



September 27, 2021

To All Financial Institutions:

The City of Angleton is requesting proposal (RFP) for Banking Services from at least two (2) separate banking institutions. One local Bank will be selected as the depository for our pool account and daily operations. A second Banking Institution will be designated for the Emergency Funds depository which is not required to be a local bank. I would like for you to respond as soon as possible. Bids must be submitted to the Finance Director no later than 2:00 pm on Tuesday, October 19, 2021, at which time the Bid opening will be completed. We plan to select the Banking Institutions at the October 26, 2021, council meeting or soon thereafter and be in full operations with the new banking institutions no later than December 15, 2021. We are looking forward to working with the financial institutions best suited for our needs.

I have enclosed the last two years of quarterly investment reports for your information. We currently have 7 banking relationships but want to consolidate to improve earnings while safeguarding the funds with reduced risk options consistent with our Investment Policy attached.

If I can be of any further assistance, please feel free to call me at 979-849-4364, extension 2136.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Chris Hill', written in a cursive style.

Chris Hill
Director of Finance

Enclosures

**CITY OF ANGLETON, TX
REQUEST FOR PROPOSAL (RFP)
FOR BANKING SERVICES**

INTRODUCTION

The City of Angleton is requesting proposals for a banking services contract with service to begin December, 2021, and extend through December, 2026. The total term of this contract may not exceed five (5) years. Through this contract the City intends to minimize banking costs, improve operational efficiency, and maximize investment capabilities. This Request for Proposal (RFP) 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 provision.

TIME SCHEDULE

09-27-2021	Initial distribution of RFP package
10-11-2021	Deadline for submission of questions
10-15-2021	Estimated City response to questions
10-19-2021	Proposal closing date and time of 2:00 PM CST
10-26-2021*	Anticipated date for approval/award by City Council

*Date subject to change

I. TERMS AND CONDITIONS

- A. **DEFAULT:** In case of default after proposal acceptance, the City of Angleton (City) may exercise any and all rights it may have in compliance with the law.
- B. **PRICES HELD FIRM:** The City reserves the right to require that submitted proposals remain in force for a period of 150 calendar days after opening or until award is made; whichever occurs first.
- C. **NEGOTIATION:** Any attempt to negotiate or to give information on the contents of this proposal with the City or its representatives prior to award shall be grounds for disqualification.
- D. **TAX-EXEMPT:** The City is exempt from all sales tax and excise taxes. Tax exemption certificates are available upon request.
- E. **FORMS PROVIDED:** All proposals must be submitted on the forms provided to ensure uniformity and comparability of responses. If submitting entity wishes to replicate the forms within this RFP for their submission document, the entity must ensure that the form structure stays intact for uniformity and comparability.

- F. **APPLICABLE LAW:** This agreement shall be governed by the Uniform Commercial Code. Wherever the term "Uniform Commercial Code" is used, it shall be construed as meaning the Uniform Commercial Code as adopted in the State of Texas as effective and in force on the date of this agreement.
- G. **ANTI-DISCRIMINATION:** The successful Bank Depository, in performing the work required hereunder, shall comply with the provisions of Executive Order Number 1146 and shall not discriminate against any employee or applicant for employment because of religion, race, color, sex, age or national origin.
- H. **EXTENSION DISCREPANCIES:** Any difference between the unit price, correctly extended, and the total price shall be resolved in favor of the unit price except when the Bank Depository clearly indicates that the total price is based on consideration of being awarded the entire lot.
- I. **FAX/EMAIL:** The City will not accept a proposal response or alterations to a proposal response via a facsimile machine or email. All proposal submissions must be in paper/hardcopy and signed.

II. PROPOSAL INSTRUCTIONS AND QUALIFICATIONS

A. Questions and Addendums

Inquiries and questions concerning the contract terms and conditions contained within this RFP must be received by 5:00 PM on October 11, 2021, or emailed to chill@angleton.tx.us.

