavaca		
Address:	1101 South HWY 35 Bypass		
City:	Port Lavaca		
State:	TX	Zip Code:	77979
Contact Person:	Richard T Cullen		
Office Phone Number:	361-552-8533	Alternate Phone Number:	
E-Mail Address:	tcullen@fnbportlavaca.com Fax Number: 361-552-8507		

Signature of Authorized Individual

7/26/22

Date

Richard T. Cullen

Typed Name of Authorized Individual

President

Typed Title of Authorized Individual

TABLE OF CONTENTS

SECTION	Page #
I. Introduction	3
II. Schedule	4
III. Criteria for Evaluation	4
IV. City Account Information	5
V. Bank Service Requirements	5
VI. Investment Activities	7
VII. Collateral Requirements	7
VIII. Other Services	9
IX. Other Stipulations	9
X. Bidding Instructions/Submission Checklist	10
XI. Exhibit A – Depository Proposal Form	11
ATTACHMENTS:	
Submittal Cover / Signature Sheet	Attachment A
Regulatory Compliance and Criminal History Warranty	Attachment B
Respondent Questionnaire	Attachment C
Litigation Disclosure	Attachment D
Insurance Requirements	Attachment E
Indemnification Requirements	Attachment F
Conflict of Interest Questionnaire	Attachment G
Vendor Acknowledgement Form	Attachment H
Proposal Checklist	Attachment I

I. Introduction

A. Proposal Request

The City of Port Lavaca, Texas (the "City") is seeking proposals 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 possible other items listed in Section VI Investment Activities. The City plans to manage its own investment portfolio per its investment policy.

The philosophy incorporated into this Request for Proposal (RFP) is to solicit competitive proposals for providing excellent customer service and banking services to the City. 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.

This RFP is intended to serve as the Proposal Form (see Attachment A) and subsequently, 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.

Proposals must be complete, specifically address the requirements described in this document, and include all requested information as detailed in Section X Submission Checklist to receive full consideration by the City in the evaluation/selection process. During the 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 Susan Lang, Finance Director, City of Port Lavaca, 202 N. Virginia St., Port Lavaca, Texas 77979, telephone (361) 552-9793, or by e-mail slang@portlavaca.org. Contact with any personnel, officers, or officials of the City of Port Lavaca, 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 Port Lavaca shall have a financial interest, direct or indirect, in any contract with the City of Lavaca.

B. Term of Contract

The contract period shall be for a five-year term once the contract has been executed

Delete

according to state laws. ~~The Depository contract shall provide that the City reserves the right to cancel any agreement, at any time, upon ninety (90) days prior written notice of its intent to terminate any agreement.~~ Further, the agreement will have a six-month extension period for transition to the new depository bank at the end of the term if needed.

C. Proposal Objectives

The City wishes to communicate the primary objective of the Depository RFP, an important component of the overall treasury program of the City is:

1. To seek a bank that is capable of providing excellent banking services and willing to be attentive to the City's financial matters;
2. To maximize the total dollars earned by the City on account balances in order to be prudent and effective custodians of the financial resources;
3. To maintain an excellent working relationship with the Depository;
4. To adequately compensate the Depository for services provided, subject to competitive forces in the market place; and
5. To fully comply with the requirements of the Texas Local Government Code Chapter 105, as amended.

II. Schedule

Estimated timeline of important dates for this proposal.

<u>Date</u>	<u>Description of Events</u>
June 15, 2022	Advertise Bank Depository notice in a newspaper of general circulation in the City limits and on city website.
July 28, 2022	Receive proposals from interested Depositories no later than 2:00 p.m. at City Hall Administrative Offices.
September 26, 2022	City Staff presentation to City Council

III. Criteria for Evaluation

- A. Required Criteria include: 30 Points
1. Branch within City limits,
 2. Ability to provide sufficient collateral for deposits, and
 3. Financial strength and stability of proposing Depository.
- B. Critical Criteria include: 40 Points
1. Ability to perform and provide the requested services in the RFP,
 2. Cost of the proposed Depository services and the cost of conversion and implementation of services,
 3. Providing Excellent Customer Service,
 4. Online banking services,
 5. Fraud Prevention Service,
 6. The implementation plan/process if your Depository is chosen,
 7. Depository does not have any significant problems noted by regulatory agencies in the past 24 months,

8. Offer any type of sweep account where excess City funds could be invested at a higher rate than in the checking account.

C. Important Criteria include: 30 Points

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

IV. City Account Information

A. Operating Account

The City intends to have one operating account and one zero-balance payroll account to handle City banking business. All services requested in the RFP may be used in all of the accounts. The City reserves the right to open or close any number or types of accounts as it deems necessary through the term of the agreement. No changes or additions are anticipated at this time.

V. Banking Service Requirements

Banking services to be provided are listed on the Proposal 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.

A. On-line Banking

The institution shall offer Internet access for the inquiry of account balances and activity for all bank accounts. This access should be available by using a password set by the City. In addition, the institution shall offer on-line transfer of City monies between accounts held within the institution. The transfers should be credited and debited to the related accounts on the same business day of the transfer, if the request is received by 5:00 pm.

B. On-Line balance reporting system which will provide information reporting services including but not limited to:

1. Previous Day Balance Report,
2. Current Day Balance Report,
3. Debit and Credit Detail,
4. Stop Payment Status Report,
5. ACH Activity Report, and
6. Positive Pay Activity Report (WILL NOT BE AVAILABLE IF DONE ON CORE)
7. Monthly Statement

Include a sample account balance screen, sample account activity screen, sample

transfer screen and on-line transfer agreement.

- C. Processing of all deposited items on checks and cash to include encoding services and return of stamped duplicate deposit slip to the City deposit.
- D. General Automatic Clearing House (ACH) services which may include:
 - 1. Payroll direct deposit file (ACH Credit) transmitted to the bank every other Wednesday for Friday payment,
 - 2. Utility billing automatic drafts (ACH Debit) transmitted to the bank on various days with withdrawal from accounts, and
 - 3. Various ACH credits and debits from various approved agencies, and companies such as State and Federal agencies, investment pools, and credit card processing centers.
- E. General Wire Transfer services which may include:
 - 1. Repetitive and non-repetitive outgoing wire transfers via Internet or facsimile to allow initiation of wire transfers, or
 - 2. Repetitive and non-repetitive incoming wire transfers, with
 - 3. Notification to the City of wiring problems within one (1) hour of the transaction.
- F. 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 three (3) business days with a complete description of non-payment. The City shall receive same day telephone notification of all return items in excess of \$2,000.
- G. Account Reconciliation services
 - 1. Bank Statement on the account shall be addressed as follows: City of Port Lavaca, Texas, Attn: Finance Department, 202 N. Virginia St., Port Lavaca, Texas 77979 and shall be rendered within seven (7) 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.
 - 2. Checks shall be arranged in ascending numerical order upon their return to the City. If actual checks are returned they shall accompany the statement. ~~If images of checks are returned to the City the image must show front and back,~~ the Depository shall safe 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.
- H. 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 their policies for notification of exceptions.
- I. 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 biographies of such personnel, contact information, and their back-ups. The Depository shall be responsible for communicating the terms of this contract to their employees.

- J. 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. Account analysis statements should include any safekeeping fees charged to the City and should not be deducted from each security settlement.

VI. Investment Activities

- A. 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.
- B. 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.
- C. 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.
- D. Certificates of Deposits (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. 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

- A. Security shall be pledged by the Depository as security for the deposits of the City in an amount equal to the largest total balance of the City's account, less the amount coverage provided by the FDIC. If securities comprise the pledge of security, they shall be valued at par or market, whichever is lower.
- B. Eligible Collateral shall be at least 105% of combined City balances.
1. Those securities identified in the Public Funds Investment Act as eligible investments for both CD's and 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. Repurchase agreements are not acceptable as collateral to the City. The City shall accept the following securities as collateral:
 - a. United States Treasury notes, bills, bonds, or obligations fully and unconditionally guaranteed as to principal and interest by

the full faith and credit of the United States;

- b. Obligations of the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation or Federal National Mortgage Association;
- c. FDIC coverage; and
- d. Bonds of the State of Texas or of a county, city, and other political subdivision of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent) by a nationally recognized rating agency with a remaining maturity of 10 years or less.

e. If securities are pledged for collateral:

1) Collateral Security Safekeeping must be held by a third party financial institution pursuant to a safekeeping agreement signed by the Depository and the City.

Delete

~~2) Original Copy of Security Receipt must be filed with the City's Finance Office.~~

3) 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 a designated representative. This report should reflect the following information at the end of each month:

- i. Total pledged securities itemized by:
- ii. Name,
- iii. Type/ Description/ CUSIP Number,
- iv. Par Value,
- v. Market Value,
- vi. Maturity Date, and
- vii. Rating from nationally recognized rating agency (if applicable).

2. A letter of credit from the Federal Home Loan Bank) or comparable entity, or

C. Charges for Pledge Security shall be paid by the depository.

Delete

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

E. 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

- A. Supplies needed by the City include but are not limited to:
 - 1. 3 Locking Bank Bags and/or Security Sealing Depository Bags, and
 - 2. Deposit Slips.
- B. Sweep Accounts have not been used by the City in the past; however, the City does have an interest in the possibility of using overnight sweep activities within the City's Investment Policy guidelines. Please provide the capability of your Depository to provide this service, the options available, current sweep account interest rates, and the pricing of this service.

IX. Other Stipulations

- A. 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.
- B. 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.
- C. Right to Review shall be retained by the City whereas the City may require a meeting with the Depository and the City to evaluate the working relationship between the two parties.
- D. 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.
- E. 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.
- F. 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.
- G. 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.
- H. Contract not Exclusive This banking services request is for the primary depository for the public funds of the City, but the City reserves the right to establish banking accounts and other banking relationships from time to time with other banks.

EXHIBIT A – Depository Proposal Form

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

Description of Activity	Deadline
<i>Example: ACH Initiation</i>	<i>2:00 p.m. Business Day Prior to Transaction</i>
Credit Posting	6:00 pm
Debit Posting	6:00 pm
Wire Transfer Acceptance	4:00 pm
Wire Transfer Initiation	2:00 pm
ACH Acceptance	5:30 pm
ACH Initiation	4:00 pm
Direct Deposit Payroll Transfer	4:00 pm Business Day Prior to Transaction
Utility Billing Draft	4:00 pm Business Day Prior to Transaction
Other:	
Positive Pay	3:00 pm

2. What is the earnings rate and please explain your Depository's Policy and Methodology used in setting of the earnings credit rate (Important Criteria #1):
- The depository will offer options for interest to be paid on accounts with a minimum balance of \$1,000.00 of fixed rate or variable rate or for term of contract.

Option 1: Fixed Rate 1.50%

Option 2: Variable Rate 13 week U S Treasury Bill minus 1.00%

3. Does your depository offer a fixed or higher rate of interest if the City agrees to maintain a specified balance? (Important Criteria #1) Please explain:

No

4. Provide the name, hours of operation, and location of the depository:

First National Bank in Port Lavaca
1101 South HWY 35 Bypass Port Lavaca
Lobby 9:00 am to 2:00 pm (M-F)
Mini Bank & Drive In 7:30 am to 6:00 PM (M-F) 9:00 am to 12:00 pm (Sat)

5. Provide the name, hours of operation, and location of the disbursement bank which would be handling the City's checks (Critical Criteria):

First National Bank in Port Lavaca
1101 South HWY 35 Bypass Port Lavaca
(M-F) (Sat)
Lobby 9:00 am to 2:00 pm
Mini Bank & Drive In 7:30 am to 6:00 pm 9:00 am to 12:00 pm

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

All Federal Holidays

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 (Critical Criteria)?

No

8. How long are stop payment orders effective? Does the bank offer automatic stop payment with Internet banking (Critical Criteria)?

Checks: 6 months
ACH: no expiration date
Banks does offer stop payment on Internet Banking (Signed Stop
Payment form must be received within 14 days)

9. State whether the bank would offer any type of special checking, money market, loan account, or any other incentive for City employees (Important Criteria):

No

10. Does the Depository offer any type of sweep account where excess City funds could be invested at a higher rate than in the checking account (Important Criteria)? Please explain the parameters and interest earnings of such an account:

No

11. What branch is closest to City Hall for daily deposits and business transactions (Required Criteria)?

1101 South HWY 35 Bypass
Port Lavaca

12. Does the Depository have any significant problems noted by regulatory agencies in the past 24 months (Critical Criteria)? If "yes", please explain:

No

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

	2020	2021
Capital/Asset Ratio	10.76%	9.36%
Return on Assets Ratio	1.17%	1.04%

14. Please provide a short summary of your financial institution's profile, where it is headquartered, main bank representative(s) who will be the City's point of contact. (Critical Criteria):

First National Bank in Port Lavaca is a locally own community bank.

The bank's main office is located in Port Lavaca and has been doing business in Calhoun for over 64 years.

The City's main contact are Edward Gonzales & Lisa Rodgers for Cash Management.

15. Please list any further important information regarding your institution's financial strength which may include debt ratings, loan loss reserves, etc. (Critical Criteria):

See Attached Financial Statement

16. Please list any further important information regarding your institution's strength which may include debt ratings, loan loss reserves, etc... (Critical Criteria)

17. 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: 2 ? The maximum of the net overdraft to be allowed: \$.00 . The interest rate charged for overdrafts would be .00% per annum computed on an actual day basis for the days and amount of the overdraft. (Critical Criteria)

18. Describe the implementation plan/process you would recommend the City follow if your Depository is chosen by City Council for implementation of contract (Critical Criteria):

First National Bank in Port Lavaca is current depository, so no
implmentation plan would be required.

