



**REQUEST FOR APPLICATIONS  
BANK DEPOSITORY SERVICES  
RFA-2024-02**

Proposal Due Date  
March 19, 2024  
12:00 pm

The City of Sanger, Texas  
502 Elm Street  
P O Box 1729  
Sanger TX 76266

940.458.7930  
February 21, 2024

## **TABLE OF CONTENTS**

<b>Table of Contents .....</b>	<b>2</b>
<b>Notice to Vendors .....</b>	<b>3</b>
<b>Anticipated Schedule of Events.....</b>	<b>4</b>
<b>I. Introduction .....</b>	<b>5</b>
<b>II. Proposal Instructions and Qualifications.....</b>	<b>5</b>
<b>III. Required Financial Institution Information .....</b>	<b>6</b>
<b>IV. Required Banking Services .....</b>	<b>6</b>
<b>V. Other Services.....</b>	<b>10</b>
<b>VI. Bank Compensation.....</b>	<b>10</b>
<b>VII. Required Disclosures.....</b>	<b>11</b>
<b>VIII. Required Certifications .....</b>	<b>12</b>
<b>Attachment A: Banking Services Charges .....</b>	<b>14</b>
<b>Attachment B: City Account Activities .....</b>	<b>15</b>
<b>Attachment C: City Account Average Monthly Balance .....</b>	<b>16</b>
<b>Attachment D: City of Sanger Investment Policy .....</b>	<b>17</b>
<b>Attachment E: Conflict of Interest Questionnaire .....</b>	<b>22</b>

## **NOTICE TO VENDORS**

Sealed proposals will be received by the City of Sanger, Texas at the office of the City of Sanger City Secretary, PO Box 1729, 502 Elm Street, Sanger, TX 76266, until 12:00 PM, CST, March 19, 2024, for the purchase of services as follows per proposal instructions and specifications:

### **REQUEST FOR APPLICATIONS FOR BANK DEPOSITORY SERVICES RFA-2024-02**

Qualified prospective Proposers may obtain copies of the RFA on the City website: [www.sangertexas.org](http://www.sangertexas.org). Proposals received later than the date and time above will not be considered in the proposal process. Facsimile or electronic transmittals will not be accepted.

The Sanger City Council reserves the right to accept or reject any proposals or any part thereof or any combination of proposals and to waive any or all formalities in any proposal, and to make an award in any manner, consistent with law, deemed in the best interests of the City.

## **ANTICIPATED SCHEDULE OF EVENTS**

Tuesday, February 20, 2024 ..... Request Council approval to issue RFA  
Wednesday, February 21, 2024 ..... Issue RFA  
Friday, March 8, 2024, at 12:00 PM..... Deadline for questions from proposers  
Tuesday, March 19, 2024 at 12:00 PM ..... Deadline for proposal submissions  
Tuesday, March 19, 2024 at 2:00 PM ..... Proposal opening  
Monday, April 1, 2024 ..... Council selection of bank  
Thursday, May 1, 2019..... Contract term begins

## **I. INTRODUCTION**

The City of Sanger, Texas is requesting proposals for a banking services contract with service to begin May 1, 2024 and extending through April 30, 2027, with the option to extend this contract for two (2) additional one-year terms. Through this contract, the City intends to minimize banking costs, improve operational efficiency, and maximize investment capabilities. This Request for Applications (RFA) represents the cash management goals, specifies all banks' required qualifications, the banking services required, the estimated activity volumes on all accounts, the method and terms of compensation, submission instructions and the contract award provisions.

## **II. PROPOSAL INSTRUCTIONS AND QUALIFICATIONS**

### **A. Minimum Qualifications**

To ensure a close working relationship, facilitate available services, and support local business, the entity may give priority to those banks with full-service capabilities within the City limits. Any required statement regarding equal opportunity and affirmative action should be included if required/desired. The proposal submitted will become part of the final contract.

### **B. Proposal Submission Instructions**

#### **1. Proposal Format**

To fully and equitably evaluate each bank's ability to meet the banking services needs of the City, a standard reply format is required. Each proposal must include a response to each item in the RFA in the order given. Only proposals submitted in the prescribed format and using the exhibit forms provided will be evaluated for contract award.

#### **2. Submission Requirements**

Proposals for the services specified will be received by the City of Sanger until March 19, 2024 at 12:00 PM. Please submit one (1) original proposal in hard copy only, and one (1) copy of the proposal in pdf format on a flash drive. The address for delivery of submissions is:

City Secretary  
City of Sanger  
502 Elm Street  
Sanger TX 76266

Late submissions will not be considered. Proposals received after the deadline will be returned unopened.

#### **3. RFA Questions**

Questions regarding this RFA or the service requested should be in writing, directed to Clayton Gray at [cgray@sangertexas.org](mailto:cgray@sangertexas.org) The deadline for submission of questions is 12:00 PM on Friday, March 8, 2024. No questions or communications should be directed to any other City employees or any elected officials.