Mail to:

City of Angleton
Attn: Finance Director
121 S. Velasco
Angleton, Texas 77515

To ensure that requests are received and answered in a timely manner, email correspondence is acceptable, but other forms of delivery, such as postal and courier services may also be used. Proposers shall not contact other City personnel with any questions or clarifications concerning this RFP.

Answers to questions received will be posted online at angleton.tx.us on the Finance Department page no later than October 15, 2021. It is the proposer's responsibility to ensure that they access and review any questions as answers are posted. The City is not responsible for notifying individual potential proposers of the availability of questions and answers beyond this notice. Contact with City personnel other than above regarding this Request for Proposals (RFP) may be grounds for elimination from the selection process.

The City may post Addendums to the RFP online at the City's website at Angleton.tx.us Finance Department page. It is the potential proposer's responsibility to access any addendums and ensure that stated requirements are met.

B. Proposal Procedures

1. Proposals are to be properly identified on the outside of the package and are due by 2:00 PM CST on October 19, 2021, and shall be delivered in a sealed package(s) to

City of Angleton
Attn: Finance Director
121 S. Velasco
Angleton, Texas 77515

It is the responsibility of the Proposer to ensure timely delivery is made to the Finance Director.

2. Each Proposer must provide three hard copies and one electronic version (CD or USB) of its proposal. One copy is to be clearly marked as "original" on the outside cover and contain an original signature.
3. All proposals shall be submitted on standard 8.5 x 11-inch paper. All pages should be numbered and identified sequentially by section. Proposals must be tabbed and indexed in accordance with the information requested in Section III. It is imperative that all Proposers responding to the RFP comply exactly and completely to the instructions set forth herein. All responses to this RFP shall be word concise, straightforward and must fully address each requirement and question. Although not a substitute for complete written response, any additional material is included in the same section as additional information.
4. Information in proposals shall become public property and subject to disclosure laws. All Proposals shall become the property of the City. The City reserves the right to make use of any information or ideas in the proposals.
5. By submitting a proposal, the Proposer represents that it has thoroughly examined and become familiar with the work required under the RFP and that it is capable of providing and performing quality work to achieve City objectives.
6. The City shall not, in any event, be liable for any pre-contractual expenses incurred by Proposers in the preparation of their Proposal. Pre-contractual expenses are defined as expenses incurred by the proposer and include:
 - a. Preparing its proposal in response to this RFP.
 - b. Submitting that proposal to the City.
 - c. Negotiating with the City on any matter related to the Proposer's proposal; and
 - d. Any other expenses incurred by the Proposer prior to the date of award and execution, if any, of the Agreement.
7. Each Proposer must submit its proposal in strict accordance with all requirements of this RFP and compliance must be stated in the proposal. Deviations, clarifications, and/or exceptions must be clearly identified and listed separately as alternative items for the City's consideration.
8. After the Closing Date and Time for Receipt of Proposals, evaluation and proposal

clarification will commence. No proposals received after the closing date and time will be considered.

9. Proposers judged most responsible and responsive to the City's requirements may be asked to give a presentation of their proposal including an on-site demonstration to the City staff. Selected Proposers should be prepared to make their presentation within five calendar days after notification and be prepared to discuss all aspects of their proposal in detail, including technical detail questions regarding the proposal. No Proposer shall be allowed to alter or amend its proposal through the use of the presentation process.
10. The City reserves the right to negotiate modifications with any Proposer as necessary to serve the best interest of the City. Any proposal may be rejected if it is conditional, incomplete or deviates from specifications in this request. The City reserves the right to waive, at its discretion, any procedural irregularity, immaterial defects or other improprieties, which the City deems reasonably correctable or otherwise not warranting rejection of the Proposal. Any waiver will not excuse a proponent from full compliance.
11. Proposers shall describe their approach to the Scope of Work and indicate costs in separate attachments.
12. The City reserves the right to:
 - a. Negotiate the final agreement with any Proposer(s) as necessary to serve the best interest of the City.
 - b. Withdraw this RFP at any time without prior notice and, furthermore, makes no representations that any contract will be awarded to any Proposer responding to this RFP; or
 - c. Award its total requirement to one Proposer or to apportion those requirements among two or more Proposers as the City may deem to be in its best interest.