19. Please list other Municipal Governments in Calhoun County who the City can call for recommendations (please give name, title, and contact number):

<u>City of Seadrift</u>	<u>City of Point Comfort</u>
<u>Gabrieal Torres, Secetary</u>	<u>Robby Ignacio Silva</u>
<u>361-785-2051</u>	<u>361-987-2661</u>

20. Is your Depository able to meet the legal qualifications and terms and conditions specified in this RFP (Required Criteria # 1):

Yes

21. Is your Depository able to provide sufficient collateral for deposit as described within the RFP and list type you propose? Yes

22. Is your Depository able to provide the security clearance and safekeeping procedures described in this RFP? Yes

23. Services and Fees Chart (Critical Criteria #1 & #2 and Important Criteria #6)

Service	Estimated Monthly Volume	Unit Price	Extended Estimated Monthly Charges
On-line Account Maintenance View 4 accts	Daily		
Statements rendered for 4 operating accts.	4		
Average Daily Balance	\$8.0 to \$9.0 million		
Account Analysis Statement 4 accts	Monthly		
Are online reports exportable to excel?	Yes or No (circle one)		
Daily Manual Deposits each business day with 1 to 5 deposit slips in each lock bag	Daily		
Credits Posted/Debits Posted	500		
On US Deposited Items			
Total Deposited Items	250		
Night Drop Box Deposit	0	15.00	6 Bags @ no cost per any additional
Incoming/Outgoing Wires	5	2.00 10.00	Incoming Outgoing
Positive Pay for 3 accounts	350		See Attachment
ACH Return Items	2	2.00	
ACH Incoming credits/debits	200		
Return Items/Reclear Items	3		
ACH Blocking/Fraud Prevention			
ACH Filtering			
ACH Origination Items	650		
Stop Payments	2	30.00	
Sorted Checks	(please circle if physical or image)		
How long are check/deposit images kept online?	7 years		
Customer Service hours/staffing/physical/location	8:00 am to 4:00pm 9 employees Port Lavaca Location		
Value of Pledged Collateral of total combined City Balances (must be at least 102%)			
*OTHER SERVICE FEES	See Attachment		
Total Estimated Monthly Charge			\$

Overview

Accounts ▾

Bills & Payments

Move Money ▾

Cash Management ▾

All Accounts ▾

Search by account



Sort By Account Number ▾

Checking ▴▾

Available

Account Balance

PAYROLL

*3110 ⓘ

\$ [REDACTED]

\$ [REDACTED] ▾

POOLED CASH

*3129 ⓘ

\$ [REDACTED]

\$ [REDACTED] ▾

FIREMAN'S RETIREMENT

*3137 ⓘ

\$ [REDACTED]

\$ [REDACTED] ▾

Checking

*3145 ⓘ

\$ [REDACTED]

\$ [REDACTED] ▾

Flip Flop

*4125 ⓘ

\$ [REDACTED]

\$ [REDACTED] ▾

TOTAL

\$ [REDACTED]

\$ [REDACTED]

PAYROLL

3110 More Details

\$

Account Balance

\$

Available Balance

as of 7/25/2022 2:51 PM

Activity

Cards

Alerts

Statements

Stop check payment

Future view

Find transaction

Q 06/25/2022-08/01/2022

More options

Transfer In

Transfer Out

View Report


Download


View All


Date	Description	View All	Category		Debit	Credit	Balance
07/25/2022	Pending: Miscellaneous Debit # 17993						
07/22/2022	Daily Ledger Balance						
07/22/2022	Check # 17992		Select one				
07/22/2022	Check # 17991		Select one				
07/22/2022	Check # 17987		Select one				
07/22/2022	Check # 17994		Select one				
07/22/2022	ONLINE TRF PAYROLL DD /PAYROLL DD -CITY OF PORT LAVACA		Select one				
07/21/2022	Daily Ledger Balance						


Transfers

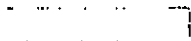
Schedule Single Transfer


From: POOLED CASH Checking *3129  *


Balance: \$ 


To: PAYROLL Checking *3110  *


Balance: \$ 


Transfer Description: 

Amount: \$ 0.00  *

Frequency: One-Time 

Period: Once 

Scheduled Date: 07/25/2022  (MM/DD/YYYY)

Recurring Until: 

☐ Create transfer receipt after this transfer is submitted

Cut-off Time: 8:00 pm CDT

Transfer

Pending Transfers

No pending transfers

Recent Transfers

No recent transfers

[View Transfer History >](#)

FIRST NATIONAL BANK IN PORT LAVACA

Internet Banking and Bill Payment Agreement

Effective Date: November 26, 2019

Internet Banking Department:

(361) 552-6726 or (800) 505-2265
1101 Hwy 35 By-Pass S
Port Lavaca, Texas 77979
info@fnbportlavaca.com

PLEASE READ THE ENTIRE AGREEMENT CAREFULLY BEFORE ENROLLING IN THE SERVICE OR INITIATING ANY TRANSACTIONS.

1. Scope of this Agreement

This Agreement between you and First National Bank in Port Lavaca, 1101 Hwy 35 By-Pass S, Port Lavaca, Texas 77979 governs your use of our Internet Banking and Bill Payment services (the "Service"). The Service permits our Customers to perform a number of banking functions on accounts linked to the Service through the use of a personal computer and the Internet.

2. Accepting the Agreement

After you have carefully read this Agreement in its entirety and the linked Privacy Notice, you will be asked to accept the terms and conditions of this Agreement.

WHEN YOU CLICK ON THE "I AGREE" BUTTON BELOW, YOU AGREE TO BE BOUND BY ALL OF THE TERMS AND CONDITIONS OF THIS AGREEMENT, ALSO, BY ACCEPTING THIS AGREEMENT, YOU REPRESENT AND WARRANT THAT YOU ARE AN AUTHORIZED USER ACTING WITH FULL AUTHORITY AND THAT YOU ARE DULY AUTHORIZED TO EXECUTE THIS AGREEMENT.

IF YOU DO NOT AGREE TO THE TERMS OF THIS AGREEMENT AND/OR DO NOT ACCEPT THE ELECTRONIC VERSION OF THIS DOCUMENT, SELECT THE CANCEL BUTTON.

You should print and/or save a copy of this Agreement for your records. Future updates will be sent electronically as further described below in Section 4. To print, select the print button below or select the print function on your browser. To save a copy of this Agreement on your computer, select "File" and then "Save As" on your browser.

If you need a paper copy of this Agreement, please contact our Internet Banking Customer Service Department. Our contact information is listed at the top of this Agreement. You can obtain a paper copy of this Agreement at any time. Updates to this Agreement will be sent electronically as further described within this Agreement.

3. Definitions

Access ID – means an Access Identification Code used to access the Internet Banking Service.

ACH Origination - refers to the creation of debit and credit entries to facilitate the transfer or placement of funds in another institution through the Automated Clearing House (ACH) network. The ACH network is a funds transfer system governed by the National Automated Clearing House Association (NACHA).

Affiliates- means a company related by common ownership or control

Agreement - means these terms and conditions of the Internet Banking and Bill Payment services.

Authorized User - is any individual, Consumer, agent, or Sub-User, Sub-User Administrator, Focus Customer or Business Customer whom you allow to use the Service or your Passcode or other means to access your Eligible Account(s).

Bill Payment Service Provider – refers to the contractor, sub-contractor, or provider of our Bill Payment and Delivery services, CheckFree Services Corporation.

Biller – is the person or entity to which you wish a Bill Payment to be directed or is the person or entity from which you receive electronic bills, as the case may be.

Billing Account - is the checking account from which all Service fees will be automatically debited.

Business Day - is every Monday through Friday, excluding Federal Reserve holidays.

Business Customer - Refers to anyone other than a Consumer who owns an Eligible account with respect to which the Service is requested primarily for business purposes.

Business Day Cutoff - Refers to the cut-off time for posting purposes. The cut-off time for online transactions is based upon our Business Days and the Central Standard Time. For posting purposes, we will process all online transactions completed by 4 p.m. on the same Business Day. Transactions completed after 4 p.m. will be processed on the following Business Day. Bill Payment cut-off and scheduling times differ and are further detailed in this Agreement.

Consumer – Refers to a natural person who owns an Eligible Account at this Financial Institution and who uses the Service primarily for personal, family, or household purposes.

Due Date - is the date reflected on your Biller statement for which the Bill Payment is due. It is not the late date or grace period.

Eligible Accounts –An Eligible Account means any one of your account(s) to which we may allow access through the Service under this Agreement. Only a checking may be eligible for Bill Payment privileges. We may make additional accounts available for Bill Payment services from time-to-time as allowed by law or our Bill Payment Service Provider.

You may request Internet access to any account that you are a signer or owner. If you or your Authorized Users desire features of the Service that allow you to initiate Bill Payments, transfers, ACH transactions, or otherwise remove funds from an account, you must have the required withdrawal authority over the relevant Eligible Account.

When using the Service, you agree to maintain one or more Eligible Accounts with us and to keep sufficient balances in any account to cover any transaction and fees that are ultimately approved by or related to the Service.

Focus Customer – individual who initially enrolls on behalf of a Business Customer. The Focus Customer is an individual who is both an authorized signer on an eligible Business Customer account and has been given the authority to establish and manage Sub-User access to the Internet Banking Service. The Focus Customer is considered to have full authority to act on behalf of the Business Customer and any other authorized signers. A Focus Customer can designate and remove Sub-Users and may assign certain administrative rights to a Sub-User.

Joint Accounts – an Eligible Account that is added to the Service which is jointly held or has multiple signers.

Laser Draft Payment – is a payment method similar to a check written by you on your Payment Account. Billers should receive Laser Draft Payments no later than the Scheduled Payment Date. Funds remitted to the Biller are

deducted from your Payment Account when the Laser Draft is presented to this Financial Institution for payment. As a result, neither this Financial Institution nor its Service Provider(s) can control when your Payment Account will be debited for a Laser Draft Payment.

Passcode - means your password that is known solely by you and not by this Financial Institution or our Service Providers that you use to access the Internet Banking Service.

Payment Account - is the checking account from which Bill Payments will be debited. You must be a legal owner of any Payment Account registered for the Service.

Payment Instructions- is the information provided by you to the Service for a Bill Payment to be made to the Biller (such as, but not limited to, Biller name, Biller account number, and Scheduled Payment Date).

Scheduled Payment - is a Bill Payment that has been scheduled through the Service but has not begun processing.

Scheduled Payment Date - is the day you want your Biller to receive your Bill Payment and is also the day your Payment Account will be debited (other than Laser Draft Payments, as described above), unless the Scheduled Payment Date falls on a non-Business Day in which case it will be considered to be the previous Business Day.

Service – means the Internet Banking, Bill Payment and Delivery services offered by First National Bank in Port Lavaca through its Service Providers.

Service Guarantee – the amount this Financial Institution's Service Providers will bear responsibility for in accordance with the terms and conditions of this Agreement should a Bill Payment post after its Due Date.

Service Provider - includes any agent, licensor, independent contractor or subcontractor that this Financial Institution may involve in the provision of Internet Banking, Bill Payment, and electronic Bill Delivery services.

Sub-User - means an Authorized User who has been assigned access to a Business Customer's Eligible Account by a Sub-User Administrator. Sub-Users may be granted full or limited access to originate online transfers such as ACH transactions and/or wire transfers.

Sub-User Administrator – refers to an administrative user available only to Business Customers. A Sub-User Administrator may administer and assign access rights to Sub-Users.

you and your – As used within this Agreement, "you" and "your" refer to the person enrolling in the Service, owner of the eligible accounts, Business Customer, Focus Customer, Sub-User Administrator as well as any Authorized Users or Sub-Users that such person allows, subject to the parameters of multiple user access as set forth within the Service.

we, us, or our – As used within this Agreement, refer to First National Bank in Port Lavaca and any agent, independent contractor, Service Provider, sub-contractor, licensor, designee, or assignee that First National Bank in Port Lavaca may involve in the provision of the Service.

4. Prerequisites for Enrolling in the Internet Banking Service

In order to enroll in the Internet Banking Service:

- You must have an Eligible Account with this Financial Institution.
- Your account with us must be in good standing.
- You must be at least 18 years of age
- If you enroll for our bill payment services, you must also be a resident of the United States or its possessions.

Hardware and Software Equipment Requirements:

- You must have a computer and Internet browser that will support 128 bit encryption.
- We recommend use of the most current, fully patched, versions of Internet browsers for accessing the Internet Banking Service.
- Some features of the Internet Banking Services may not be supported with older browsers.
- You will need Internet access through an Internet service provider (ISP).
- You will need access to a printer and/or other storage medium such as a hard drive for downloading information or printing disclosures.
- You will also need an external email address for the delivery of electronic notices and disclosures.
- You must maintain fully updated anti-virus protection on your computer at all times.

Prior to enrolling in the Internet Banking Service and accepting the electronic version of this Agreement, you should verify that you have the required hardware and software necessary to access the Internet Banking Service and to retain a copy of this Agreement.

If we revise hardware and software requirements, and if there is a material chance that impact your ability to access the Internet Banking Service, we will give you advance notice of these changes and provide you an opportunity to cancel the service and/or change your method of receiving electronic disclosures (e.g. change to paper format vs. an electronic format) without the imposition of any fees.

5. Electronic Disclosures

We may deliver amendments to this Agreement and other disclosures to you in an electronic format. Other disclosures may include:

- Monthly account statements
- Deposit account disclosures
- Notices regarding changes in account terms and fees
- Privacy notices

The equipment necessary for accessing these types of disclosures electronically is described above in Section 3.

WITH YOUR ACCEPTANCE BELOW, YOU AGREE TO ACCEPT THIS AGREEMENT AND OTHER INTERNET BANKING RELATED DISCLOSURES IN AN ELECTRONIC FORMAT. YOU ALSO AGREE AND REPRESENT THAT YOU HAVE THE NECESSARY EQUIPMENT FOR ACCESSING THE INTERNET BANKING SERVICE AND FOR VIEWING ELECTRONIC DISCLOSURES.

If you consent to receive electronic disclosures and later change your mind, you may withdraw your consent and change to paper delivery format. You can notify us of your intent to cancel electronic disclosures by:

- Sending us a letter to PO Drawer 7, Port Lavaca, Texas 77979, or
- Sending us a secure message through the Internet Banking Service, or
- By contacting us at this phone number: : (361) 552-6726 or (800) 505-2265

If you send us a secure message through the Internet Banking Service or write us a letter, please be sure to identify yourself and the applicable accounts.

As part of the enrollment process, we may ask if you want to receive electronic only versions of your account statements (e-statements). If you enroll for e-statements and then later decide that you want to receive paper statements, you can "opt-out" of electronic delivery on the "Statements" page within the Internet Banking Service. After your opt-out request is processed, you will begin receiving paper copies of account statements and additional charges may apply. (NOTE: some accounts require e-statement for which you cannot "opt-out")

If you enroll for e-statements and then later close your accounts with First National Bank in Port Lavaca, your access to the Internet banking Service will also be terminated. You may request paper copies of historical statements at the address listed above.

You should print or save a copy of all disclosures delivered electronically. Internet banking customers may request paper copies of disclosures such as this Internet Banking Agreement free of charge.

6. Basic Internet Banking Services

The basic features currently available through the Service include:

- Up to 24 months of complete Internet transactional detail and history
- Account Inquiries for balances, rates, etc.
- Copies of monthly Account Statements
- Transfers between your accounts at this Financial Institution
- Secure e-mails via the Service's messaging system
- Secure File Transfers
- View loan balances
- Payments to loans at this Financial Institution
- Stop payments on checks that you have written
- Transaction downloads

Bill Payment services are optional. You can request Bill Payment privileges in the online enrollment process and/or you can add Bill Payment services at a later time by contacting our Internet Banking Department or sending us a secure message through the Service. Bill Payment customers also have access to electronic Bill Presentment or Bill Delivery.

We may add or remove certain features and/or functionality available from time to time. You can use the Service seven days a week, 24 hours a day, although some or all features may not be available occasionally due to emergencies or scheduled system maintenance. In addition, access to the Service may be slower at times due to high Internet traffic or other factors beyond our control.

7. Other Basic Internet Banking Features

(A) Stop Payment Feature

The stop payment feature within the Service is only for stopping payments on checks that you have written or for stopping pre-authorized electronic drafts that are deducted from your account. This feature is accessible in the "User Services" menu of the Internet Banking Service and provides a means to securely forward your stop payment requests to us for processing.

Stop payment requests received through the Service will generally be processed within one (1) to two (2) Business Days. Therefore, if your request is urgent, we recommend that you contact our Internet Banking Department directly via telephone or in person.

The stop payment feature within the Service should NOT be used to cancel transfers and Bill Payments.

There is typically a stop payment fee associated with this feature. Please refer to our fee schedule for additional information or contact us at (361) 552-6726 or (800) 505-2265. Additional terms of acceptance or disclosures may apply on the stop payment service and these disclosures will be made at the time you complete the request. Additional information on stop payments is available in within the Service.

(B) Address Change, Order Documents, Secure E-Mail & Secure File Delivery Services

Additional features within the Service include: secure emails for address changes, document requests, and secure file delivery. The submission of requests, such as those for address changes, document requests, or check reorders, will generate a secure email to this Financial Institution. Generally, requests received through the

Service's secure e-mail feature will be processed within one (1) to two (2) Business Days. For urgent requests, we recommend that you contact our Internet Banking Department.

In addition, in the User's Services menu, you can request Bill Payment services and the addition/ removal of Linked Accounts. The secure file transfer feature within the Service provides a means for you to forward files to this institution in a secure manner. There may be additional fees associated with some of these services, such as when you reorder checks through the Service. Fees will be disclosed in our fee schedule and/or at the time of your request.

8. Commercial Internet Banking Services

Additional online features are currently available for Business Customers. These features may be subject to additional terms and conditions.

- ACH Credit and Debit Origination
- Wire Transfer Requests
- Direct Deposit Originations
- EFTPS (Electronic Federal Tax Payment System)
- NACHA File Imports
- Balance Reporting
- Sub-User Administration

We may add or remove certain features and/or functionality from time-to-time. Business Customers interested in these services should contact us for additional information.

9. Fees

Basic Internet Banking Service: (view balances and account transfers) – No charge

Bill Payment Fees:

Consumers & Business Basic Plus: Bill Payment accounts have a monthly flat fee of \$5 per month, which includes unlimited Bill Payments per month on each account that has enabled this service.