#### **4. RFA Amendments**

Modifications or additions may be made as a result of questions submitted. Written notification of any such change will be made in writing to all known bidders.

#### **5. Selection Criteria**

Evaluation of submissions will be made on the basis of the following objectives:

- Ability of applicant to perform and provide the required and requested services;
- References provided and quality of services.
- 3. Cost of services;
- Transition cost, retention and transition offers, and incentives;
- Interest rates on interest bearing accounts and deposits;

- Earnings credit rate on compensating balances;
- Previous service relationship with the City;
- Convenience of location(s);
- Completeness of application; and
- Financial strength and stability of the institution.

6. Council selection of bank

The selection is scheduled to be at the Monday, April 1, 2024, meeting of the Sanger City Council.

**III. REQUIRED FINANCIAL INSTITUTION INFORMATION**

All banks must provide, as part of the proposal:

- audited financial statements for the most recent fiscal year,
- a copy of the current call report, and
- a statement regarding any recent or foreseen merger or acquisition.

**IV. REQUIRED BANKING SERVICES**

This section lists all the services to be provided by the bank under this agreement. Attachment A lists each of these services. The bank should use Attachment A to provide the specific price for each service.

**A. Consolidated Account Structure**

The City’s banking structure currently consists of seventeen (17) accounts. The Pooled Cash account is the main account for deposits, payroll, and accounts payable. The City currently uses remote capture for the majority of items deposited to the Pooled Cash account. The City uses ACH for both payment and receipt of items in the Pooled Cash account. The City uses wire transfers for payment of some obligations out of the Pooled Cash account. The City desires all accounts to be interest bearing.

<b>Account</b>	<b>Account Type</b>
Pooled Cash	Interest Bearing Checking - Public Funds
Sewer Capital Improvement	Money Market - Public Funds
Storm Recovery	Money Market - Public Funds
Employee Benefits	Money Market - Public Funds
Enterprise Fund	Money Market - Public Funds
ARP Funding	Money Market - Public Funds
GF Debt I&S	Money Market - Public Funds
EF Debt I&S	Money Market - Public Funds
Water Cap Imp	Money Market - Public Funds
EF Equipment Replacement	Money Market - Public Funds
GF Equipment Replacement	Money Market - Public Funds
GF Contingency	Money Market - Public Funds
Series 23 CO	Money Market - Public Funds
Series 23 CO Tax	Money Market - Public Funds
4B Board	Money Market - Public Funds
EF Contingency	Money Market - Public Funds
WW Capital Imp	Money Market - Public Funds

**B. Wire Transfer Services**

A standard wire transfer agreement will be executed with the bank. This proposal should include a copy of your standard transfer procedures and wire transfer agreement. The City requires adequate security provisions and procedures. Information should be submitted detailing the use of online wire transfer requests. The City requires:

- The ability to initiate and monitor wire transfers online
- The ability to create and store recurring/repetitive wire instructions/templates
- The ability to create and store future dated wire instructions
- Security measures for wire initiation and approval

YES, can provide as requested/required.  NO, cannot provide as requested/required.

**C. Automated Daily Balance Reporting**

The City requires an automated PC-based reporting system for access to the closing ledger and available balances. Stipulate the time at which the access is available and describe the system to be used. Reporting should include balance and detail reporting. Samples of the reports are to be included in the proposal.

YES, can provide as requested/required.  NO, cannot provide as requested/required.

**D. Sweep Account Provisions**

If the City chooses, the bank will be responsible for automatically sweeping the balances in all accounts daily to an investment option (money market fund, repo, etc.). Describe the sweep options and, if a money market fund is used, provide a prospectus. The accounts will be swept to the compensating balance.

YES, can provide as requested/required.  NO, cannot provide as requested/required.

**E. Investment of Idle Funds and Safekeeping of City Securities**

All certificates of deposit bought by the City will be bought on a competitive basis. The City has no obligation to invest its funds with or through the bank. If the bank is proposing overnight repurchase agreements, an executed Master Repurchase Agreement is required. In order to fulfill GASB III requirements for reporting, if a repurchase agreement is executed with the bank itself, the collateral must be held in the trust department of the bank in a separate account.

All securities will be handled on a delivery versus payment (DVP) basis as they are cleared into and out of the account. All clearing and safekeeping will be in the bank or its correspondent. All correspondent and safekeeping arrangement will be stipulated in the proposal.

YES, can provide as requested/required.  NO, cannot provide as requested/required.

**F. Standard Disbursing Services**

Standard disbursing services for all accounts are required to include the payment of all checks upon presentation. Checks drawn on City accounts at your institution presented by City of Sanger employees will be cashed at no charge.

YES, can provide as requested/required.  NO, cannot provide as requested/required.

**G. Standard Deposit Services**

The bank must guarantee immediate credit on all incoming wire transfers and U.S. Treasury checks upon receipt and all other checks based on the bank’s published availability schedule. The Bank should specify in their proposal their deposit requirements and commercial and retail deposit locations, including night deposit services and procedures.