In addition, negotiations may or may not be conducted with Proposers; therefore, the proposal submitted should contain the Proposer's most favorable terms and conditions, since the selection and award may be made without discussion with any Proposer.

13. A Contract Agreement will be proposed for execution. It may be modified to incorporate other pertinent Articles/Terms and Conditions set forth in this RFP, including those added by addendum, and to reflect the Proposer's offer or the outcome of contract negotiations, if any, conducted with the Proposer. The Proposer's exceptions to the terms and conditions of the proposed contract, or the Proposer's inability to comply with any of the provisions of the proposed contract, are to be declared in the Proposal.

III. REQUIRED FINANCIAL INSTITUTION INFORMATION

Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content with sufficient detail to allow for accurate evaluation and comparative analysis. Responses must provide the required information in the following order for each underscored item: Proposers shall respond by repeating the section and sub-sections number(s) and statement/question and by providing the appropriate response hereunder

A. Cover Letter

All proposals must be accompanied by a cover letter, signed by an individual authorized to bind the proposing entity. An unsigned Proposal submission is grounds for rejection.

B. Company Data

Each Proposer shall submit the following information:

1. State company's official name and address and the names and titles of its principal officers.
2. Provide the firm's Federal Employer ID Number.
3. State any failures or refusals to complete any contracts and a complete explanation.
4. Indicate the number of years in business under the present business name.
5. Submit audited Financial Statements and current call reports.
6. Provide a statement regarding any recent or foreseen mergers or acquisitions; and
7. Submit qualifications of the Proposer to be considered for selection:
 - a. The Proposer must be a qualified public depository, as defined by Texas General Statutes, and must perform its obligation under this proposal in compliance with all applicable Federal and State laws and regulations, as well as statutes and policies. The Proposer must be able to offer the full range of banking services required by the Proposal throughout the duration of the contract with the City.
 - b. The Proposer must be a State or a National Bank that has its main office or branch office in Texas; State Credit Union or Federal Credit Union that is domiciled in the State of Texas.
 - c. The Proposer must collateralize the City's deposits pursuant to all applicable sections of the Texas Government Code. Indicate the current level of public funds deposits and related collateral market value as well as types of securities used as collateral.

C. Transaction Retention Period

Describe the Proposer's transaction history retention practice. Specify how long transactions are available for retrieval online and offline.

IV. SCOPE OF SERVICES REQUIRED

Detailed services to be provided to the City have been segregated into the following two categories:

- a. **Required Services:** These services are mandatory and must be provided to the City by the selected institution. The only exceptions are acceptable alternative or non-material deviations. The City retains the option in the case of certain services to elect not to use them. This is based on changes in the City's capability to handle these internally. Attachment A-1 lists each of these services, and Attachment A-2 shows a history of volumes for each service. The bank should use Attachment A-1 to provide the specific price for each service.
- b. **Optional Services:** These are services that the City may wish to use depending on the cost, quality and availability of the services offered. If there is a cost for these services, it must be specified in the proposal. In addition, any other services that the institution may wish to offer to the City may be included with the submitted proposal package. This does not have to be addressed in order to be considered an acceptable proposal, but the final selection may be based on these services.

A. REQUIRED SERVICES

1. Consolidated Account Structure

If requested by the City, the bank is to provide a master consolidation account and zero balance accounts from which daily balance and detail reporting is available.

The City's current account structure contains the following accounts:

See Attachment B – Investment Report(s)

2. Treasury Management Services

The City requires a secure web-based reporting system where authorized employees will have direct access to the City's accounts. Online services should include balance and detail reporting, image inquiry, transaction inquiry, deposit history, transfer options, and other online web applications that can provide added convenience and cost savings. Proposals should include attachments showing the online system.