Business Deluxe: Cash Management and one full Access ID - \$25 per month

For Business Customers, additional charges may apply for services such as: ACH Origination, EFTPS, Wire Transfers, or Nacha File Imports. These fees may vary and are subject to separate agreements.

There may be a charge for additional transactions and other optional services. You agree to pay such charges and authorize us to deduct the calculated amount from your designated Billing Account for these amounts and any additional charges that may be incurred by you. Any financial fees associated with your standard deposit accounts will continue to apply.

You are responsible for any and all fees assessed by your Internet service provider, telephone or mobile device carrier. Any applicable fees will be charged regardless of whether the Internet Banking Service was used during the billing cycle.

Business Customer Sub-User Fees:

There will be a charge for each additional Sub-User of a flat fee of \$2 each per month. Sub-Users are controlled by the business customer with privileges of; view, transfer to or full.

Checking & Savings Statement Fees:

E-Statements through Internet Banking Services are free to print and/or save as a PDF. There will be a charge of \$5 per account, if you choose to have the bank print the monthly/quarterly statement.

10. Enrollment Process

You must complete the enrollment process to use the Service. You can enroll for the Service on the Internet.

The Internet enrollment process involves completing a secure online application that we will use to verify your identity. You will also choose your Access ID and Passcode during the enrollment process.

When you enroll for the Service, you agree to provide true and accurate enrollment information. Our Internet Banking Department will verify the information you submit for accuracy and proper authorizations. In about 3 to 4 days, you will receive a letter in the mail about your online banking application. You may begin using the Service only after receipt of this information in the mail and identity has been verified. In about 1 week you will receive an email explaining that your account has been activated or declined.

Business Customers interested in the commercial features of the Service should contact us directly at (361) 552-6726 or (800) 505-2265 or you may send us a secure message through the Service.

Once you enroll in the Internet Banking Service, there is no additional enrollment process to utilize a mobile device

11. Linked Accounts

When you first enroll for the Basic Internet Banking Service we will link all of your designated Eligible Accounts to one Access ID. If you want to limit the accounts linked or the privileges assigned to an account, please contact us at (361) 552-6726 or (800) 505-2265 or send us a secure email message through the Service.

With the exception of sole proprietors, Business Customers may link personal Consumer accounts to the Service.

If the Eligible Accounts added to the Service are jointly held or have multiple signers you agree that access to the information and all transactions initiated by the use of your Access ID and Passcode are authorized unless we have been notified to cancel the Service.

If joint account holders use individual Access IDs, the Service may be identified separately and you will be charged for the use of additional Access IDs. In some cases, if your account(s) require two signatures for withdrawal, we may only grant view privileges to your Eligible Accounts through the Service

12. Signature Requirements

When any online transfer, ACH, wire transfer request or other Payment Instruction is initiated through the Internet Banking Service for your benefit, you agree that we may debit the designated Eligible Accounts without requiring your signature on the item and without any notice to you.

Requirements for dual signatures on checks, if applicable, do NOT apply to Bill Payments or other transfers initiated through the Internet Banking Service. If your account(s) require two signatures for withdrawal, we may only grant view privileges to your Eligible Accounts through the Internet Banking Service

Authorized Users of Business Customers that may be assigned payment or transactional capabilities through the Internet Banking Service should be authorized by the Business Customer to make or approve electronic transfers, even though that person's authority to make transfers by other means may still require dual signatures.

If Authorized Users are not authorized persons on the signature card for each Linked Account, the Business Customer account owner(s) has the obligation to inform Institution of the new individual or individuals with such authority. Such notice must be given to FI by calling us at (361) 552-6726 or (800) 505-2265. You may also write us at:

PO Drawer 7, Port Lavaca, Texas 7797

13. Account Balances

Balances shown in your accounts may include deposits subject to verification by us. The balance reflected in the Service may differ from your records due to deposits in progress, checks outstanding, or other withdrawals, payments or charges. A transfer request may not result in immediate availability because of the time required to process the request. A transfer request must be made before the Business Day Cut-off time to be effective the same Business Day.

The balances within the Service are updated periodically and the Service will display the most current "as of" date on the "accounts" summary page. There may be situations that cause a delay in an update of your balances. The Service will use the most current balance available at the time of a transaction to base our approval for account transfers.

14. Canceling or Changing Transfers

You cannot cancel a transfer after it has been entered into the system AND the information has been processed and/or transmitted to us through the Service; however, you can edit or change a transfer that is still "pending".

In order to cancel or change a pending transfer, use the following procedures:

1. Log in and make edits to the appropriate transaction.
2. Edits must be made before 4 p.m. for transfers scheduled to be processed the same Business Day
3. You may edit a pre-scheduled (future dated/automatic) transfer anytime before 4 p.m. on the Business Day before the scheduled transfer date.
4. For transfers, you can change the transfer amount to \$0.00, or
5. If you accidentally transfer funds, you can schedule another transfer to move funds to back to the original account.

If you need to edit a pending or approved transaction after-cut-off time, please contact us immediately; although in these situations, we may not have sufficient time to stop the transfer from further processing.

Separate agreements with Business Customers will detail the required time-frames for submitting and making changes to ACH transactions.

15. Canceling or Changing Wire Transfer Requests

Business Customers may be authorized for online wire transfer services. In these situations, separate agreements will detail wire transfer limits and the required time-frames for submitting and making changes to these types of transaction requests.

If you have been approved for wire transfers, you may edit or delete these types of transactions prior to "approving" the transactions. You may only edit or "unapproved" a pending wire request or ACH batch transaction prior to the scheduled payment or settlement date.

When a wire transfer request is approved for the current date, it is transmitted to us immediately for processing. If a change is necessary, you must contact us **immediately**; in these situations, we may not have sufficient time to stop transaction from further processing.

Outgoing wire transfer request cut-off time is 2 p.m.

16. Transaction Limitations

You may use the Service to check the balance of your Eligible Account (s) and to transfer funds among your Eligible Accounts at this Financial Institution. You must have sufficient funds in your account to cover the amount of any online transfers and Bill Payments on the scheduled payment date set for the transaction, or the transaction may not be processed. NSF and/or overdraft charges may be incurred if Bill Payments exceed your account balance.

Current federal regulations restrict the number of transactions that you can make from certain types of accounts, such as Money Market and Savings Accounts. For these types of accounts, you may not make more than six (6) pre-authorized (automatic) electronic funds transfers (EFTs), during a given monthly statement period. Online account transfers and bill payments are counted toward the six permitted monthly transfers. Please refer to your original account agreement for excessive activity fees that may apply. Federal regulations currently place no limits on the number of transfers or Bill Payments from your Checking, therefore this financial institution currently limits the Bill Payment Service to only Checking Accounts.

17. Bill Payment Terms and Conditions

(A) Bill Payment Scheduling

The earliest possible Scheduled Payment Date for each Biller (typically five (5) or fewer Business Days from the current date) will be designated within the Service when you are scheduling the Bill Payment. Therefore, the Service will not permit you to select a Scheduled Payment Date less than the earliest possible Scheduled Payment Date designated for each Biller.

When scheduling Bill Payments you must select a Scheduled Payment Date that is no later than the actual Due Date reflected on your Biller statement unless the Due Date falls on a non-Business Day. If the actual Due Date falls on a non-Business Day, you must select a Scheduled Payment Date that is at least one (1) Business Day before the actual Due Date. Scheduled Payment Dates must be prior to any late date or grace period.

(B) The Bill Payment Service Guarantee

Due to circumstances beyond the control of the Service, particularly delays in handling and posting payments by Billers or financial institutions, some transactions may take longer to be credited to your account. Except as expressly stated otherwise within this Agreement, this Financial Institution and/or its Service Providers will bear the responsibility for any late payment related charges up to \$50.00 should a Bill Payment post after its Due Date as long as the payment was scheduled in accordance with the guidelines described under "Bill Payment Scheduling" in this Agreement.

(C) Payment Authorization and Payment Remittance

By providing the Service with names and account information of Billers to whom you wish to direct payments, you authorize us to follow the Payment Instructions received through the Service. In order to process payments more efficiently and effectively, our Service Provider may edit or alter payment data or data formats in accordance with Biller directives.

When the Service receives a Payment Instruction, you authorize our Bill Payment Service Provider to debit your Payment Account and remit funds on your behalf so that the funds arrive as close as reasonably possible to the

Scheduled Payment Date designated by you. You also authorize our Service Provider to credit your Payment Account for payments returned to the Service by the United States Postal Service or Biller, or payments remitted to you on behalf of another Authorized User of the Service.

(D) Payment Methods

Our Bill Payment Service Provider reserves the right to select the method in which to remit funds on your behalf to your Biller. These payment methods may include, but may not be limited to, an electronic payment, an electronic to check payment, or a Laser Draft Payment.

(E) Payment Cancellation Requests

You may cancel or edit any Scheduled Payment (if processing has not begun) by following the directions within the Service. There is no charge for canceling or editing a Scheduled Payment. However, once the Service has begun processing a Scheduled Payment it cannot be cancelled or edited, therefore a stop payment request must be submitted, as described within this Agreement.

(F) Bill Payment Stop Payment Requests

You may cancel or edit a Scheduled Payment up until the time that payment processing begins. There is no charge for canceling or editing a Scheduled Payment. However, once the Service has begun processing a payment, it cannot be cancelled or edited and a stop payment request must be submitted.

We must have a reasonable opportunity to act upon any stop payment request made after payment processing has begun. The ability of this Financial Institution and its Service Provider to process a stop payment on a Bill Payment request that is already in process will depend on the payment method and whether or not the payment has cleared.

If you need to place a stop payment request on any Bill Payment that has already been processed, you must contact our Customer Service department immediately at (361) 552-6726 or (800) 505-2265.

We will make every effort to accommodate your request but we will have no liability for failing to do so unless the request is subject to the provisions contained in your depository account agreement or applicable law as it pertains to pre-authorized EFTs.

We may also require you to present your stop payment request in writing within fourteen (14) days from the date the request is made. The charge for each stop payment request will be the current charge for such service as set forth in our applicable fee schedule.

If we complete a stop payment request on your behalf, Bill Payment privileges may be suspended pending recovery of funds by our Service Provider(s).

(G) Returned Payments

In using the Service, you understand that Billers and/or the United States Postal Service may return Bill Payments to our Service Provider for various reasons such as, but not limited to, Biller's forwarding address expired; Biller account number is not valid; Biller is unable to locate account; or Biller account is paid in full. Our Service Provider will use its best efforts to research and correct the returned payment and return it to your Biller, or void the payment and credit your Payment Account. You may receive notification from the Service of returned payments.

(H) Bill Payment Information Authorization

Requests for Bill Payment privileges may not be fulfilled if this Financial Institution and/or its Service Provider(s) cannot verify your identity and withdrawal authority over the specified accounts. Through your enrollment in the Bill Payment Service; you agree that this Financial Institution and its Service Providers reserve the right to request

a review of your credit rating at our own expense through an authorized bureau. In addition, you agree that this Financial Institution and its Service Providers reserve the right to obtain financial information regarding your account from a Biller or your Financial Institution (for example, to resolve payment posting problems or for verification).

(I) Prohibited Payments

Payments to Billers outside of the United States or its territories are prohibited through the Service. Payments to Internet gambling sites are also prohibited through the Service.

(J) Exception Payments

Tax payments and court ordered payments may be scheduled through the Service; however, such payments are discouraged and are scheduled at your own risk. In no event shall this Financial Institution or its Service Provider(s) be liable for any claims or damages resulting from you scheduling of these types of payments. The Bill Payment Service Guarantee as it applies to any late payment related charges is void when these types of payments are scheduled and/or processed by the Service. Research of exception payments shall be limited to proof of payment and/or unauthorized payments only. All other research and resolution for any misapplied, mis-posted or misdirected exception payments will be your sole responsibility.

(K) Biller Limitation

We reserve the right to refuse to pay any Biller to whom you may direct a payment. The Service will notify you promptly if it decides to refuse to pay a Biller designated by you. This notification is not required if you attempt to make a prohibited payment or an exception payment under this Agreement.

(L) Failed Transactions

In using the Service, you are requesting us to make payments for you from your Payment Account. If we are unable to complete the transaction for any reason associated with your Payment Account (for example, there are insufficient funds in your Payment Account to cover the transaction), the transaction will not be completed. In some instances, you will receive a return notice from the Service. In such case, you agree that:

1. You will reimburse our Service Provider immediately upon demand the transaction amount that has been returned;
2. For any amount not reimbursed to the Service Provider within fifteen (15) days of the initial notification, a late charge may be assessed each month against unpaid amounts equal to 1.5% or the legal maximum, whichever rate is lower;
3. You will reimburse our Service Provider for any fees, it may incur in attempting to collect the amount of the return from you; and
4. Our Service Provider is authorized to report the facts concerning the return to any credit- reporting agency.

18. Bill Delivery and Presentment

This feature is for the presentment of electronic bills only and it is your sole responsibility to contact your Billers directly if you do not receive your statements. In addition, if you elect to activate one of the Bill Payment Service's electronic bill options, you also agree to the following:

(A) Information Provided to the Biller

We are unable to update or change your personal or business information such as, but not limited to, name, address, phone numbers and e-mail addresses, with the electronic Biller. Any changes will need to be made by you; contact the Biller directly. Additionally, it is your responsibility to maintain all usernames and passwords for all electronic Biller sites. You also agree not to use someone else's information to gain unauthorized access to another person's or company's bill.

Our Service Provider may, at the request of the Biller, provide to the Biller your e-mail address, Service address, or other data specifically requested by the Biller at the time of activating the electronic bill for that Biller, for purposes of the Biller informing you about Service and/or bill information.

(B) Activation

Upon activation of the electronic bill feature, our Service Provider may notify the Biller of your request to receive electronic billing information. The presentment of your first electronic bill may vary from Biller to Biller and may take up to sixty (60) days, depending on the billing cycle of each Biller. Additionally, the ability to receive a paper copy of your statement(s) is at the sole discretion of the Biller. While your electronic bill feature is being activated it is your responsibility to keep your accounts current. Each electronic Biller reserves the right to accept or deny your request to receive electronic bills.

(C) Notification

Our Bill Payment Service Provider will use its best efforts to present all of your electronic bills promptly. In addition to notification within the Service, our Service Provider may send an e-mail notification to the e-mail address listed for your account. It is your sole responsibility to ensure that this information is accurate. In the event you do not receive notification, it is your responsibility to periodically logon to the Service and check on the delivery of new electronic bills. The time for notification may vary from Biller to Biller. You are responsible for ensuring timely payment of all bills.

(D) Cancellation of Electronic Bill Notification

The electronic Biller reserves the right to cancel the presentment of electronic bills at any time. You may also cancel electronic bill presentment at any time. The timeframe for cancellation of your electronic bill presentment may vary from Biller to Biller. It may take up to sixty (60) days, depending on the billing cycle of each Biller. Our Bill Payment Service Provider will notify your electronic Biller(s) as to the change in status of your account and it is your sole responsibility to make arrangements for an alternative form of bill delivery. We will not be responsible for presenting any electronic bills that are already in process at the time of cancellation.

(E) Non-Delivery of Electronic Bill(s)

You agree to hold harmless, this Financial Institution and its Service Providers should the Biller fail to deliver your statement(s). You are responsible for ensuring timely payment of all bills. Copies of previously delivered bills must be requested from the Biller directly.

(F) Accuracy and Dispute of Electronic Bill

Neither this Financial Institution, nor its Service Providers are responsible for the accuracy of your electronic bill(s). This Financial Institution and its Service Providers are only responsible for presenting the information received from the Biller. Any discrepancies or disputes regarding the accuracy of your electronic bill summary or detail must be addressed with the Biller directly.

This Agreement does not alter your liability or obligations that currently exist between you and your Billers.

19. Privacy

We understand how important privacy is to our customers. We have taken steps to protect the privacy and security of your personal information as well as your financial transactions with us. You should read our privacy notice before completing the enrollment process for the Service.