YES, can provide as requested/required.    NO, cannot provide as requested/required.

**H. Online Banking Services**

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 online transfer of City funds 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 4:00 p.m.

Provide a detailed description of online services and a list of all capabilities, including ability to provide the following basic services:

Reporting:

- Daily balance reporting summary
- Daily balancing reporting detail (with check detail and images)
- Daily ACH and wire with full addenda information

Execution of Transactions:

- Transfers between accounts
- Initiation of wire transfers
- Initiation of stop payment orders
- Initiation of ACH transactions; recurring/repetitive/future ACH debit (collection or credit (Direct deposit) transactions
- Maintenance of wire transfer templates

Initial Controls:

- Online cleared check information/images
- Multi-level security administration requirements
- Training of City’s administrator for managing access

YES, can provide as requested/required.    NO, cannot provide as requested/required.



**I. Reporting and Account Analysis**

Monthly account analysis reports must be provided by the bank on a timely basis for each account and on a total account basis. A detailed analysis should include all charges against each account and a consolidated analysis. A sample account analysis format must be provided as part of the proposal. All checks cleared (both front and back) must be returned to the City in paper or online printable format. The City requires calendar month bank statements. (Beginning the 1st day of the month and ending the last day of the month). Samples of monthly statements should also be provided. The monthly statements are to be received within five business days of the last day of the month.

YES, can provide as requested/required.  NO, cannot provide as requested/required.

**J. Account Executive**

An account executive must be assigned to the account to coordinate the account services and expedite the solution of any problem. A trained and competent backup for the account executive, familiar with the account, should be assigned in the proposal. Stipulate the name and a brief biography of the account executive to be assigned to the City’s account.

YES, can provide as requested/required.  NO, cannot provide as requested/required.

**K. Direct Deposit**

The banking institution must be able to provide direct deposit through a computer interface with the City via the Internet. Include a schedule of funding for direct deposit so that payroll is available for City employees at 12:01 a.m. Friday. Also, include a sample direct deposit agreement with your proposal. Describe the requirements and deadlines for computer tap for ACH transactions. The proposal should indicate when funds will be available in participating banks.

YES, can provide as requested/required.  NO, cannot provide as requested/required.

**L. Daylight Overdraft Provisions**

Every effort will be made to eliminate daylight overdraft situations on the account. However, if this situation arises, the proposal should include any bank policies regarding daylight overdraft charges or handling procedures.

YES, can provide as requested/required.  NO, cannot provide as requested/required.

**M. Stop Payments**

The proposal must include a statement on the proposed stop payment process on an automated or manual basis.

YES, can provide as requested/required.  NO, cannot provide as requested/required.

**N. Collateralization of Deposits**

The bank must agree to obtain and maintain acceptable collateral sufficient to cover all anticipated time and demand deposits above the FDIC-insured limit of \$250,000. Securities used to pledge against time and demand deposits must be held in an independent third-party safekeeping institution outside the bank’s holding company. The bank will execute a tri-party safekeeping agreement with the City and the Safekeeping bank for the safekeeping of these securities. Collateral will be maintained at a minimum of 102% and marked to market at least once a month. Control will be shared jointly between the bank and the entity. Substitution will be approved by the City and not unduly withheld. Substitutions of collateral will be requested in writing and new collateral will be received before the existing collateral is released. The proposal will name the safekeeping bank for collateral. The City requires monthly collateral reports. Please provide a sample collateral report with your proposal.

YES, can provide as requested/required.    NO, cannot provide as requested/required.

**O. Positive Pay**

Positive pay is required to safeguard against fraudulent checks. The City would electronically transmit the issued check file to the bank. The bank would only honor those checks issued by the City pre-authorized through the positive pay system.

YES, can provide as requested/required.    NO, cannot provide as requested/required.

**P. Additional Services**

If new services become available and are provided during the period of this contract, they will be charged at the bank's then published rate.

**V. OTHER SERVICES**

The City is interested in obtaining service and cost information on additional services for possible use during the contract period. These services are not required but will be evaluated in terms of availability, feasibility, service levels, service providers and cost. The City will make its determination after receipt of proposals as to whether a service will be used. If the service is accepted later in the contract period the services and charges stipulated in the proposal will be applied.

**VI. BANK COMPENSATION**

Any net settlement on compensating balances will be made annually. Describe the compensating balance calculation and address fee when credits do not cover charged fees. If fees are chosen as the payment methodology, fees will be paid monthly after receipt of the account analysis.

## VII. REQUIRED DISCLOSURES

As defined in Section 105.015 (c), each applicant shall comply with the conflict of interest provision of Section 131.903 of the Texas Local Government Code in regard to the selection of the depositories:

Sec. 131.903. CONFLICT OF INTEREST.