3. Collateralization of Deposits

The bank must agree to obtain and maintain acceptable collateral at all times sufficient to cover at least 102 percent of all anticipated time and demand deposits above the FDIC insured limit amount. 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 safekeeping of these securities. Collateral will be maintained at a minimum of 102 percent 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 proposal must describe in detail the bank's policy and procedures to ensure collateralization of fund in full compliance with the requirements of the Texas Public Funds Investment Act. The proposal should also include the bank's collateral agreement for review, procedures, daily collateralization coverage reports, etc.

4. Securities Safekeeping

The City intends to manage its own investment portfolio. The depository bank may act as transfer agent for some, or all security transactions undertaken by the City and will provide safekeeping services. All transfers made shall be executed delivery versus payment, (i.e. payment shall not be made until the security is received). The Depository must have the capability of executing on behalf of the City: 1) Physical; 2) Depository Trust Company (DTC); and 3) Federal book entry security purchases and sales through the Federal Reserve. The City strongly desires that security purchase and sale instructions be transmitted to the Depository online and include the ability to review the status of security transactions online. Controls for securities clearance will be established by mutual agreement.

The purchase and sale of all securities will be in accordance with the City's Investment Policy. All physical delivery securities will be held by the Depository's Trust Department. All securities will be perfected in the name of the City. A safekeeping receipt issued to the City shall evidence all book entry securities owned by the City. Safekeeping confirmation of all City security transactions will be issued and mailed to the City within two business days of settlement. A monthly report listing all City securities held in safekeeping will be provided to the City within seven (7) business days of the end of each month.

The City will send written instructions to the securities clearance department for each transaction. Most of these instructions will be sent by facsimile, email or online to assure the timeliness of the operation. The preferred method is an online internet-based system.

The City expects the Depository bank's Trust/Custody Department to give prompt notification of any settlement problems, including securities delivered where the instructions do not match or where instructions have not been given to the Depository.

5. **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. If the wire transfer requests are available online, full information should be submitted detailing the use.

6. **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.

7. **General ACH Services and Direct Deposits**

The City receives payments from agencies and customers using ACH services. In addition, the City utilizes ACH services for its bi-weekly payroll and associated payroll tax and other deductions. Describe in detail the requirements and deadlines for ACH transactions. The proposal should indicate the deadline by when funds will be received by employees as well as other receiving banks.

8. **Positive Pay Services**

The City requires that its depository bank must provide positive pay services. The proposal must describe in detail the bank's policy, procedures, and deadlines for the positive pay services that will be provided to the City to protect all form of payment disbursements and withdrawals from its accounts at the proposing bank.

9. **Standard Disbursing Services**

Standard disbursing services for all accounts are required to include the payment of all checks upon presentation.

10. 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.

11. Overdraft Provisions

The City does not intend to have an overdraft position on any of its bank accounts. In the event a check or checks are presented for payment on any City account with insufficient funds available for payment, the City will require the bank to honor the City's check and immediately notify the City's Director of Finance of the overdraft situation. The City agrees to cover all overdraft within one business day, unless the overdraft is caused due to an error by the City's bank.

12. Stop Payments

The proposal must describe policy, procedures, and deadlines for the bank's stop payment services including automated and manual types.

13. 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 sample account analysis format must be provided as part of the proposal. Samples of monthly statements should also be provided. The monthly statements are to be received within ten business days of the next month.

14. Currency Change Services

The City frequently requires its depository bank to assist in making and providing change of large bills totaling under \$500.00 into appropriate denominations for use by its utility customer service cashiers.

15. Banking Supplies

The proposal must clearly identify and describe the types of, quantity, and frequency of banking supplies that will be made available for the City's use at no cost to the City such as deposit bags, deposit slips, etc.

16. 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.

B. OPTIONAL SERVICES

1. Lockbox Services

The City may choose to utilize lockbox services for certain revenue collections. Describe the service including the lockbox location and a full description of the service.

2. Remote Deposit Services

The City processes large deposits for utility payments received. Describe the policy, procedures, and deadlines for the bank's remote deposit services including type of equipment and software to be used.