(A) Disclosure of Account Information to Third Parties

It is our general policy to treat your account information as confidential. However, we will disclose information to third parties about your account or the transactions you make ONLY in the following situations:

- Where it is necessary for completing transactions;
- Where it is necessary for activating additional services;
- In order to verify the existence and condition of your account to a third party, such as a credit bureau or Biller;
- In order to comply with a governmental agency or court orders; or
- If you give us your written permission.

Please refer to our [privacy notice](#) for additional detail on disclosure of account information.

20. Internet Security

The Internet Banking Service utilizes a comprehensive security strategy to protect your accounts and transactions conducted over the Internet. Prior to activating your access to the Internet Banking Service, our Internet Banking Department will verify your identity and authorization against information associated with the Eligible Account (s) that you request to be linked to the Internet Banking Service.

Access IDs and Passcodes - One of the main security features protecting the Internet Banking Service is the unique combination of your Access ID and Passcode. During the enrollment process, you will be asked to select a unique Access ID and Passcode. For security purposes, do not use your account number or social security number as your Access ID. Encryption and access controls are used to protect your Passcode within our database. If you need to reset your Passcode, you may use our online automated Passcode reset feature or you may contact this Institution for assistance.

Because your Passcode is used to access your accounts, you should treat it as you would any other sensitive personal data.

- You should carefully select a Passcode that is difficult to guess.
- You should not use words based on your name, address or other personal information.
- Special characters may be used to increase security.
- Do **NOT** use dictionary words.
- Keep your Passcode safe.
- Memorize your Passcode and do **NOT** write it down.
- You should also change your Passcode occasionally, such as every 90 days.
- Passcodes should not be shared with anyone, even Authorized Users.
- The "Help" link within the Internet Banking Service will offer tips on choosing a secure Passcode that you can remember.

When you enroll for the Internet Banking Service you agree to change your Passcode immediately if you suspect that your Passcode has been compromised. This can be done at any time from the "User Services" menu after you log on to the Internet Banking Service.

NEITHER THIS INSTITUTION NOR ITS SERVICE PROVIDERS WILL CONTACT YOU BY TELEPHONE, EMAIL OR TEXT MESSAGING REQUESTING PERSONAL INFORMATION, SUCH AS YOUR ACCESS ID, PASSCODE, CREDIT CARD NUMBER, ATM CARD NUMBER OR ATM PIN. IF YOU ARE CONTACTED BY ANYONE REQUESTING THIS TYPE OF INFORMATION, DO NOT PROVIDE ANY INFORMATION AND CONTACT OUR INTERNET BANKING DEPARTMENT IMMEDIATELY.

Encryption – The Internet Banking Service uses the Secure Socket Layer (SSL) encryption technology for everything you do while using Internet banking. Your browser automatically activates this technology when it attempts to connect to our Internet Banking Service. The Internet Banking Service requires a browser that supports 128-bit encryption and we will warn you if your browser does not meet this requirement.

Whenever SSL is securing your communications, the browser will typically indicate this *secure session* by changing the appearance of a small icon of a padlock at the bottom of the screen from "open" to "locked". What this means to you is that your communications are scrambled from your browser to our servers at all times so no unauthorized party can read the information as it is carried over the Internet.

Certificate Authority - The servers hosting the Internet Banking Service have been certified by a certificate authority to assure you that you are actually talking to the Internet Banking Service instead of someone pretending to be us. By clicking on the lock within the Internet Banking Service, you can view the certificate to ensure it's valid.

Cookies - During your use of the Internet Banking Service, our Internet banking Service Provider will pass an encrypted *session cookie* to your computer that enables us to process multiple transactions during the session without having to provide an Access ID and Passcode for each individual transaction. You must accept this cookie to use the Internet Banking Service. The *session cookie* is stored on your computer's hard-drive, identifying your computer while you are logged on. The *session cookie* does not contain any personal information. When you log off, close your browser, or turn off your machine, the *session cookie* will be destroyed. A new cookie is used for each session; thus, no one can use the prior cookie to access your account. Our Service Provider also uses persistent or "permanent" cookies to identify this Institution and your computer as part of our enhanced security. The permanent cookies will remain on your computer's hard drive until you clear cookies with your browser. If you do not accept these cookies, you may not be able to use all the features of the Internet Banking Service.

Multi-Level Authentication - We use multi-level authentication (or enhanced security) to help prevent unauthorized access to your accounts. As part of our enhanced security solution we may ask you to select challenge questions which may be used to help verify your identity in the event unusual login or transaction activity is detected. We may also send you a One Time PIN (OTP) which can be used to help authenticate your login or transaction requests.

21. Your Security Obligations

YOU ARE SOLELY RESPONSIBLE FOR THE MAINTENANCE, INSTALLATIONS, AND OPERATION OF YOUR COMPUTER INCLUDING BUT NOT LIMITED TO THE USE OF UPDATED ANTI-VIRUS PROTECTION.

NEITHER THIS FINANCIAL INSTITUTION NOR ITS SERVICE PROVIDERS SHALL BE RESPONSIBLE FOR ANY DELAYS, ERRORS, DELETIONS, FAILURES, OR DISCLOSURE OF PERSONAL OR BUSINESS ACCOUNT INFORMATION THAT MAY OCCUR AS A RESULT OF ANY VIRUS, TROJAN, SHARED PASSWORD, OR MALFUNCTION OF YOUR COMPUTER OR SOFTWARE OR YOUR FAILURE TO ADEQUATELY MAINTAIN AND SECURE YOUR COMPUTER AND SOFTWARE.

- All Authorized Users should sign-off after every session. While online sessions will automatically end after a period of inactivity, logging off can help protect you in case you accidentally leave your computer unattended.
- Refrain from using public computers (e.g. computers in a library, Internet café or hotel business center) to access your online banking accounts. The security of public or shared computers cannot be assured.
- Always keep your computer's operating system and browser fully patched for critical security issues. We recommend use of the most current, fully patched, versions of Internet browsers for accessing the Internet Banking Service.
- Always keep your anti-virus and anti-spyware software current and routinely scan your computer, servers, and electronic media using reliable virus detection and anti-spyware products. Undetected or un-repaired viruses or malicious software (malware) may affect the performance of your computer, corrupt and destroy your programs, files, and even your hardware. Furthermore, undetected or un-repaired viruses or malware may affect the security of online accounts and the privacy of personal information stored on your computer. If your computer is compromised by some form of malware, virus, or Trojan, you could unintentionally transmit sensitive account information or personal data to another third party or transmit a virus to other computers.
- Always use a firewall product (hardware and/or software), especially if you have a broadband Internet connection such as DSL or cable modem.
- If you use a wireless Internet connection to access your online accounts, make sure that the wireless network is encrypted.

Occasionally we may post important security notices on our website and/or send online banking users security related notices or reminders; it is your responsibility to read all security notices.

22. Protecting Your Passcode

When you or your Authorized Users accept the terms and conditions of this Agreement, you agree not to give or make available your Passcode or other means to access your account to any unauthorized individual(s). You are responsible for all transactions authorized or requested through the Internet Banking Service using a valid Access ID and Passcode, including those situations when your Access ID and Passcode are obtained due to compromise to your computer. If you permit other persons to use the Internet Banking Service with your Passcode, or other means to access your account, you are responsible for any transactions they authorize.

If you believe that your Passcode or other means to access your account has been lost or stolen or that someone may attempt to use the Internet Banking Service without your consent or has transferred money without your permission, you must notify us at once by calling (361) 552-6726 or (800) 505-2265 during customer service hours. You can also contact us by sending a secure message through the Internet Banking Service.

IF YOU OR YOUR AUTHORIZED USERS DISCLOSE YOUR PASSCODE TO ANYONE, AND/OR IF YOU ALLOW SOMEONE TO USE YOUR PASSCODE TO ACCESS YOUR ACCOUNTS, YOU ARE AUTHORIZING THEM TO ACT ON YOUR BEHALF AND YOU WILL BE RESPONSIBLE FOR ANY USE OF THE INTERNET BANKING SERVICE BY THEM (E.G., SUCH AS WHEN YOU PROVIDE THIS INFORMATION TO A JOINT ACCOUNT HOLDER, AN EMPLOYEE, AN AGGREGATION SERVICE PROVIDER, OR WHEN YOUR PERSONAL COMPUTER IS COMPROMISED BY A KEY STROKE LOGGING VIRUS OR ANY OTHER TYPE OF MALWARE).

You agree that we may send notices and other communications, including Passcode change confirmations, to the current address shown in our records, whether or not that address includes a designation for delivery to the attention of any particular individual.

23. Our Liability for Failure to Complete Transactions

We will use commercially reasonable efforts to make all your transfers and Bill Payments properly. However, we shall incur no liability and any Bill Payment Service Guarantee shall be void if we are unable to complete any transactions initiated by you because of the existence of any one or more of the following circumstances:

1. If, through no fault of ours, your Eligible Account(s) and/or Payment Account does not contain sufficient funds to complete the transaction or the transaction would exceed the credit limit of your overdraft account (if applicable);
2. The Service and/or the payment processing center is not working properly and you know or have been advised by this Institution and/or its Service Providers about the malfunction before you execute the transaction;
3. You have not provided the Service with the correct Payment Account information, or the correct name, address, phone number, or account information for the Biller;
4. Your Eligible Account(s), including either your Payment Account or Billing Account, is closed;
5. If your computer, software, telecommunication lines were not working properly and this problem should have been apparent to you when you attempted the transfer or Bill Payment;
6. It can be shown that the Biller received the Bill Payment within the normal delivery timeframe and failed to process the payment through no fault of ours;
7. The payment or transaction request involves funds subject to hold, dispute, restriction, or legal process we believe prevents their withdrawal;
8. We have reason to believe that a payment or other transaction request may not be authorized by you or any third party whose authorization we believe is necessary; and/or
9. Circumstances beyond control of the Service, our Service Providers, and this Institution (such as, but not limited to, fire, flood, or interference from an outside force) prevent the proper execution of the transaction and we have taken reasonable precautions to avoid those circumstances.

Provided none of the foregoing exceptions are applicable, if the Service causes an incorrect amount of funds to be removed from any of your Eligible Account(s), or Payment Account, or causes funds from your Payment Account to be directed to a Biller, which does not comply with your Payment Instructions, this Financial Institution and/or its Service Providers shall be responsible for returning the improperly transferred funds to your Payment

Account, and for directing to the proper Biller any previously misdirected transactions, and, if applicable, for any late payment related charges.

24. Documentation and Verification of Payments and Transfers

Information regarding Internet Banking and Bill Payment transactions will be reflected on the account detail in the Service and in your regular monthly account statement(s).

25. Provisions Applicable Only to Consumer and Sole Proprietors Deposit Accounts

(A) Errors and Questions

In case of errors or questions about your electronic transactions, you should notify us as soon as possible through one of the following methods:

- Telephone us at (361) 552-6726 or (800) 505-2265 during customer service hours;
- Contact us by using the secure messaging feature within the Service; or
- Write to us at PO Drawer 7, Port Lavaca, Texas 77979

If you think your statement is incorrect or you need more information about an electronic transfer or Bill Payment transaction listed on the statement, we must hear from you no later than sixty (60) days after the FIRST statement was sent to you on which the problem or error appears. You must:

1. Tell us your name, relevant Service account number(s), and Access ID;
2. Describe the error or the transaction in question, and explain as clearly as possible why you believe it is an error or why you need more information; and,
3. Tell us the dollar amount of the suspected error.

If you tell us verbally, we may require that you send your complaint in writing within ten (10) Business Days after your verbal notification. We will tell you the results of our investigation within ten (10) Business Days after we hear from you, and will correct any error promptly. However, if we require more time to confirm the nature of your complaint or question, we reserve the right to take up to forty-five (45) days to complete our investigation. If we decide to do this, we will provisionally credit your account within ten (10) Business Days for the amount you think is in error. If we ask you to submit your complaint or question in writing and we do not receive it within ten (10) Business Days, we may not provisionally credit your account.

For errors regarding electronic transactions on new consumer accounts, we may take up to 90 days to investigate your complaint or question. We may take up to 20 Business Days to credit a new account for the amount you think is in error.

If it is determined there was no error, we will mail you a written explanation within three (3) Business Days after completion of our investigation. You may ask for copies of documents used in our investigation. We may revoke any provisional credit provided to you if we find an error did not occur.

(B) Consumer Liability for Unauthorized Transfers

Tell us **AT ONCE** if you believe your Access ID or Passcode has been lost or stolen. Telephoning is the best way of minimizing your possible losses. You could lose all the money in your account (plus your maximum overdraft line of credit if applicable).

If customers who are Consumers tell us within two (2) Business Days after you discover your Passcode, Access ID used or other means to access your account has been lost or stolen, your liability is no more than \$50.00 should someone access your account without your permission. If you do not tell us within two (2) Business Days after you learn of such loss or theft, and we can prove that we could have prevented the unauthorized use of your Passcode, Access ID or other means to access your account if you had told us, you could be liable for as much as \$500.00.

If your monthly account statement contains transfers that you did not authorize, you must tell us at once. If you do not tell us within sixty (60) days after the statement was sent to you, you may lose any amount transferred without your authorization after the sixty (60) days if we can prove that we could have stopped someone from taking the money had you told us in time. If a good reason (such as a long trip or a hospital stay) prevented you from telling us, we may extend the period.

26. Provisions Applicable Only to Business Accounts

A. Protecting Your Account(s)

The Service will allow Business Customers to establish individual Access IDs, Passcodes and privileges for each Authorized User. Transaction history is maintained for each Access ID. Additional fees may be assessed for each Access ID or Sub-User that is established.

BUSINESS CUSTOMER(S) WILL BE SOLELY RESPONSIBLE FOR DESIGNATING AUTHORIZED USERS AND ASSIGNING PRIVILEGES WITHIN THE SERVICE.

As a security measure, Business Customers should evaluate and implement the dual control features within the Service for ACH Origination and wire transfers.

B. Sub-User Administration

Sub-User Administration is an optional service for Business Customers that may be activated at any time after your initial enrollment. The Business Customer shall be solely responsible for designating both the Focus Customer and Sub-User Administrator.

A Sub-User Administrator may further authorize other individual Sub-Users who may be granted full or limited online access to the Eligible Accounts, and may also be granted full or limited access to originate ACH transactions and/or wire transfers. Dual control should be established to help regulate the actions of multiple Sub-Users.

For security and auditing purposes, each Sub-User should be assigned separate Access IDs and Passcodes. All cash management activity is tracked at the Focus Customer level and is viewable by both the Sub-User originator and Focus Customer in the online history. Internal transfers are tracked for each Access ID.

A Sub-User Administrator inherits the privileges assigned to the Focus Customer. Notwithstanding the foregoing, please note that a Sub-User Administrator has the ability to remove, change or otherwise alter the restrictions or limits placed upon their rights by the Focus Customer.

The Focus Customer or Sub-User Administrator will need to provide the Access ID and temporary Passcode to each new Sub-User. The temporary Passcode will be used to gain access to the Internet Banking Service initially. After the Sub-User's initial log on, they will be prompted to set up their own unique Passcode, known only to them, for future use of the Internet Banking Service.

Business Customer understands that there may be a charge for multiple Sub-Users. You agree to pay all such charges and authorize us to deduct such charges from your business account and any additional charges that may be incurred by you. Any fees associated with your standard business deposit account(s), as described in our fee schedule will continue to apply.

C. ACH Origination

Authorized Users of Business Customers who have been approved for ACH Origination privileges may edit, delete, or "un-approve" ACH transactions prior to the scheduled date for the transaction. Separate agreements will detail the required time-frames for submitting and making changes to ACH transactions.

If ACH batch transactions have been approved and submitted to us for processing, you must contact us immediately if any changes are necessary after the designated cut-off time. In these situations, we may not have sufficient time to stop the transactions from processing before the scheduled payment date.