(a) A bank is not disqualified from serving as a depository for funds of a political subdivision if:

(1) an officer or employee of the political subdivision who does not have the duty to select the political subdivision's depository is an officer, director, or shareholder of the bank; or

(2) one or more officers or employees of the political subdivision who have the duty to select the political subdivision's depository are officers or directors of the bank or own or have a beneficial interest, individually or collectively, in 10 percent or less of the outstanding capital stock of the bank, if:

(A) a majority of the members of the board, commission, or other body of the political subdivision vote to select the bank as a depository; and

(B) the interested officer or employee does not vote or take part in the proceedings.

(b) This section may not be construed as changing or superseding a conflicting provision in the charter of a home-rule municipality.

### **In addition, the following disclosures apply:**

Pursuant to Chapter 176 of the Texas Local Government Code, a person, or agent of a person, who contracts or seeks to contract for the sale or purchase of property, goods, or services with the City of Sanger, Texas must file a completed **conflict of interest questionnaire** which is available at <http://www.ethics.state.tx.us>. The conflict of interest questionnaire must be filed with the City of Sanger, Texas no later than the seventh business day after the later of the date that the person or agent begins contract discussions or negotiations with the Town or submits to the Town an application, response to a request for proposal or bid, correspondence, or writing related to a potential agreement. An updated conflict of interest questionnaire must be filed in accordance with Chapter 176 of the Texas Local Government Code. An offense under Chapter 176 is a Class C misdemeanor.

**Certificate of interested parties:** Section 2252.908 of the Texas Government Code applies to all contracts entered into on or after January 1, 2016. The law states that a governmental entity may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity at the time the business entity submits the signed contract to the governmental entity. The law applies, with a few exceptions, to all contracts/purchases of a governmental entity that require action or vote by the governing body of the entity. The electronic filing application process can be started on the Texas Ethics Commission website at [www.ethics.state.tx.us](http://www.ethics.state.tx.us). The City acknowledges that publicly traded business entities are exempt from this requirement.

In compliance with Chapter 2252 Subchapter F, of the Texas Government Code, prohibiting government contracts with a company doing business with Iran, Sudan or a foreign terrorist organization, the City of Sanger, Texas will not enter into a contract with a company reported on the LISTED COMPANIES per Section 2252.153.

**VII. REQUIRED CERTIFICATIONS**

**A. Certification Regarding Boycotting of Israel**

Texas Government Code, Title 10, Subtitle F, Chapter 2271.002 - Provision Required in Contract.

- 1. This section applies only to a contract that:
  - a. Is between a governmental entity and a company with 10 or more full-time employees; and
  - b. Has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the government entity.
- 2. A governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it:
  - a. Does not boycott Israel; and
  - b. Will not boycott Israel during the term of the contract.

<input type="checkbox"/> AGREE.	<input type="checkbox"/> DO NOT AGREE
---------------------------------	---------------------------------------

**B. Certification Regarding Boycotting of Certain Energy Companies**

Texas Government Code, Title 10, Subtitle F, Chapter 2274.002 - Provision Required in Contract.

- 1. This section applies only to a contract that:
  - a. Is between a governmental entity and a company with 10 or more full-time employees; and
  - b. Has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the government entity.
- 2. Except as provided in Subsection 3, a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it:
  - a. Does not boycott energy companies; and
  - b. Will not boycott energy companies during the term of the contract.
- 3. Subsection 2 does not apply to a governmental entity that determines the requirement of Subsection 2 are inconsistent with the governmental entity’s constitutional or statutory duties related to the issuance, incurrence, or management of debt obligations or the deposit, custody, management, borrowing, or investment of funds.

<input type="checkbox"/> AGREE.	<input type="checkbox"/> DO NOT AGREE
---------------------------------	---------------------------------------

**C. Certification Regarding Boycotting of Firearms Entity or Firearms Trade Association**

Texas Government Code, Title 10, Subtitle F, Chapter 2274.002 - Provision Required in Contract.

- 1. This section applies only to a contract that:
  - a. Is between a governmental entity and a company with at least 10 full-time employees; and
  - b. Has a value of at least \$100,000 that is paid wholly or partly from public funds of the government entity.
- 2. Except as provided by Subsection 3 and Section 2274.003, a governmental entity may not enter into a contract with a company for the purchase of goods or services unless the contract contains a written verification from the company that it:
  - a. Does not have a practice, policy, guidance, or directive that discriminates against a firearm entity of firearm trade association; and
  - b. Will not discriminate during the term of the contract against a firearm entity or firearm trade association.
- 3. Subsection 2 does not apply to a governmental entity that:
  - a. Contracts with a sole-source provider; or

b. Does not receive any bids from a company that is able to provide the written verification required by that subsection.