D. Business Customer Liability

BUSINESS CUSTOMER REPRESENTS AND WARRANTS THAT ITS AUTHORIZED USERS AND SUB-USERS HAVE THE APPROPRIATE AUTHORITY TO INITIATE TRANSACTIONS THROUGH THE INTERNET BANKING SERVICE. BUSINESS CUSTOMER ALSO REPRESENTS AND WARRANTS THAT IT MAINTAINS OR REQUIRES CURRENT AND UPDATED ANTI-VIRUS SOFTWARE ON ALL COMPUTERS USED TO ACCESS THE INTERNET BANKING SERVICE BY IT OR ON ITS BEHALF.

BUSINESS CUSTOMER AUTHORIZES THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS TO ACT UPON, AND AGREES TO BE BOUND BY, ANY TRANSACTION, WHETHER OR NOT AUTHORIZED, THAT IS INITIATED WITH AN ACCESS ID AND PASSCODE OF ANY AUTHORIZED USER(S).

FURTHERMORE, ANY INSTRUCTIONS, DIRECTIONS, OR OTHER INFORMATION PROVIDED BY THE BUSINESS CUSTOMER, OR ANY OF ITS AUTHORIZED USERS, WILL BE DEEMED TO HAVE BEEN AUTHORIZED BY THE BUSINESS CUSTOMER. THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS WILL NOT BE RESPONSIBLE FOR VERIFYING THE IDENTITY OR AUTHENTICITY OF ANY PERSON CLAIMING TO BE AN AUTHORIZED USER OF THE BUSINESS CUSTOMER.

BUSINESS CUSTOMER ASSUMES ANY AND ALL LIABILITY ARISING FROM THE USE OR MISUSE OF THE INTERNET BANKING SERVICE OR ELIGIBLE ACCOUNTS BY ITS AUTHORIZED USERS OR AS A RESULT OF A COMPROMISED COMPUTER DUE TO A BREACH OF ANY OF THE FOREGOING WARRANTIES. BUSINESS CUSTOMER AGREES TO INDEMNIFY AND HOLD HARMLESS THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS FOR ANY LIABILITY AND DAMAGES RESULTING FROM OR ACTING UPON ANY TRANSACTION, DIRECTION, INSTRUCTION, OR INFORMATION THAT IS INITIATED WITH AN ACCESS ID AND PASSCODE OF BUSINESS CUSTOMER'S AUTHORIZED USER(S) REGARDLESS OF WHETHER SUCH TRANSACTION, DIRECTION OR INSTRUCTION IS MADE BY AN AUTHORIZED USER.

BUSINESS CUSTOMER AGREES THAT WE MAY SEND NOTICES AND OTHER COMMUNICATIONS, INCLUDING EMAILS, TO THE CURRENT ADDRESS SHOWN IN OUR RECORDS, WHETHER OR NOT THAT ADDRESS INCLUDES A DESIGNATION FOR DELIVERY TO THE ATTENTION OF ANY PARTICULAR INDIVIDUAL. YOU FURTHER AGREE THAT [FINANCIAL INSTITUTION NAME] AND/OR ITS SERVICE PROVIDERS WILL NOT BE RESPONSIBLE OR LIABLE TO YOU IN ANY WAY IF INFORMATION IS INTERCEPTED BY AN UNAUTHORIZED PERSON, EITHER IN TRANSIT OR AT YOUR PLACE OF BUSINESS. IN ADDITION, YOU AGREE TO:

- REQUIRE ALL AUTHORIZED USERS TO KEEP PASSCODES SECURE AND STRICTLY CONFIDENTIAL;
- IMMEDIATELY NOTIFY US AND SELECT A NEW PASSCODE IF YOU OR YOUR AUTHORIZED USERS BELIEVE YOUR PASSCODES MAY HAVE BECOME KNOWN TO AN UNAUTHORIZED PERSON.

WE MAY DISABLE PASSCODES OF AUTHORIZED USERS EVEN WITHOUT RECEIVING SUCH NOTICE FROM YOU, IF WE SUSPECT PASSCODES ARE BEING USED IN AN UNAUTHORIZED OR FRAUDULENT MANNER.

BUSINESS CUSTOMERS SHALL BE SOLELY RESPONSIBLE FOR THE DEVELOPMENT AND IMPLEMENTATION OF ALL COMMERCIALLY REASONABLE SECURITY PROCEDURES TO PROTECT THEIR COMPUTER SYSTEMS USED TO ACCESS THE INTERNET BANKING SERVICE.

THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS SHALL HAVE NO OBLIGATION, LIABILITY OR CONTROL, EITHER DIRECTLY OR INDIRECTLY CONCERNING THE BUSINESS CUSTOMERS' SELECTION OF SECURITY SYSTEMS OR DEVICES USED TO PROTECT ITS COMPUTER SYSTEM(S). FURTHERMORE, NEITHER THIS INSTITUTION NOR ITS SERVICE PROVIDERS SHALL HAVE CONTROL

OVER BUSINESS CUSTOMERS' DEVELOPMENT OR IMPLEMENTATION OF SAID SECURITY PROCEDURES OR THE FAILURE OF BUSINESS CUSTOMER TO MAINTAIN SAID PROCEDURES.

BUSINESS CUSTOMERS SHALL BE SOLELY RESPONSIBLE FOR ANY AND ALL LOSSES AND DAMAGES ARISING FROM ANY AUTHORIZED OR UNAUTHORIZED ACCESS TO THE INTERNET BANKING SERVICE USING A VALID ACCESS ID AND PASSCODE.

E. Commercially Reasonable Security Procedures

WHEN YOU ACCEPT THIS AGREEMENT AND USE THE SERVICE, YOU ACKNOWLEDGE AND AGREE THAT THE SERVICE INCLUDES SECURITY MEASURES WHICH ARE COMMERCIALY REASONABLE.

YOU AGREE TO BE BOUND BY OUR SECURITY PROCEDURES AND INSTRUCTIONS, WHICH MAY BE PERIODICALLY UPDATED. YOU AGREE TO REVIEW AND IMPLEMENT ALL SECURITY PROCEDURES AVAILABLE IN CONNECTION WITH THE INTERNET BANKING SERVICE, INCLUDING PROCEDURES TO PROTECT THE CONFIDENTIALITY OF YOUR ACCESS ID AND PASSCODE AND THE SAME FOR YOUR AUTHORIZED USERS. YOU AGREE TO NOTIFY THIS FINANCIAL INSTITUTION IN THE EVENT THAT YOUR USE OF THE INTERNET BANKING SERVICE WOULD NECESSITATE OR BE BETTER SERVED BY A LEVEL OF SECURITY THAT EXCEEDS THAT OFFERED BY THE INTERNET BANKING SERVICE. IF YOU FAIL TO NOTIFY THIS FINANCIAL INSTITUTION, YOU ACKNOWLEDGE AND AGREE THAT THE SECURITY ASPECTS OF THE INTERNET BANKING SERVICE ARE APPROPRIATE FOR YOUR NEEDS AND WILL PROVIDE YOU WITH A COMMERCIALY REASONABLE DEGREE OF SECURITY AGAINST UNAUTHORIZED USE.

F. Errors and Questions

In case of errors or questions about your transactions, you should as soon as possible notify us through one of the following methods:

Telephone us at (361) 552-6726 OR (800) 505-2265 during customer service hours;

Write us at PO Drawer 7, Port Lavaca, Texas 77979

G. Your Liability for Unauthorized Transfers

You must notify us of errors, discrepancies, or possible unauthorized transactions as soon as possible upon learning of the discrepancy. If you fail to notify us within sixty (60) days after you have received notice of an unauthorized or erroneous transaction, First National Bank in Port Lavaca will not owe you any interest on the amount in question, even if we are otherwise liable to you in connection with the transaction.

First National Bank in Port Lavaca and its Service Providers shall have no liability to you for any unauthorized transactions made using your Passcode that occurs before you have notified us of any possible unauthorized use and we have had a reasonable opportunity to act upon that notice.

If you fail to notify us of any discrepancy within one (1) year, you shall be precluded from asserting any such discrepancy against us.

H. Limitation of Institution Liability

THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS WILL BE DEEMED TO HAVE EXERCISED ALL DUE CARE AND TO HAVE ACTED REASONABLY IF WE ACT IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT AND WILL BE LIABLE FOR LOSS SUSTAINED BY YOU ONLY TO THE EXTENT SUCH LOSS IS CAUSED BY OUR WILLFUL MISCONDUCT. THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS WILL HAVE NO LIABILITY FOR ANY LOSS OR DAMAGE:

- RELATED TO THE DISHONESTY OF THE BUSINESS CUSTOMER'S EMPLOYEES, OFFICERS, AGENTS, AUTHORIZED USERS;
- RESULTING FROM ANY RECEIVING FINANCIAL INSTITUTION'S FAILURE TO ACCEPT ANY PAYMENT OR FUNDS TRANSFER REQUEST;
- RESULTING FROM ANY DELAY IN THE PERFORMANCE OF THIS AGREEMENT, WHICH IS CAUSED BY AN ACT OF GOD, FIRE OR OTHER CASUALTY, ELECTRICAL OR COMPUTER FAILURE, DELAYS OR FAILURE TO ACT BY ANY CARRIER, MEDIUM OR AGENT OPERATING BETWEEN FIRST NATIONAL BANK IN PORT LAVACA AND THIRD PARTIES, OR ANY OTHER CONDITION OUTSIDE OF OUR CONTROL.

IF THIS FINANCIAL INSTITUTION AND/OR ITS SERVICE PROVIDERS FAIL OR DELAY IN MAKING A PAYMENT OR TRANSFER PURSUANT TO YOUR INSTRUCTION, OR IF WE MAKE A PAYMENT OR TRANSFER IN AN ERRONEOUS AMOUNT WHICH IS LESS THAN THE AMOUNT PER YOUR INSTRUCTION, UNLESS OTHERWISE REQUIRED BY LAW OUR LIABILITY SHALL BE LIMITED TO INTEREST ON THE AMOUNT WHICH WE FAILED TO TIMELY PAY, CALCULATED FROM THE DATE ON WHICH THE PAYMENT OR TRANSFER WAS TO BE MADE UNTIL THE DATE IT WAS ACTUALLY MADE OR YOU CANCELED THE INSTRUCTION.

WE MAY PAY SUCH INTEREST EITHER TO YOU OR THE INTENDED RECIPIENT OF THE PAYMENT OR TRANSFER, BUT IN NO EVENT WILL WE BE LIABLE TO BOTH PARTIES, AND OUR PAYMENT TO EITHER PARTY WILL FULLY DISCHARGE ANY OBLIGATION TO THE OTHER. IF WE MAKE A PAYMENT IN AN ERRONEOUS AMOUNT WHICH EXCEEDS THE AMOUNT PER YOUR PAYMENT INSTRUCTION, OR IF WE PERMIT AN UNAUTHORIZED PAYMENT AFTER WE HAVE HAD A REASONABLE TIME TO ACT ON A NOTICE FROM YOU OF POSSIBLE UNAUTHORIZED USE AS DESCRIBED ABOVE, UNLESS OTHERWISE REQUIRED BY LAW, OUR LIABILITY WILL BE LIMITED TO A REFUND OF THE AMOUNT ERRONEOUSLY PAID, PLUS INTEREST THEREON FROM THE DATE OF THE PAYMENT TO THE DATE OF THE REFUND, BUT IN NO EVENT TO EXCEED SIXTY (60) DAYS INTEREST.

IF WE BECOME LIABLE TO YOU FOR INTEREST COMPENSATION UNDER THIS AGREEMENT OR APPLICABLE LAW, SUCH INTEREST SHALL BE CALCULATED BASED ON THE AVERAGE FEDERAL FUNDS RATE AT THE FEDERAL RESERVE BANK IN THE DISTRICT WHERE FIRST NATIONAL BANK IN PORT LAVACA IS HEADQUARTERED FOR EACH DAY INTEREST IS DUE, COMPUTED ON THE BASIS OF A THREE HUNDRED SIXTY (360) DAY YEAR.

NO THIRD PARTY WILL HAVE RIGHTS OR CLAIMS AGAINST FIRST NATIONAL BANK IN PORT LAVACA AND ITS SERVICE PROVIDERS UNDER THIS AGREEMENT. THE TERMS OF THIS SECTION WILL SURVIVE TERMINATION OF THIS AGREEMENT.

I. Indemnification

Business Customer(s) and its Authorized Users will defend, indemnify and hold harmless First National Bank in Port Lavaca and its Service Providers against and in respect to any and all loss, liability, expense and damage, including consequential, special and punitive damages, directly or indirectly resulting from: (i) the processing of any request received by First National Bank in Port Lavaca through the Internet Banking Service, (ii) any breach of the provisions of this Agreement (iii) any request for stop payment; (iv) any dispute between you and any third party in connection with the use of the Internet Banking Service; and (v) any and all actions, suits, proceeding, claims, demands, judgments, costs and expenses (including attorney's fees) incident to the foregoing. The terms of this section will survive termination of this Agreement.

27. Alterations and Amendments

This Agreement, applicable fees and service charges may be altered or amended from time-to-time. In such event, we will provide notice to you. Any use of the Service after we provide you a notice of change will constitute your agreement to such change(s). Further, we may, from time to time, revise or update the applications, services, and/or related material, which may render all such prior versions obsolete. Consequently, we reserve the right to terminate this Agreement as to all such prior versions of the applications, services, and/or related material and limit access to only the Service's more recent revisions and updates.

28. Address, E-mail, or Payment Account Changes

When you enroll in the Service, we may send you a "Welcome" e-mail. We will also send you e-mails and/or secure messages through the Service regarding important Internet Banking and Bill Payment matters and/or changes to this Agreement. You must provide us your current e-mail address in order for us to deliver this information to you.

It is your sole responsibility to ensure that your contact information is current and accurate. This includes, but is not limited to, name, address, phone numbers, and e-mail addresses. Changes can be made either within the Service in the User Services menu or by contacting our Internet Banking Department at (361) 552-6726 or (800) 505-2265.

Any changes to your Eligible Account(s), Payment Account, or Billing Account should also be made in accordance with the procedures outlined above.

We are not responsible for any Bill Payment processing errors or fees incurred if you do not provide accurate Payment Account or contact information.

29. Service Termination, Cancellation, or Suspension

In the event you wish to cancel the Service, please contact our Internet Banking Department or send us a secure email through the Service.

Any Bill Payment(s) the Service has already processed before the requested cancellation date will be completed by the Service. All Scheduled Bill Payments, including automatic payments, will not be processed once the Service is cancelled. You will remain responsible for any fees associated with the Service prior to the effective cancellation date.

We may terminate or suspend the Service to you at any time. Neither termination nor suspension shall affect your liability or obligations under this Agreement.

Access to our Service may be canceled in whole or part without prior notice due to insufficient funds in one of your accounts or other circumstances that may create an unanticipated liability to us. If your account(s) is closed or restricted for any reason, or if there has not been any Internet Banking or Bill Payment activity for a period of 3 consecutive months, accessibility will automatically terminate.

After termination or suspension of the Service, we may consider reinstatement once sufficient funds are available in your accounts to cover any fees and other pending transfers or debits. In order to request reinstatement of the Service, you must call our Internet Banking Department.

30. Exclusions of Warranties and Limitation of Damages

THE INTERNET BANKING SERVICE AND RELATED DOCUMENTATION ARE PROVIDED "AS IS", "AS AVAILABLE" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

NOTWITHSTANDING OUR EFFORTS TO ENSURE THAT THE INTERNET BANKING SERVICE IS SECURE, WE CANNOT AND DO NOT WARRANT THAT ALL DATA TRANSFERS VIA THE INTERNET BANKING SERVICE WILL BE FREE FROM MONITORING OR ACCESS BY OTHERS.

WE ARE NOT RESPONSIBLE FOR AND YOU AGREE TO HOLD US HARMLESS FROM ANY DAMAGES, LOSSES, COSTS, ERRORS, DELETIONS, OR FAILURES THAT OCCUR AS A RESULT OF OR IN CONNECTION WITH ANY MALFUNCTION OF YOUR COMPUTER OR SOFTWARE, OR YOUR FAILURE TO OBTAIN ADEQUATE ONLINE SECURITY HARDWARE AND SOFTWARE, NOR WILL WE BE RESPONSIBLE FOR ANY COMPUTER VIRUSES THAT AFFECTS YOUR COMPUTER OR SOFTWARE WHILE USING THE INTERNET BANKING SERVICE. IN ADDITION, WE WILL NOT BE RESPONSIBLE FOR ANY THIRD PARTY

ACCESS OR ATTEMPTED ACCESS TO YOUR COMPUTER OR SOFTWARE WHILE USING THE INTERNET BANKING SERVICE OR OUR WEBSITE.

WE ARE NOT RESPONSIBLE AND YOU AGREE TO HOLD US HARMLESS FOR SECURITY BREACHES CAUSED BY OR ARISING FROM A BREACH OF YOUR COMPUTER SYSTEM, INTERNET PROVIDER OR YOUR MOBILE DEVICE CARRIER.

YOU ARE SOLELY RESPONSIBLE FOR THE MAINTENANCE, INSTALLATIONS, AND OPERATION OF YOUR COMPUTER INCLUDING BUT NOT LIMITED TO THE USE OF UPDATED ANTI-VIRUS PROTECTION.

NEITHER THIS FINANCIAL INSTITUTION NOR ITS SERVICE PROVIDERS SHALL BE RESPONSIBLE FOR ANY DELAYS, ERRORS, DELETIONS, FAILURES, OR DISCLOSURE OF PERSONAL OR BUSINESS ACCOUNT INFORMATION THAT MAY OCCUR AS A RESULT OF ANY VIRUS, TROJAN, SHARED PASSWORD, OR MALFUNCTION OF YOUR COMPUTER OR SOFTWARE OR YOUR FAILURE TO ADEQUATELY MAINTAIN AND SECURE YOUR COMPUTER AND SOFTWARE.

THE FOREGOING SHALL CONSTITUTE FIRST NATIONAL BANK IN PORT LAVACA AND ITS SERVICE PROVIDER'S ENTIRE LIABILITY AND YOUR EXCLUSIVE REMEDY. IN NO EVENT SHALL FIRST NATIONAL BANK IN PORT LAVACA OR ITS SERVICE PROVIDERS BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES, INCLUDING LOST PROFITS OR ATTORNEYS FEES (EVEN IF ADVISED OF THE POSSIBILITY THEREOF) ARISING IN ANY WAY OUT OF THE INSTALLATION, USE, OR MAINTENANCE OF THE EQUIPMENT, SOFTWARE, AND/OR YOUR USE OF THE INTERNET BANKING SERVICE.

31. No Unlawful or Prohibited Use

As a condition of using the Internet Banking Service, you represent and warrant to us that you will not use Service for any purpose that is unlawful or is not permitted, expressly or implicitly, by the terms of this Agreement or by any applicable law or regulation.

You further warrant and represent that you will not use the Internet Banking Service in any manner that could damage, disable, overburden, or impair the service or interfere with any other party's use and enjoyment of the service. You may not obtain or attempt to obtain any materials or information through any means not intentionally made available or provided through the Service. You agree that these warranties and representations will remain in full force and effect even if this Agreement terminates for any reason.

32. Assignment

You may not assign this Agreement to any other party. We may assign this Agreement in our sole discretion. We may also assign or delegate certain of our rights and responsibilities under this Agreement to independent contractors or other third parties.

33. No Waiver

This Financial Institution and its Service Providers shall not be deemed to have waived any of our rights or remedies hereunder unless such waiver is in writing and signed by us. No delay or omission in exercising any rights or remedies shall operate as a waiver of such rights or remedies or any other rights or remedies. A waiver on any one occasion shall not be construed as a bar or waiver of any rights or remedies on future occasions.

34. Captions

The captions of sections hereof are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

35. Disputes

In the event of a dispute regarding the Service, you agree to resolve the dispute by looking to this Agreement. You agree that this Agreement is the complete and exclusive statement of the agreement between you and us, which supersedes any proposal or prior agreement, oral or written, and any other communications between you and us relating to the subject matter of this Agreement. If there is a conflict between what the employees of this financial institution and/or its Service Providers say and the terms of this Agreement, the terms of this Agreement will prevail.

36. Waiver of Trial by Jury

The parties hereby knowingly, voluntarily and intentionally waive any right they may have to a trial by jury with respect to any litigation brought based upon this Agreement, or arising out of, under, or in connection with this Agreement and any agreement contemplated to be executed in conjunction herewith, or any course of conduct, course of dealing, statements or actions of the parties. This provision is a material inducement for the parties entering this Agreement.

37. Ownership of Material

Copyright in the pages and in the screens displaying the pages, and in the information and material therein and in their arrangement, is owned by First National Bank in Port Lavaca and/or its Service Providers unless otherwise indicated. All registered and unregistered trademarks used in the Service are the sole property of their respective owners. Unauthorized reproduction in whole or part is prohibited.

38. Governing Law and Relation to Other Agreements

Accounts and services provided by this Financial Institution may also be governed by separate agreements with you. This Agreement supplements any other agreement(s) and/or disclosures related to your Eligible Account(s) and provided to you separately.

This Agreement shall be governed by and construed in accordance with federal laws and the laws of the State of Texas, without regard to its conflicts of laws provisions; provided, however, that any dispute solely between you and our Bill Payment Service Provider shall be governed by and construed in accordance with the laws of the State of Georgia, without regard to its conflicts of laws provisions.

Proceed with Enrollment for the Service.

By clicking on the "I agree" button below you represent that you are the owner of an Eligible Account to be enrolled in the Service and/or have been authorized by the owner to enroll for the Service. Clicking on the "I Agree" button also indicates your acceptance of the terms and conditions of this Agreement in this electronic format.

(If you do not agree, choose cancel below.)

If you click "cancel" you can still enroll at a later time. You will still be asked to accept the terms and conditions of this Agreement.

ATTACHMENT B

Regulatory Compliance and Criminal History Warranty; Acknowledgement of Fiduciary Duty Owed by Contractor to City

- (a) **Compliance. Histories, Warranty, Fiduciary Duty, Discretionary Termination.** The successful bidder [proponent] must demonstrate to the City's satisfaction that bidder [proponent] has clean environmental, criminal, and other compliance histories with state, federal, and local agencies or authorities. By submission of a bid or proposal in response to this solicitation, bidder [proponent] Warrants to the City that he / she / it (in the case of a corporation or other legal entity), including advisors, executive and supervisory employees, agents and representatives, are in good stead with all regulatory authorities that may have interests in or jurisdiction over the work activity or service bid [proposed] by the Contractor. Regulatory interest or jurisdiction may go directly to the Contract activity in question, to potential consequences of the activity, or indirectly to any regulated matter that may reflect upon the Contractor's competency and integrity. The City relies upon Contractor's Warranty and shall treat the Contractor as having a special fiduciary duty to the City in this respect due to potential for environmental, third party, and other regulatory liabilities which may attend this Contract, including but not limited to regulatory criminal responsibility. Contractor acknowledges such fiduciary duty to the City, promising a high standard of performance and best efforts to protect the public interest against consequences of environmental mishap. Contractor warrants that no matters pertaining to violations, notices of violation, or notices of regulatory concern are now pending against Contractor or those persons (employees / affiliates) of concern mentioned above; and that no civil or criminal litigation, and no manner of enforcement activity, however preliminary, is *pending* against Contractor or those persons, regardless of category or class of violation or potential violation. *If any such matters are pending, Contractor must reveal and explain those matters in writing at the time his / her / its bid [proposal] is tendered to the City.* If any such matters have been resolved, *during the last five (5) years*, Contractor must similarly reveal and explain same to the City with the bid [proposal] submission. The City retains the right to determine, according to its discretion, whether or not a pending, unresolved, or resolved enforcement issue or criminal matter concerning Contractor, its operations, or employees / agents / representatives may impact the responsible status of Contractor, i.e., render the Contractor unqualified, or detract from Contractor's competency standing. In reliance on Contractor's Warranty, the City reserves to itself the right to terminate the Contract, without further obligation upon the City and without further recourse or remedy for the Contractor except that the City shall duly pay Contractor for work or services performed to date of termination, should the City determine, following award of the Contract that Contractor failed to reveal and explain to the City's satisfaction any such matters having regulatory or criminal import or implications.
- (b) **Criminal Histories. Pending and Resolved; Termination.** Contractor must disclose and explain in writing any pending criminal matters associated with his / her / its business operation. This disclosure goes to Contractor's person, and to all persons working for Contractor in a supervisory, advisory, executive, agency, or in any representative capacity or manner associated with Contractor's business enterprise, which person(s) have any criminal enforcement action pending against him or her, regardless of class or category of alleged violation which may be pending, however preliminary, including investigation. And concerning resolved criminal matters, Contractor must make similar written disclosures and explanations for the same category of persons, which disclosures and explanations concern any criminal enforcement action that may have been resolved against such persons during the last five (5) years. Failure to make such disclosures and explanations, with the submission of the bidder's [proponent's] response to the City's solicitation, shall be grounds for the City's termination of the Contract, should such information come to the City's attention after award of the contract; in which case, Contractor shall be without recourse and remedy, except for the City's payment to Contractor for services or work performed up to date of termination.

(c) **Voidable Contract.** Contractor's failure to abide by disclosure and explanation requirements, in (a) and (b), above, shall render the Contract voidable at the City's discretion, with no compensation due Contractor, if concealed or undisclosed violations, or undisclosed or concealed investigations leading to formal criminal charges, are of such portent, in the City's judgment, as to place the City in a position of regulatory or third party liability exposure, or shall pose or result in a threat to the public health, safety, or welfare. Any sums paid Contractor, in the event of a voided contract, shall be recoverable by the City, in addition to and cumulative of any other legal or equitable remedies the City may have. Contractor understands the City shall enjoy the termination and voidable contract remedies set forth in paragraph (b) and this paragraph (c) due to the fiduciary duty owing from Contractor to City and due to the City's reliance on the Contractor's Warranty of Regulatory Compliance and clean Criminal History.

ATTACHMENT C

RESPONDENT'S QUESTIONNAIRE

1. **Respondent Information:** Provide the following information regarding the Respondent.
(NOTE: Co-Respondents are two or more entities proposing as a team or joint venture with each signing the contract, if awarded. Sub-contractors are not Co-Respondents and should not be identified here. If this proposal includes Co-Respondents, provide the required information in this Item #1 for each Co-Respondent by copying and inserting an additional block(s) before Item #1.2. If Joint Venture or Partnership, attach Joint Venture or Partnership Agreement.)

Respondent Name: First National Bank in Port Lavaca
(NOTE: Give exact legal name as it will appear on the contract, if awarded.)

Principal Address: 1101 South HWY 35 Bypass

City: Port Lavaca State: TX Zip Code: 77979

Telephone No.: 361-552-6726 Fax No: 361-552-8520

Social Security Number or Federal Employer Identification Number: 74-1296016

Texas Comptroller's Taxpayer Number, if applicable: 17412960167
(NOTE: This 11-digit number is sometimes referred to as the Comptroller's TIN or TID.)

Business Structure: Check the box that indicates the business structure of the Respondent.

- ☐ Individual or Sole Proprietorship If checked, list Assumed Name, if any: _____
- ☐ Partnership
- ☒ Corporation If checked, check one: ☒ For-Profit ☐ Nonprofit
Also, check one: ☒ Domestic ☐ Foreign
- ☐ Other: If checked, list business structure: _____

2. **Contact Information:** List the one person who the City may contact concerning your proposal or setting dates for meetings.

Name: Edward Gonzales

Address: 1101 South HWY 35 Bypass

City: Port Lavaca State: TX Zip Code: 77979

Telephone No.: 361-552-8523 Fax No: 361-552-8520

Email: egonzales@fnbportlavaca.com

3. Does Respondent anticipate any mergers, transfer of organization ownership, management reorganization, or departure of key personnel within the next twelve (12) months?

Yes ☐ No ☒

4. Is Respondent authorized and/or licensed to do business in Texas?

Yes ☒ No ☐

If "Yes", list authorizations/licenses.

Office of The Comptroller of Currency

5. Where is the Respondent's corporate headquarters located? Port Lavaca

6. **Local Operation:** Does the Respondent have an office located in Calhoun County, Texas? Yes ☒ No ☐ If "Yes", respond to a and b below:

a. How long has the Respondent conducted business from its Calhoun County office?

Years 64 Months 9

b. State the number of full-time employees at the Calhoun County office. 34

7. **Debarment/Suspension Information:** Has the Respondent or any of its principals been debarred or suspended from contracting with any public entity?

Yes ☐ No ☒

If "Yes", identify the public entity and the name and current phone number of a representative of the public entity familiar with the debarment or suspension, and state the reason for or circumstances surrounding the debarment or suspension, including but not limited to the period of time for such debarment or suspension.

8. **Surety Information:** Has the Respondent ever had a bond or surety canceled or forfeited?

Yes ☐ No ☒

If "Yes", state the name of the bonding company, date, amount of bond and reason for such cancellation or forfeiture.

9. **Bankruptcy Information:** Has the Respondent ever been declared bankrupt or filed for protection from creditors under state or federal proceedings?

Yes ☐ No ☒

If "Yes", state the date, court, jurisdiction, cause number, amount of liabilities and amount of assets.

List here, any other names under which Respondent has operated within the last 10 years.

REFERENCES - Provide four (4) references, one of which must be from a financial institution that has provided Respondent with banking services during the past three years.

Reference No. 1: (Financial Institution)

Firm/Company Name: _____
Contact Name: _____ Title: _____
Address: _____
City: _____ State: _____ Zip Code: _____
Telephone No. _____ Fax No: _____
Email: _____

Reference No. 2:

Firm/Company Name: _____
Contact Name: _____ Title: _____
Address: _____
City: _____ State: _____ Zip Code: _____
Telephone No. _____ Fax No: _____
Email: _____

Reference No. 3:

Firm/Company Name: _____
Contact Name: _____ Title: _____
Address: _____
City: _____ State: _____ Zip Code: _____
Telephone No. _____ Fax No: _____
Email: _____

Reference No. 4:

Firm/Company Name: _____
Contact Name: _____ Title: _____
Address: _____
City: _____ State: _____ Zip Code: _____
Telephone No. _____ Fax No: _____
Email: _____

FIRST NATIONAL BANK IN PORT LAVACA IS CURRENT DEPOSITORY.

ATTACHMENT D

LITIGATION DISCLOSURE

Respond to each of the questions below by checking the appropriate box. Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Yes ☐ No ☒

Have you or any member of your Firm or Team to be assigned to this engagement been terminated (for cause or otherwise) from any work being performed for the City of Port Lavaca or any other Federal, State or Local Government, or Private Entity?

Yes ☐ No ☒

Have you or any member of your Firm or Team to be assigned to this engagement been involved in any claim or litigation with the City of Port Lavaca or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Yes ☐ No ☒

If you have answered "Yes" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

ATTACHMENT E

INSURANCE REQUIREMENTS

Contractors performing work or services on City property or public right-of-way for the City of Port Lavaca shall provide the City a certificate of insurance evidencing the coverages and coverage provisions identified herein. Contractors shall provide the City evidence that all subcontractors performing work or services have the same types and amounts of coverages as required herein or that the subcontractors are included under the contractor's policy. The City, at its own discretion, may require a certified copy of the policy.

All insurance companies and coverages must be authorized by the Texas Department of Insurance to transact business in the State of Texas and must be acceptable to the City of Port Lavaca.

Listed below are the types and amounts of insurance required. The City reserves the right to amend or require additional types and amounts of coverages or provisions depending on the nature of the work.