<input type="checkbox"/> AGREE.	<input type="checkbox"/> DO NOT AGREE
---------------------------------	---------------------------------------

## ATTACHMENT A - BANKING SERVICES & CHARGES

*Any and all anticipated service charges must be shown on this form to be applicable under the agreement.*

*Add additional charges in the lines provided below.*

Service Unit	Unit Charge	Cost of Service
Account Maintenance	Per month	
Daily Balance Reporting	Per month	
Credits Posted	Per transaction	
Items Deposited		
Deposits	Per transaction	
Debits Posted	Per transaction	
Encoding charge	Per transaction	
ACH Processing	Per transaction	
Origination of file	Per tape	
ACH deletions	Per transaction	
ACH entries	Per transaction	
ACH returns	Per transaction	
ACH maintenance	Per month	
Chargeback items	Per transaction	
Stop payments	Per transaction	
Wire Transfers		
Incoming	Per transaction	
Outgoing	Per transaction	
Investment Safekeeping		
Safekeeping interest/credit	Per transaction	
Safekeeping receipt deposit	Per transaction	
Safekeeping outgoing	Per transaction	
Extra Statements	Per transaction	
Disposable Bank Bags	Per Item	
Online Banking		
Online account access	Per transaction	
Transfers	Per Item	
Payroll Cards	Per Item/Transaction	
Positive Pay	Per transaction	

## ATTACHMENT B – CITY ACCOUNT ACTIVITIES

The City’s current accounts and activity are as follows:

### CITY OF SANGER, TEXAS BANK TRANSACTIONS BASED ON DECEMBER 2023 TRANSACTIONS

Account	Beginning Balance	Credits		Debits		Ending Balance
		Number	Amount	Number	Amount	
Pooled Cash	\$ 30,705,336	217	\$ 6,178,451	245	\$ 2,622,653	\$ 34,261,134
Sewer Capital Improvement	\$ 3,010,911	3	\$ 37,440	0	0	\$ 3,048,351
Storm Recovery	\$ 1,259,512	1	\$ 1,818	0	\$ -	\$ 1,261,330
Employee Benefits	\$ 66,900	3	\$ 72,596	2	\$ 71,546	\$ 67,950
Enterprise Fund	\$ 8,896,495	1	\$ 2,205	1	\$ 415,562	\$ 8,483,138
ARP Funding	\$ 2,175,951	1	\$ 555	0	\$ -	\$ 2,176,506
GF Debt I&S	\$ 61,838	1	\$ 89	0	\$ -	\$ 61,927
EF Debt I&S	\$ 339,207	1	\$ 490	0	\$ -	\$ 339,697
Water Cap Imp	\$ 2,409,008	3	\$ 37,572	0	\$ -	\$ 2,446,580
EF Equipment Replacement	\$ 147,707	3	\$ 928	0	\$ -	\$ 148,635
GF Equipment Replacement	\$ 191,961	3	\$ 1,128	0	\$ -	\$ 193,089
GF Contingency	\$ 644,223	1	\$ 930	0	\$ -	\$ 645,153
Series 23 CO	\$ 1,724,382	1	\$ 6,107	0	\$ -	\$ 1,730,489
Series 23 CO Tax	\$ 119,784	1	\$ 409	0	\$ -	\$ 120,193
4B Board	\$ 205,146	1	\$ 296	0	\$ -	\$ 205,442
EF Contingency	\$ 642,631	1	\$ 928	0	\$ -	\$ 643,559
WW Capital Imp	\$ 1,658,603	1	\$ 2,395	0	\$ -	\$ 1,660,998

## ATTACHMENT C – CITY ACCOUNT AVERAGE MONTHLY BALANCE

Month	Pooled Cash	Sewer Capital Imp	Storm Recovery	Employee Benefits	Enterprise Fund	ARP Funding
January-23	\$ 30,285,196	\$ 2,695,355	\$ 1,240,084	\$ 60,524	\$ 12,496,062	\$ 2,169,987
February-23	\$ 34,249,677	\$ 2,718,590	\$ 1,241,874	\$ 56,191	\$ 12,499,246	\$ 2,170,540
March-23	\$ 35,097,770	\$ 2,727,921	\$ 1,243,494	\$ 53,686	\$ 12,502,122	\$ 2,171,039
April-23	\$ 32,982,589	\$ 2,766,681	\$ 1,245,289	\$ 51,698	\$ 12,505,308	\$ 2,171,593
May-23	\$ 30,982,406	\$ 2,803,723	\$ 1,247,029	\$ 109,775	\$ 11,883,015	\$ 2,172,128
June-23	\$ 32,105,015	\$ 2,861,239	\$ 1,248,830	\$ 133,505	\$ 10,529,018	\$ 2,172,682
July-23	\$ 32,376,927	\$ 2,905,180	\$ 1,250,575	\$ 74,847	\$ 9,955,513	\$ 2,173,217
August-23	\$ 41,274,015	\$ 2,937,798	\$ 1,252,980	\$ 46,437	\$ 9,747,788	\$ 2,173,771
September-23	\$ 32,019,154	\$ 2,987,814	\$ 1,254,189	\$ 72,292	\$ 9,029,377	\$ 2,174,325
October-23	\$ 31,604,241	\$ 3,002,375	\$ 1,255,941	\$ 112,688	\$ 9,031,603	\$ 2,174,861
November-23	\$ 30,992,204	\$ 3,006,710	\$ 1,257,754	\$ 33,547	\$ 8,964,095	\$ 2,175,415
December-23	\$ 31,952,560	\$ 3,040,471	\$ 1,259,512	\$ 101,651	\$ 8,655,201	\$ 2,175,951
Average	\$ 32,993,480	\$ 2,871,155	\$ 1,249,796	\$ 75,570	\$ 10,649,862	\$ 2,172,959