Type of Insurance	Amount of Insurance	Provisions
1. Workers' Compensation 2. Employer's Liability	Statutory \$100,000 each accident	City to be provided a waiver of subrogation.
3. Commercial General Liability to include coverage for the following: a. Premises/Operations b. Products/Completed Operations c. Independent Contractors d. Personal Injury e. Contractual Liability f. Personal/Advertising Injury g. Medical Expenses h. Fire Legal Liability	\$1,000,000 each occurrence, \$1,000,000 general aggregate; Or \$1,000,000 combined single limits	City to be listed as additional insured and provided 30-day notice of cancellation or material change in coverage. City prefers that insurer be rated B+VI or higher by A.M. Best or A or higher by Standard & Poors.
4. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired vehicles	Combined Single Limit for Bodily Injury and Property Damage of \$1,000,000 per occurrence.	
5. Crime/Employee Dishonesty (including monies and securities)	\$250,000	
6. Indemnification Bond*	\$250,000	

*If applicable.

ATTACHMENT F

INDEMNIFICATION REQUIREMENTS

If selected to provide the services described in this RFP, Respondent shall be required to comply with the indemnification requirements set forth below:

RESPONDENT covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, the CITY and the elected officials, employees, officers, directors, volunteers and representatives of the CITY, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to RESPONDENT's activities under this CONTRACT, including any acts or omissions of RESPONDENT, any agent, officer, director, representative, employee, consultant or subcontractor of RESPONDENT, and their respective officers, agents, employees, directors and representatives while in the exercise of performance of the rights or duties under this CONTRACT, all without however, waiving any governmental immunity available to the CITY under Texas Law and without waiving any defenses of the parties under Texas Law. IT IS FURTHER COVENANTED AND AGREED THAT SUCH INDEMNITY SHALL APPLY EVEN WHERE SUCH COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND/OR SUITS ARISE IN ANY PART FROM THE NEGLIGENCE OF CITY, THE ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, VOLUNTEERS AND REPRESENTATIVES OF CITY, UNDER THIS CONTRACT. HOWEVER THE SCOPE OF INDEMNITY IMPOSED ON RESPONDENT BY THIS AGREEMENT DOES NOT EXTEND TO ACTIONS TAKEN BY RESPONDENT OR ITS AGENTS IN DIRECT RESPONSE AND IN COMPLIANCE WITH ORDERS AND DIRECTIONS GIVEN TO RESPONDENT AND ITS AGENTS BY THE CHIEF OF POLICE OR HIS REPRESENTATIVE OR SENIOR FIREFIGHTERS IN CONTROL OF AN ACCIDENT SCENE.

It is the EXPRESS INTENT of the parties to this CONTRACT, that the INDEMNITY provided for in this section, is an INDEMNITY extended by RESPONDENT to INDEMNIFY, PROTECT and HOLD HARMLESS, the CITY from the consequences of the CITY'S OWN NEGLIGENCE, provided however, that the INDEMNITY provided for in this section SHALL APPLY only when the NEGLIGENT ACT of the City is a CONTRIBUTORY CAUSE of the resultant injury, death, or damage, and shall have no application when the negligent act of the City is the sole cause of the resultant injury, death, or damage. RESPONDENT further AGREES TO DEFEND, AT ITS OWN EXPENSE and ON BEHALF OF THE CITY AND IN THE NAME OF THE CITY, any claim or litigation brought against the CITY and its elected officials, employees, officers, directors, volunteers and representatives, in connection with any such injury, death, or damage for which this INDEMNITY shall apply, as set forth above.

However, given the industrial character, history, and intended use of the site, subject of this RFP, the foregoing contributory cause provision shall not relieve the RESPONDENT of the obligation to fully indemnify, defend, and hold harmless the CITY and all those persons recited above, according to the foregoing paragraphs, when the claim, demand, criminal or civil action, regulatory enforcement action, demand or direction for remediation is brought by an environmental regulatory agency or division, local, state, or federal, in which case THE SELECTED RESPONDENT SHALL INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY, ITS ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES, FOR THE CITY'S ALLEGED OR PROVEN NEGLIGENCE EVEN WHEN THE CITY'S SOLE NEGLIGENCE MAY BE ALLEGED OR PROVEN.

The provisions of this INDEMNIFICATION are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

RESPONDENT shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or RESPONDENT known to RESPONDENT related to or arising out of RESPONDENT's activities under this contract, and shall see to the investigation and defense of such claim or demand at RESPONDENT's cost. The CITY shall have the right, at its option and at its own expense, to participate in such defense without relieving RESPONDENT of any of its obligations under this paragraph.

CONFLICT OF INTEREST QUESTIONNAIRE**FORM CIQ****For vendor or other person doing business with local governmental entity**

This questionnaire reflects changes made to the law by H.B.23, 84th Leg. Regular Session.

This questionnaire is being filed in accordance with chapter 176 of the Local Government Code by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local government entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local government not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code.

A vendor commits an offense if the person violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1) Name of person doing business with local governmental entity.

First National Bank in Port Lavaca

2) ☐ Check this box if you are filing an update to a previously filed questionnaire.

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than September 1 of the year for which an activity described in Section 176.006(a), Local Government Code, is pending and not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)

3) Name of local government officer about whom the information is being disclosed.

N/A

Name of Officer

4) Describe each affiliation or business relationship with an employee or contractor of the local governmental entity who makes recommendations to a local government officer of the local governmental entity with respect to expenditure of money.

A. Is the local government officer name in this section receiving or likely to receive taxable income from the other than investment income, from the vendor?

☐ Yes ☐ No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local government entity?

☐ Yes ☐ No

ATTACHMENT J

- 5) Describe each employment or business relationship with the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

- 6) ☐ Check this box if the vendor has given the local government officer or a family member of the officer one more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1)

7) 
Signature of vendor doing business with the governmental entity

7/26/22
Date

OTHER SERVICE FEES

SERVICE	CHARGED	FEE
Non Sufficient Funds	Per Item	\$30.00
Cash Management	Per Month	\$50.00 (Basic)
	Per Token	Authentication Tokens maybe up to an additional \$75.00
Research		Standard Cost
Printed Checks		At Vendors Cost
Printed Deposit Slips		At Vendors Cost
Positive Pay:		
Online Banking		Cost to Bank to setup plus monthly fees charged to Bank
Core System		At no cost unless files is not received on time a there
		will be a \$30.00 penalty per file. If a file contains
		incorrect information there will be a \$30.00 penalty per
		file and there are multiply incorrect information a
		corrected file maybe requested

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

PORT LAVACA

City

TX 77979

State Zip Code

FDIC Certificate Number: 17811

Submitted to CDR on 1/27/2021 at 2:53 PM

FFIEC 051
Page 5 of 65

RI-1

**Consolidated Report of Income
for the period January 1, 2020 – December 31, 2020****Schedule RI—Income Statement**

Dollar Amounts in Thousands		RIAD	Amount	
1. Interest Income:				
a. Interest and fee income on loans:				
(1) Loans secured by real estate:				
(a) Loans secured by 1-4 family residential properties	4435	4,957	1.a.(1)(a)	
(b) All other loans secured by real estate	4436	2,599	1.a.(1)(b)	
(2) Commercial and industrial loans	4012	988	1.a.(2)	
(3) Loans to individuals for household, family, and other personal expenditures:				
(a) Credit cards	B485	0	1.a.(3)(a)	
(b) Other (Includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	B486	333	1.a.(3)(b)	
(4) Not applicable				
(5) All other loans (1)	4058	85	1.a.(5)	
(6) Total Interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(5))	4010	8,962	1.a.(6)	
b. Income from lease financing receivables	4065	0	1.b.	
c. Interest income on balances due from depository institutions (2)	4115	109	1.c.	
d. Interest and dividend income on securities:				
(1) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	B488	798	1.d.(1)	
(2) Mortgage-backed securities	B489	1,497	1.d.(2)	
(3) All other securities (includes securities issued by states and political subdivisions in the U.S.)	4060	532	1.d.(3)	
e. Not applicable				
f. Interest income on federal funds sold and securities purchased under agreements to resell	4020	1	1.f.	
g. Other Interest Income	4518	17	1.g.	
h. Total interest income (sum of items 1.a.(6) through 1.g.)	4107	11,916	1.h.	
2. Interest expense:				
a. Interest on deposits:				
(1) Transaction accounts (Interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	4508	459	2.a.(1)	
(2) Nontransaction accounts:				
(a) Savings deposits (Includes MMDAs)	0093	299	2.a.(2)(a)	
(b) Time deposits of \$250,000 or less	HK03	437	2.a.(2)(b)	
(c) Time deposits of more than \$250,000	HK04	224	2.a.(2)(c)	
b. Expense of federal funds purchased and securities sold under agreements to repurchase	4180	0	2.b.	
c. Other interest expense	GW44	0	2.c.	
d. Not applicable				
e. Total interest expense (sum of items 2.a through 2.c)	4073	1,419	2.e.	
3. Net interest income (item 1.h minus 2.e)	4074	10,497	3.	
4. Provision for loan and lease losses(3)	JJ33	300	4.	

(1) Includes interest and fee income on "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."

(2) Includes interest income on time certificates of deposit not held for trading.

(3) Institutions that have adopted ASU 2016-13 should report in Item 4 the provisions for credit losses on all financial assets that fall within the scope of the standard.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

FDIC Certificate Number: 17811

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FFIEC 051

Page 6 of 65

RI-2

Schedule RI—Continued

Dollar Amounts in Thousands	Year-to-date		
	RIAD	Amount	
5. Noninterest income:			
a. Income from fiduciary activities (1)	4070	108	5.a.
b. Service charges on deposit accounts	4080	469	5.b.
c. Not applicable			
d. (1) Fees and commissions from securities brokerage, investment banking, advisory, and underwriting activities	H173	0	5.d.(1)
(2) Income from insurance activities(2)	H174	0	5.d.(2)
e. Not applicable			
f. Net servicing fees	B492	0	5.f.
g. and h. Not applicable			
i. Net gains (losses) on sales of loans and leases	5416	0	5.i.
j. Net gains (losses) on sales of other real estate owned	5415	0	5.j.
k. Net gains (losses) on sales of other assets (3)	B496	0	5.k.
l. Other noninterest income*	B497	196	5.l.
m. Total noninterest income (sum of items 5.a through 5.l)		4079	773 5.m.
6. a. Realized gains (losses) on held-to-maturity securities		3521	0 6.a.
b. Realized gains (losses) on available-for-sale debt securities		3196	0 6.b.
7. Noninterest expense:			
a. Salaries and employee benefits	4135	3,497	7.a.
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	4217	967	7.b.
c. (1) Goodwill impairment losses	C216	0	7.c.(1)
(2) Amortization expense and impairment losses for other intangible assets	C232	0	7.c.(2)
d. Other noninterest expense*	4092	1,291	7.d.
e. Total noninterest expense (sum of items 7.a through 7.d)		4093	5,755 7.e.
8. a. Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e)	HT69	5,215	8.a.
b. Change in net unrealized holding gains (losses) on equity securities not held for trading (4)	HT70	0	8.b.
c. Income (loss) before applicable income taxes and discontinued operations (sum of items 8.a and 8.b)	4301	5,215	8.c.
9. Applicable income taxes (on item 8.c)	4302	1,019	9.
10. Income (loss) before discontinued operations (item 8.c minus item 9)	4300	4,196	10.
11. Discontinued operations, net of applicable income taxes*	FT28	0	11.
12. Net income (loss) attributable to bank and noncontrolling (minority) interests (sum of items 10 and 11)	G104	4,196	12.
13. LESS: Net income (loss) attributable to noncontrolling (minority) interests (if net income, report as a positive value; if net loss, report as a negative value)	G103	0	13.
14. Net income (loss) attributable to bank (item 12 minus item 13)	4340	4,196	14.

* Describe on Schedule RI-E—Explanations.

(1) For banks required to complete Schedule RC-T, items 14 through 22, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 22.

(2) Includes underwriting income from insurance and reinsurance activities.

(3) Exclude net gains (losses) on sales of trading assets and held-to-maturity and available-for-sale debt securities.

(4) Item 8.b is to be completed by all institutions - See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

PORT LAVACA

City

TX 77979

State Zip Code

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FFIEC 051
Page 14 of 65
RC-1**Consolidated Report of Condition for Insured Banks
and Savings Associations for December 31, 2020**

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands

	RCON	Amount	
Assets			
1. Cash and balances due from depository institutions:			
a. Noninterest-bearing balances and currency and coin(1)	0081	2,389	1.a.
b. Interest-bearing balances(2)	0071	24,573	1.b.
2. Securities:			
a. Held-to-maturity securities (from Schedule RC-B, column A)(3)	J134	0	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D)	1773	146,448	2.b.
c. Equity securities with readily determinable fair values not held for trading (4)	JA22	0	2.c.
3. Federal funds sold and securities purchased under agreements to resell:			
a. Federal funds sold	B987	200	3.a.
b. Securities purchased under agreements to resell(5, 6)	B989	0	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):			
a. Loans and leases held for sale	5369	0	4.a.
b. Loans and leases held for investment	B528	181,131	4.b.
c. LESS: Allowance for loan and lease losses(7)	3123	1,596	4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)	B529	179,535	4.d.
5. Trading assets	3545	0	5.
6. Premises and fixed assets (including capitalized leases)	2145	4,849	6.
7. Other real estate owned (from Schedule RC-M)	2150	0	7.
8. Investments in unconsolidated subsidiaries and associated companies	2130	0	8.
9. Direct and indirect investments in real estate ventures	3656	0	9.
10. Intangible assets (from Schedule RC-M)	2143	0	10.
11. Other assets (from Schedule RC-F)(6)	2160	1,945	11.
12. Total assets (sum of items 1 through 11)	2170	359,949	12.

(1) Includes cash items in process of collection and unposted debits.

(2) Includes time certificates of deposit not held for trading.

(3) Institutions that have adopted ASU 2016-13 should report in item 2.a amounts net of any applicable allowance for credit losses, and item 2.a should equal Schedule RC-B, item 8, column A, less Schedule RI-B, Part II, item 7, column B.

(4) Item 2.c is to be completed by all institutions - See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

(5) Includes all securities resale agreements, regardless of maturity.

(6) Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.

(7) Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

FDIC Certificate Number: 17811

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FFIEC 051

Page 14a of 65

RC-2a

Schedule RC - Continued**Liabilities**

Dollar Amounts in Thousands			RCN	Amount	
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)			2200	320,042	13.a.
(1) Noninterest-bearing(8)	6631	75,449			13.a.(1)
(2) Interest-bearing	6636	244,593			13.a.(2)
b. Not applicable					
14. Federal funds purchased and securities sold under agreements to repurchase:					
a. Federal funds purchased(9)			B993	0	14.a.
b. Securities sold under agreements to repurchase(10)			B995	0	14.b.
15. Trading liabilities			3548	0	15.
16. Other borrowed money (includes mortgage indebtedness) (from Schedule RC-M)			3190	0	16.
17. and 18. Not applicable					
19. Subordinated notes and debentures(11)			3200	0	19.

(8) Includes noninterest-bearing demand, time, and savings deposits.

(9) Report overnight Federal Home Loan Bank advances in Schedule RC, Item 16, "Other borrowed money."

(10) Includes all securities repurchase agreements, regardless of maturity.

(11) Includes limited-life preferred stock and related surplus.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

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FFIEC 051

Page 15 of 65

RC-2

Schedule RC - Continued

	Dollar Amounts in Thousands		
	RCON	Amount	
Liabilities—continued			
20. Other liabilities (from Schedule RC-G)	2930	1,190	20.
21. Total liabilities (sum of Items 13 through 20)	2948	321,232	21.
22. Not applicable			
Equity Capital			
Bank Equity Capital			
23. Perpetual preferred stock and related surplus	3838	0	23.
24. Common stock	3230	4,800	24.
25. Surplus (exclude all surplus related to preferred stock)	3839	4,800	25.
26. a. Retained earnings	3632	28,822	26.a.
b. Accumulated other comprehensive income(1)	8530	3,295	26.b.
c. Other equity capital components (2)	A130	-3,000	26.c.
27. a. Total bank equity capital (sum of Items 23 through 26.c)	3210	38,717	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	0	27.b.
28. Total equity capital (sum of Items 27.a and 27.b)	G105	38,717	28.
29. Total liabilities and equity capital (sum of Items 21 and 28)	3300	359,949	29.

Memoranda**To be reported with the March Report of Condition.**

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2019

RCON	Number
6724	N/A

M.1.

1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution

1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution

2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

3 = This number is not to be used.

4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)

5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)

6 = Review of the bank's financial statements by external auditors

7 = Compilation of the bank's financial statements by external auditors

8 = Other audit procedures (excluding tax preparation work)

9 = No external audit work

To be reported with the March Report of Condition.

2. Bank's fiscal year-end date (report the date in MMDD format)

RCON	Date
8678	N/A

M.2.

(1) Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.

(2) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

PORT LAVACA

City

TX 77979

State Zip Code

FDIC Certificate Number: 17811

Submitted to CDR on 1/27/2022 at 10:46 AM

FFIEC 051
Page 5 of 65
RI-1**Consolidated Report of Income
for the period January 1, 2021 – December 31, 2021****Schedule RI—Income Statement**

Dollar Amounts in Thousands

	RIAD	Amount	
1. Interest income:			
a. Interest and fee income on loans:			
(1) Loans secured by real estate:			
(a) Loans secured by 1-4 family residential properties	4435	4,692	1.a.(1)(a)
(b) All other loans secured by real estate	4436	2,847	1.a.(1)(b)
(2) Commercial and Industrial loans	4012	1,014	1.a.(2)
(3) Loans to individuals for household, family, and other personal expenditures:			
(a) Credit cards	B485	0	1.a.(3)(a)
(b) Other (Includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	B486	323	1.a.(3)(b)
(4) Not applicable			
(5) All other loans (1)	4058	97	1.a.(5)
(6) Total Interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(5))	4010	8,973	1.a.(6)
b. Income from lease financing receivables	4065	0	1.b.
c. Interest income on balances due from depository institutions (2)	4115	46	1.c.
d. Interest and dividend income on securities:			
(1) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	B488	650	1.d.(1)
(2) Mortgage-backed securities	B489	1,186	1.d.(2)
(3) All other securities (includes securities issued by states and political subdivisions in the U.S.)	4060	797	1.d.(3)
e. Not applicable			
f. Interest income on federal funds sold and securities purchased under agreements to resell	4020	0	1.f.
g. Other interest income	4518	17	1.g.
h. Total Interest income (sum of items 1.a.(6) through 1.g.)	4107	11,669	1.h.
2. Interest expense:			
a. Interest on deposits:			
(1) Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	4508	283	2.a.(1)
(2) Nontransaction accounts:			
(a) Savings deposits (includes MMDAs)	0093	210	2.a.(2)(a)
(b) Time deposits of \$250,000 or less	HK03	205	2.a.(2)(b)
(c) Time deposits of more than \$250,000	HK04	139	2.a.(2)(c)
b. Expense of federal funds purchased and securities sold under agreements to repurchase	4180	0	2.b.
c. Other interest expense	GW44	0	2.c.
d. Not applicable			
e. Total Interest expense (sum of items 2.a through 2.c)	4073	837	2.e.
3. Net Interest Income (item 1.h minus 2.e)	4074	10,832	3.
4. Provision for loan and lease losses(3)	JJ33	130	4.

(1) Includes interest and fee income on "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."

(2) Includes Interest income on time certificates of deposit not held for trading.

(3) Institutions that have adopted ASU 2016-13 should report in item 4 the provisions for credit losses on all financial assets and off-balance-sheet credit exposures that fall within the scope of the standard.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

FDIC Certificate Number: 17811

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FFIEC 051

Page 6 of 65

RI-2

Schedule RI—Continued

Dollar Amounts in Thousands	Year-to-date		
	RIAD	Amount	
5. Noninterest income:			
a. Income from fiduciary activities (1)	4070	126	5.a.
b. Service charges on deposit accounts	4080	492	5.b.
c. Not applicable			
d. Income from securities-related and insurance activities:			
(1) Fees and commissions from securities brokerage, investment banking, advisory, and underwriting activities	HT73	0	5.d.(1)
(2) Income from insurance activities(2)	HT74	0	5.d.(2)
e. Not applicable			
f. Net servicing fees	B492	0	5.f.
g. and h. Not applicable			
i. Net gains (losses) on sales of loans and leases	5416	0	5.i.
j. Net gains (losses) on sales of other real estate owned	5415	0	5.j.
k. Net gains (losses) on sales of other assets (3)	B496	0	5.k.
l. Other noninterest income*	B497	206	5.l.
m. Total noninterest income (sum of items 5.a through 5.l)		4079 824	5.m.
6. a. Realized gains (losses) on held-to-maturity securities		3521 0	6.a.
b. Realized gains (losses) on available-for-sale debt securities		3196 0	6.b.
7. Noninterest expense:			
a. Salaries and employee benefits	4135	3,943	7.a.
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	4217	989	7.b.
c. (1) Goodwill impairment losses	C216	0	7.c.(1)
(2) Amortization expense and impairment losses for other intangible assets	C232	0	7.c.(2)
d. Other noninterest expense*	4092	1,395	7.d.
e. Total noninterest expense (sum of items 7.a through 7.d)		4093 6,327	7.e.
8. a. Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e)	HT69	5,199	8.a.
b. Change in net unrealized holding gains (losses) on equity securities not held for trading (4)	HT70	0	8.b.
c. Income (loss) before applicable income taxes and discontinued operations (sum of items 8.a and 8.b)	4301	5,199	8.c.
9. Applicable income taxes (on item 8.c)	4302	999	9.
10. Income (loss) before discontinued operations (item 8.c minus item 9)	4300	4,200	10.
11. Discontinued operations, net of applicable income taxes*	FT28	0	11.
12. Net income (loss) attributable to bank and noncontrolling (minority) interests (sum of items 10 and 11)	G104	4,200	12.
13. LESS: Net income (loss) attributable to noncontrolling (minority) interests (if net income, report as a positive value; if net loss, report as a negative value)	G103	0	13.
14. Net income (loss) attributable to bank (item 12 minus item 13)	4340	4,200	14.

* Describe on Schedule RI-E—Explanations.

(1) For banks required to complete Schedule RC-T, items 14 through 22, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 22.

(2) Includes underwriting income from insurance and reinsurance activities.

(3) Exclude net gains (losses) on sales of trading assets and held-to-maturity and available-for-sale debt securities.

(4) Item 8.b is to be completed by all institutions - See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

PORT LAVACA

City

TX 77979

State Zip Code

FDIC Certificate Number: 17811

Submitted to CDR on 1/27/2022 at 10:46 AM

FFIEC 051
Page 14 of 65
RC-1**Consolidated Report of Condition for Insured Banks
and Savings Associations for December 31, 2021**

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts In Thousands

			RCON	Amount	
Assets					
1. Cash and balances due from depository institutions:					
a. Noninterest-bearing balances and currency and coin(1)			0081	2,434	1.a.
b. Interest-bearing balances(2)			0071	27,834	1.b.
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A)(3)			J134	0	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D)			1773	175,351	2.b.
c. Equity securities with readily determinable fair values not held for trading (4)			JA22	0	2.c.
3. Federal funds sold and securities purchased under agreements to resell:					
a. Federal funds sold			B987	200	3.a.
b. Securities purchased under agreements to resell(5, 6)			B989	0	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	0	4.a.
b. Loans and leases held for investment	B528	192,153			4.b.
c. LESS: Allowance for loan and lease losses(7)	3123	1,736			4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)			B529	190,417	4.d.
5. Trading assets			3545	0	5.
6. Premises and fixed assets (including capitalized leases)			2145	4,550	6.
7. Other real estate owned (from Schedule RC-M)			2150	0	7.
8. Investments in unconsolidated subsidiaries and associated companies			2130	0	8.
9. Direct and indirect investments in real estate ventures			3656	0	9.
10. Intangible assets (from Schedule RC-M)			2143	0	10.
11. Other assets (from Schedule RC-F)(6)			2160	2,248	11.
12. Total assets (sum of items 1 through 11)			2170	403,034	12.

(1) Includes cash items in process of collection and unposted debits.

(2) Includes time certificates of deposit not held for trading.

(3) Institutions that have adopted ASU 2016-13 should report in Item 2.a amounts net of any applicable allowance for credit losses, and item 2.a should equal Schedule RC-B, item 8, column A, less Schedule RI-B, Part II, item 7, column B.

(4) Item 2.c is to be completed by all institutions - See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

(5) Includes all securities resale agreements, regardless of maturity.

(6) Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.

(7) Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

FDIC Certificate Number: 17811

Submitted to CDR on 1/27/2022 at 10:46 AM

FFIEC 051
Page 14a of 65
RC-2a**Schedule RC - Continued****Liabilities**

Dollar Amounts In Thousands

	Dollar Amounts In Thousands		RCN	Amount	
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)			2200	364,688	13.a.
(1) Noninterest-bearing(8)	6631	112,939			13.a.(1)
(2) Interest-bearing	6636	251,749			13.a.(2)
b. Not applicable					
14. Federal funds purchased and securities sold under agreements to repurchase:					
a. Federal funds purchased(9)			B993	0	14.a.
b. Securities sold under agreements to repurchase(10)			B995	0	14.b.
15. Trading liabilities			3548	0	15.
16. Other borrowed money (includes mortgage indebtedness) (from Schedule RC-M)			3190	0	16.
17. and 18. Not applicable					
19. Subordinated notes and debentures(11)			3200	0	19.

(8) Includes noninterest-bearing demand, time, and savings deposits.

(9) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."

(10) Includes all securities repurchase agreements, regardless of maturity.

(11) Includes limited-life preferred stock and related surplus.

FIRST NATIONAL BANK IN PORT LAVACA

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FFIEC 051
Page 15 of 65
RC-2**Schedule RC - Continued**

Dollar Amounts in Thousands

	RCON	Amount	
Liabilities—continued			
20. Other liabilities (from Schedule RC-G)	2930	639	20.
21. Total liabilities (sum of items 13 through 20)	2948	365,327	21.
22. Not applicable			
Equity Capital			
Bank Equity Capital			
23. Perpetual preferred stock and related surplus	3838	0	23.
24. Common stock	3230	4,800	24.
25. Surplus (exclude all surplus related to preferred stock)	3839	4,800	25.
26. a. Retained earnings	3632	30,980	26.a.
b. Accumulated other comprehensive income(1)	8530	127	26.b.
c. Other equity capital components (2)	A130	-3,000	26.c.
27. a. Total bank equity capital (sum of items 23 through 26.c)	3210	37,707	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	0	27.b.
28. Total equity capital (sum of items 27.a and 27.b)	G105	37,707	28.
29. Total liabilities and equity capital (sum of items 21 and 28)	3300	403,034	29.

Memoranda**To be reported with the March Report of Condition.**

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2020.

RCON	Number
6724	N/A

M.1.

1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution

1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution

2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

3 = This number is not to be used.

4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)

5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)

6 = Review of the bank's financial statements by external auditors

7 = Compilation of the bank's financial statements by external auditors

8 = Other audit procedures (excluding tax preparation work)

9 = No external audit work

To be reported with the March Report of Condition.

2. Bank's fiscal year-end date (report the date in MMDD format)

RCON	Date
8678	N/A

M.2.

(1) Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.

(2) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

STATEMENT OF CONDITION

FIRST NATIONAL BANK

IN PORT LAVACA

at the close of business DECEMBER 31, 2021

RESOURCES

Cash and Due from Banks.....	30,268,685.71	
Securities.....	175,657,882.58	
Federal-Funds Sold.....	200,000.00	206,126,568.29
Loans.....		192,083,324.75
Bank Buildings, Furniture & Fixtures.....		4,549,808.28
Other Resources.....		1,889,871.03
TOTAL.....		404,649,572.35

LIABILITIES

Capital Stock.....	4,800,000.00
Certified Surplus.....	4,800,000.00
Undivided Profits.....	30,979,555.03
Unrealized Gain/Loss on AFS Securities.....	127,459.11
Treasury Stock.....	(3,000,000.00)
Other Liabilities and Reserves.....	2,254,636.53
Deposits.....	364,687,921.68
TOTAL.....	404,649,572.35

DIRECTORS

W. H. BAUER, JR.
Chairman of the BoardJOE D. BRETT
AgriculturalKEVIN CULLEN
AttorneyRICHARD T. CULLEN
PresidentJ. C. MELCHER, JR.
RetailingDAVID ROBERTS
AttorneyBLAN M. WILLOUGHBY
InvestmentsJACK WU
Vice President
Formosa Plastics

OFFICERS

W. H. BAUER JR.....	CHAIRMAN OF THE BOARD & TRUST OFFICER
RICHARD T. CULLEN.....	PRESIDENT & TRUST OFFICER
SHELIA DIERSCHKE.....	SR. VICE PRESIDENT & COMPTROLLER
KAREN G. CARAWAY.....	SR. VICE PRESIDENT
RICHARD W MCKINNEY.....	SR. VICE PRESIDENT
CARL (PJ) CRANE, JR.....	VICE PRESIDENT
THERESA GARZA.....	VICE PRESIDENT
JOHN KABELA, JR.....	VICE PRESIDENT
BOBBY MEEKS.....	VICE PRESIDENT
DAWN RAGUSIN.....	VICE PRESIDENT
LISA A. RODGERS.....	VICE PRESIDENT
CAROLYN WHITEHEAD.....	ASST. VICE PRESIDENT
EDWARD B. GONZALES.....	CASHIER
REBECCA DORSEY.....	ASST. CASHIER
CATHY EPLEY.....	ASST. CASHIER
NORMA MASEDA.....	ASST. CASHIER
SANDRA RABEAUX.....	ASST. CASHIER
LAURA WILLOUGHBY.....	ASST. CASHIER

ATTACHMENT H

VENDOR ACKNOWLEDGEMENT FORM

THIS FORM MUST BE THE LAST PAGE OF YOUR ORIGINAL PROPOSALS AND COPIES!

The undersigned hereby certifies that he/she understands the specifications, has read the document in its entirety and that the prices contained in this proposal have been carefully reviewed and are submitted as correct and final. Vendor further certifies and agrees to furnish any or all products/services upon which prices are extended at the price offered, and upon conditions contained in the specifications of the proposal.

The following information must be filled out in its entirety for your proposal to be considered.

Company Name: First National Bank in Port Lavaca

Address of Principal Place of Business: 1101 South HWY 35 Bypass
Port Lavaca, TX

Phone/Fax of Principal Place of Business: 361-552-6726
361-552-8507

Address, Phone and Fax of Majority
Owner Principal Place of Business: W.H. Bauer, Jr.
361-552-6726 (phone) 361-552-8507 (Fax)
Port Lavaca, TX

E-mail Address of Representative: tcullen@fnbportlavaca.com

Authorized Representative:


Signature

7/26/22
Date

Richard T Cullen

Printed Name

ATTACHMENT I

PROPOSAL CHECKLIST

Use this checklist to ensure that all required documents have been included in the proposal and that they are properly tabbed and appear in the correct order.

Tab in Proposal	Document	Initial to Indicate Document is Attached to Proposal
	*Submittal Cover / Signature Sheet (RFP Attachment A)	us
	Table of Contents	y
	Executive Summary	y g
	Sample Screen Shots	y
	Regulatory Compliance and Criminal History Warranty (Att. B)	y
	Respondent Questionnaire (RFP Attachment C)	y
	Litigation Disclosure (RFP Attachment D)	y
	Proof of Insurability (Letter and Copy of Current Certificate of Insurance (Attachment E)	y
	Experience, Background, Qualifications	y
	Proposed Services	y
	Indemnification Requirements (RFP Attachment F)	y
	*Conflict of Interest Questionnaire (RFP Attachment G)	y
	*Vender Acknowledgement Form (RFP Attachment H)	y
	Proposal Checklist (RFP Attachment I)	y
	One (1) Original and Four (4) Copies of Proposal and USB=5	y

*Documents marked with an asterisk on this checklist require a signature. Be sure they are signed prior to submittal of proposal.