Month	GF Debt I&S	EF Debt I&S	Water Cap Imp	EF Equipment Repl	GF Equipment Repl	GF Contingency
January-23	\$ 60,884	\$ 333,975	\$ 2,134,212	\$ 142,045	\$ 184,973	\$ 634,286
February-23	\$ 60,972	\$ 334,457	\$ 2,151,006	\$ 142,688	\$ 185,761	\$ 635,202
March-23	\$ 61,051	\$ 334,893	\$ 2,158,150	\$ 142,989	\$ 186,140	\$ 636,030
April-23	\$ 61,139	\$ 335,377	\$ 2,187,382	\$ 143,514	\$ 186,788	\$ 636,949
May-23	\$ 61,225	\$ 335,846	\$ 2,213,964	\$ 144,087	\$ 187,492	\$ 637,839
June-23	\$ 61,313	\$ 336,330	\$ 2,257,168	\$ 144,820	\$ 188,388	\$ 638,760
July-23	\$ 61,390	\$ 336,800	\$ 2,304,690	\$ 145,407	\$ 189,109	\$ 639,652
August-23	\$ 61,488	\$ 337,287	\$ 2,349,934	\$ 145,985	\$ 189,821	\$ 640,576
September-23	\$ 61,576	\$ 337,774	\$ 2,391,374	\$ 146,645	\$ 190,630	\$ 641,501
October-23	\$ 61,662	\$ 338,246	\$ 2,402,178	\$ 147,169	\$ 191,276	\$ 642,397
November-23	\$ 61,751	\$ 338,734	\$ 2,405,646	\$ 147,500	\$ 191,693	\$ 643,324
December-23	\$ 61,838	\$ 339,207	\$ 2,439,367	\$ 148,340	\$ 192,715	\$ 644,223
Average	\$ 61,357	\$ 336,577	\$ 2,282,923	\$ 145,099	\$ 188,732	\$ 639,228

Month	Series 23 CO	Series 23 CO Tax	4B Board	EF Contingency	WW Capital Imp
January-23	\$ -	\$ -	\$ 201,981	\$ 632,718	\$ 1,633,019
February-23	\$ -	\$ -	\$ 202,273	\$ 633,632	\$ 1,635,377
March-23	\$ -	\$ -	\$ 202,537	\$ 634,458	\$ 1,637,510
April-23	\$ -	\$ -	\$ 202,829	\$ 635,374	\$ 1,639,874
May-23	\$ -	\$ -	\$ 203,113	\$ 636,262	\$ 1,642,165
June-23	\$ -	\$ -	\$ 205,406	\$ 637,181	\$ 1,664,536
July-23	\$ -	\$ -	\$ 203,690	\$ 638,071	\$ 1,648,834
August-23	\$ -	\$ -	\$ 203,984	\$ 638,992	\$ 1,649,212
September-23	\$ 1,706,578	\$ 118,592	\$ 204,279	\$ 639,915	\$ 1,651,593
October-23	\$ 1,712,428	\$ 118,984	\$ 204,564	\$ 640,809	\$ 1,653,901
November-23	\$ 1,718,492	\$ 119,390	\$ 204,859	\$ 641,734	\$ 1,656,289
December-23	\$ 1,724,382	\$ 119,784	\$ 205,146	\$ 642,631	\$ 1,658,603
Average	\$ 1,715,470	\$ 119,188	\$ 203,722	\$ 637,648	\$ 1,647,576



# ATTACHMENT D – CITY OF SANGER INVESTMENT POLICY

## INVESTMENT POLICY

*\*The Sanger City Council approved the City's Investment Policy on August 21, 2023*

### POLICY STATEMENT

It is the objective of the City of Sanger, Texas ("City") that the administration of its funds and the investment of those funds shall be handled in the highest public trust. Investments shall be made in a manner which will provide the maximum security of principle invested through limitations and diversification while meeting the daily cash flow needs of the city and conforming to all applicable federal, state, and local statutes, rules and regulations governing the investment of public funds. The receipt of a market rate return will be secondary to the requirements for safety and liquidity. The earning from investments shall be used in a manner that best serves the public trust and interest of the City. This policy serves to satisfy the statutory requirements of defining and adopting a formal investment policy and shall be reviewed annually for modifications. It is the intent of the City to be in compliance with local law and the provisions of Public Funds Investment Act of the Texas Government Code Chapter 2256.

### SCOPE

This Investment Policy applies to the investment activities, all financial assets and funds held by the City of Sanger, Texas. Funds covered and managed by this Investment Policy include:

- A. General Fund – Used to account for resources traditionally associated with government, which are not required to be accounted for in another fund.
- B. Debt Service Fund – Used to account for resources to be used for the payment of principle, interest and related costs on debt.
- C. Enterprise Fund – Used to account for operations that are financed and operated in a manner similar to private business enterprises.
- D. Capital Improvement Fund – Used to account for resources to enable the acquisition or construction of major capital facilities which are not financed by enterprise funds, internal service funds, or trust funds.
- E. Special Revenue Funds – Used to account for proceeds from specific revenue sources which are restricted to expenditures for specific purposes.
  - 1. 4A Fund
  - 2. 4B Fund
  - 3. Employee Benefits Fund

### INVESTMENT OBJECTIVES AND STRATEGY

It is the policy of the City that all funds shall be invested in conformance with state and federal regulations, applicable bond ordinance requirements, and adopted Investment Policy. In accordance with the Public Funds Investment Act, the following prioritized primary objectives, in accordance with the Texas Government Code Section 2256.005(d) apply to the City's investment strategy. Listed in order of their priority, these objectives encompass:

- A. Suitability – Understanding the suitability of the investment to the financial requirement of the City is important. Any investment eligible in the Investment Policy is suitable for all City funds.
- B. Safety – Preservation and safety of principal are the primary objectives of the Investment Policy. Investments of the City shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. To obtain this goal, diversification is required in the portfolio's composition.

The suitability of each investment decision will be made on the basis of these objectives. The City prefers to invest in money market accounts, certificates of deposits, and United States government backed agency discount notes.

- C. Liquidity – The City’s investment portfolio will remain sufficiently liquid to meet operating requirements that might be reasonably anticipated. The City’s investment portfolio will remain sufficiently liquid and enable it to meet all operating requirements which might be reasonably anticipated.
- D. Diversification – Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the City. Diversifying the appropriate maturity structure will reduce market cycle risk. Diversification of the portfolio will include diversification by maturity and market sector and will include the use of a number of brokers/dealers for diversification and market coverage. Competitive bidding will be used on each sale and purchase.
- E. Yield – Attaining a competitive market yield, commensurate with the City’s investment risk constraints and cash flow characteristic of the portfolio, is the desired objective. The City’s investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City’s risk constraints and the cash flow of the portfolio. “Market rate of return” may be defined as the average yield of the current three-month U.S. Treasury Bill or such other index that most closely matches the average maturity of the portfolio. The City’s objective shall be a reasonably safe yield rate in accordance with payment schedules and other investment goals.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The City shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services. The City staff will follow the “Prudent Person” statement relating to the standard of care that must be exercised when investing public funds as expressed in the Texas Government Code Section 2256.006(a-b). The Investment Officers shall avoid any transactions that might impair public confidence in the City’s ability to govern effectively. The governing body recognizes that in diversifying the portfolio, occasional measured unrealized losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio’s investment return, provided that adequate diversification has been implemented. The prudence of the investment decision shall be measured in accordance with the tests set forth in the Texas Government Code Section 2256.006(b).

It shall be the policy of the City not to invest in speculative instruments such as derivatives.

#### **LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY**

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act of the Texas Government Code Section 2256. The Interlocal Cooperation Contracts, Section 791, of the Texas Government Code authorizes local governments to participate in public funds investments in conjunction with other local governments and agencies of the state of Texas. Section 791 along with Section 2256 of the Texas Government Code provides authorization for participation in investment pools to invest public funds jointly with objectives of preservation and safety of principal, liquidity, and yield.

## **DELEGATION OF INVESTMENT AUTHORITY**

The City Manager and the Finance Director acting on behalf of the City Council are designated as the Investment Officers of the City and are responsible for investment management decisions and activities. The Council is responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officers shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with the investment policy. Procedures will include reference to safekeeping, wire transfers, certificates of deposit, and fund accounts. Additional procedures will be documented for the performance of wire transfer agreements; banking services contracts, and other investment related activities.

The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. The Investment Officers shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officers are not available.

No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officers and approved by the City Council.

## **PRUDENCE – STANDARD OF CARE**

The standard of prudence to be used in the investment function shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio. The Texas Government Code Section 2256.006(a) states Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

### Limitation of Personal Liability

The Investment Officers and those delegated investment authority under this policy, when acting in accordance with the written procedures and this policy and in accordance with the written procedures and this policy and in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio provided that deviations from expectations for a specific security’s credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

## **INTERNAL CONTROLS**

The Investment Officers shall establish a system of written internal controls which will be reviewed annually with the independent auditor of the City. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees or Investment Officers of the City.

#### Cash Flow Forecasting

Cash flow forecasting is designated to protect and sustain cash flow requirements of the City. Supplemental to the financial and budgetary systems, the Investment Officers will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes. Cash flow will include the historical researching and monitoring of specific cash flow items, payables, and receivables as well as overall cash position and patterns.

#### **AUTHORIZED INVESTMENTS**

Acceptable investments under this policy shall be limited to the instruments listed below. The investments shall be selected in a manner which promotes diversity of the market sector and maturity. The selection of high-grade government investments and high-grade money market instruments is designed to assure the marketability of those investments should the need for liquidity arise.

- A. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed two years to stated maturity;
- B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed three years to the stated maturity;
- C. Money market funds authorized by the Public Funds Investment Act of the Texas Government Code Chapter 2256.
- D. Texas Local Government Investment Pools authorized by the Public Funds Investment Act of the Texas Government Code Chapter 2256.

Additional types of securities approved for investment of public funds by Texas state statutes are not eligible for investment by the City until this Investment Policy has been amended and the amended version approved by the City Council authorizing investment of these additional types of securities.

#### Competitive Bidding Requirements

All securities, excluding certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that the City is receiving fair market value/price for the investment.

#### Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by the City, shall be conducted on a delivery versus payment (DVP) basis.

#### **SAFEKEEPING AND COLLATERALIZATION**

The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by either the City, an independent third-party financial institution, or the City's designated depository.

All safekeeping arrangements shall be designed by the Investment Officers and an agreement of the terms executed in writing. The third-party custodian shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the City or pledged to the City.

All securities pledged to the City for certificates of deposit or demand deposits shall be held by an independent third-party bank domiciled in Texas. The safekeeping bank may be written within the same holding company as the bank, from which the securities are pledged.

Collateralization

Collateralization shall be required on all public funds of the City over the FDIC insurance coverage limit, and in order to anticipate market changes and provide a level of additional security for all funds, the collateralized level required will be 102% of the market value of the principal accrued interest.

**PERFORMANCE EVALUATION AND REPORTING**

The Investment Officers shall submit quarterly and annual reports to the City Council containing a written report of investment transactions and investment positions as of the date of report. The report will be prepared jointly by all involved in the investment activity and be signed by the Investment Officer(s).

**DEPOSITORIES**

The City will designate one banking institution through a competitive process as its central banking service provider. This institution will be used for normal banking services including disbursements, deposits, and lockbox. As a matter of ensuring liquidity and security should the funds deposited with the designated bank be temporarily unavailable, the City will maintain an emergency reserve in another qualified bank.

**INVESTMENT POLICY ADOPTION BY CITY COUNCIL**

The City's Investment Policy shall be formally approved and adopted by resolution of the City Council and reviewed annually in accordance with the provisions of the Public Funds Investment Act of the Texas Government Code Chapter 2256.

**AMENDMENT**

In the event Texas state law changes and the City cannot invest in the investments described by this policy, this policy shall automatically be conforming to existing law.



# ATTACHMENT E – CONFLICT OF INTEREST QUESTIONNAIRE (MUST BE COMPLETED)

<b>CONFLICT OF INTEREST QUESTIONNAIRE</b> For vendor doing business with local governmental entity		<b>FORM CIQ</b>
<p>This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.</p> <p>This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).</p> <p>By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.</p> <p>A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.</p>	<b>OFFICE USE ONLY</b> <hr/> Date Received	
<p><b>1</b> Name of vendor who has a business relationship with local governmental entity.</p>		
<p><b>2</b> <input type="checkbox"/> 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 the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)</p>		
<p><b>3</b> Name of local government officer about whom the information is being disclosed.</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Name of Officer</p>		
<p><b>4</b> Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.</p> <p style="margin-left: 40px;">A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?</p> <p style="margin-left: 80px;"> <input type="checkbox"/> Yes      <input type="checkbox"/> No                 </p> <p style="margin-left: 40px;">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 governmental entity?</p> <p style="margin-left: 80px;"> <input type="checkbox"/> Yes      <input type="checkbox"/> No                 </p>		
<p><b>5</b> Describe each employment or business relationship that 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.</p>		
<p><b>6</b> <input type="checkbox"/> Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).</p>		
<p><b>7</b></p> <p style="text-align: center;">                 _____                  Signature of vendor doing business with the governmental entity             </p> <p style="text-align: right; margin-right: 100px;">                 _____                  Date             </p>		

**CONFLICT OF INTEREST QUESTIONNAIRE**  
**For vendor doing business with local governmental entity**

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

**Local Government Code § 176.001(1-a):** "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

**Local Government Code § 176.003(a)(2)(A) and (B):**

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

\*\*\*

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

(i) a contract between the local governmental entity and vendor has been executed;

or

(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor.

**Local Government Code § 176.006(a) and (a-1)**

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);

(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or

(3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or

(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);

(B) that the vendor has given one or more gifts described by Subsection (a); or

(C) of a family relationship with a local government officer.