3. Merchant Card Processing Services

The City enables citizens to pay for goods and services with credit cards. Describe any merchant card processing services that the bank may have including rates, type of equipment and software to be used.

V. BANK COMPENSATION

The City is interested in a compensating balance-based methodology. The proposal must include a detailed explanation of the methodology for calculating compensation for banking services. If fees are chosen as part of the compensation methodology, the proposal must include an itemized schedule of all fees and service charges anticipated and applicable to the City's bank account.

VI. PROPOSAL EVALUATION CRITERIA

- A. Completeness of response to all required items.
- B. Ability to meet current and projected service requirements over the term of banking agreement.
- C. Overall cost (although costs are important, pricing is not the sole factor in the evaluation of proposals).
- D. Reliability and quality of customer services.
- E. Experience and governmental knowledge of the bank team.
- F. Financial strength.
- G. Quality and efficiency of the bank's internet cash management services.
- H. Ability to provide sufficient collateral for deposits.
- I. Securities clearance and safekeeping procedures.

It is the desire of the City to enter into an agreement that will maximize the City's interest and services provided yet will be viewed as a good agreement on behalf of the bank.

The City may make such investigations as it deems necessary to determine the ability of the Bank Depository to provide satisfactory performance in accordance with specifications, and the Bank Depository shall furnish to the City all such information and data for this purpose as the City may request.

ATTACHMENT A-1 - BANKING SERVICES CHARGES

Any anticipated service charges must be shown on this form to be applicable under the agreement. Please add additional lines as required.

Activity Charges:	Unit Price	Frequency	Total
Account Maintenance		per Month	
Checks Paid			
Deposits			
Checks Deposited			
Rolled Coin			
Return Items			
Stop Payments			
Wire Transfer - Incoming			
Wire Transfer - Outgoing			
Telephone Transfers			
ACH Payroll Processing			
ACH Item Processing-Deposits			
ACH Item Processing-Debits			
Internet Account Access			
EFT Payments			

Other terms, comments and qualifications may be set forth on numbered attachments hereto.

Dated this ____ day of _____, 2021.

Name of Bank: _____

Signature: _____

Title: _____

Received this ____ day of _____, 2021, at ____m.

Finance Director, City of Angleton, TX

ATTACHMENT A-2 - AVERAGE MONTHLY STATISTICAL DATA

The City currently generates approximately the following per month:



BANK INVESTMENTS

EX HIBIT B

ACCOUNT NAME	INSTITUTION	FY 2021			Last Qtr. Change	Average Monthly Investment Rate
		1st Quarter As of Dec 31, 2020	2nd Quarter As of March 31, 2021	3rd Quarter As of June 30, 2021		
Pool Cash (City Funds)	WELLS FARGO	\$905,146.11	\$926,612.80	\$960,404.68	\$33,791.88	0.1600%
Pool Cash (City Funds)	FSB - LOUISE	\$3,592,530.79	\$4,586,191.75	\$5,201,635.27	\$615,443.52	0.2500%
Pool Cash (Emergency Funds)	FSB - LOUISE	\$2,047,479.88	\$2,048,047.13	\$2,048,239.87	\$192.74	0.0300%
Pool Cash (City Funds)	LONE STAR	\$1,758,291.66	\$1,758,547.99	\$1,758,712.56	\$164.57	0.0094%
General Account (City Funds)	TEX POOL CHASE	\$1,602,905.87	\$1,603,092.23	\$1,603,140.85	\$48.62	0.0030%
JPMorgan Chase Bank	CHASE	\$207,577.87	\$253,772.18	\$218,364.02	(\$35,408.16)	0.0000%
General Account (City Funds)	TEX STAR	\$1,695,563.14	\$1,695,721.56	\$1,695,765.42	\$43.86	0.0100%
2013 Debt Issue	LONE STAR	\$258,748.74	\$258,812.07	\$258,864.82	\$52.75	0.0204%
2015 Bond Issue	WELLS FARGO	\$418,997.44	\$419,162.78	\$419,330.02	\$167.24	0.1600%
2018 Bond Series	LONE STAR	\$5,312,520.10	\$5,312,911.91	\$5,096,242.13	(\$216,669.78)	0.0030%
2019 Bond Series	TEX STAR	\$7,494,173.24	\$5,518,351.52	\$2,714,046.77	(\$2,804,304.75)	0.0030%
2020 Bond Series	TEX POOL	\$3,000,433.34	\$3,000,782.18	\$3,000,873.55	\$91.37	0.0030%
Debt Issue Service Acct	FSB - LOUISE	\$9,183.09	\$9,188.75	\$11,258.09	\$2,069.34	0.2500%
Trust Account	FSB - LOUISE	\$4,191.05	\$4,160.99	\$3,966.34	(\$194.65)	0.2500%
Certificate of Deposit (12 months)	FSB - LOUISE	\$1,044,931.11	\$1,046,605.86	\$1,048,301.94	\$1,696.08	0.6500%
		\$29,352,673.43	\$28,441,961.70	\$26,039,146.33	(\$2,402,815.37)	
Liquidity Plus Fund (ABLC)	LONE STAR	\$54,246.49	\$54,259.77	\$54,270.83	\$11.06	0.0204%
Bank Account (ABLC)	FSB - LOUISE	\$966,089.74	\$1,381,398.64	\$901,260.13	(\$480,138.51)	0.2500%
	ABLC Subtotal	\$1,020,336.23	\$1,435,658.41	\$955,530.96	(\$480,127.45)	
Police Seizure Account	FSB - LOUISE	\$6,616.07	\$6,616.07	\$6,616.07	\$0.00	0.0000%
Drug Investigation Acct.	TEXAS GULF BANK	\$3,086.72	\$2,087.06	\$2,087.32	\$0.26	0.0500%
	Police Special Subtotal	\$9,702.79	\$8,703.13	\$8,703.39	\$0.26	
Hotel/Motel Bank Account	TEXAS GULF BANK	\$4,096.76	\$4,097.27	\$4,097.78	\$0.51	0.0500%
	Hotel Subtotal	\$4,096.76	\$4,097.27	\$4,097.78	\$0.51	
	Total Cash Investments	\$30,386,809.21	\$29,890,420.51	\$27,007,478.46	(\$2,882,942.05)	

91 Day Treasury Bill 0.0150%

Chris Hill

Chris Hill, Investment Officer

Tenecha Williams

Tenecha Williams, Investment Officer

(City Funds - General Fund, Water Fund, Street Fund, Debt Service Fund, Special Funds, Capital Funds)

The Investment portfolio of the City of Angleton is in compliance with the investment strategies expressed in the City's investment policy and relevant provisions of Chapter 2256 of the Local Government.

EXHIBIT B

BANK INVESTMENTS



ACCOUNT NAME	INSTITUTION	FY 2019			FY 2020			Last Qtr. Change	Average Monthly Investment Rate
		1st Quarter As of Dec 31, 2019	2nd Quarter As of March 31, 2020	3rd Quarter As of June 30, 2020	4th Quarter As of Sept 30, 2020				
Pool Cash (City Funds)	WELLS FARGO	\$816,012.28	\$839,365.73	\$867,526.20	\$886,583.24	\$28,160.47	0.5000%		
Pool Cash (City Funds)	FSB - LOUISE	\$2,859,703.73	\$2,076,676.79	\$3,341,795.89	\$2,912,754.10	\$1,265,119.10	0.2500%		
Pool Cash (Emergency Funds)	FSB - LOUISE	\$2,037,242.25	\$2,039,782.88	\$2,042,326.68	\$2,044,901.66	\$2,543.80	0.6713%		
Pool Cash (City Funds)	LONE STAR	\$1,747,991.85	\$1,754,616.78	\$1,757,001.08	\$1,757,837.47	\$2,384.30	2.2365%		
General Account (City Funds)	TEX POOL	\$1,594,933.33	\$1,600,471.72	\$1,601,720.55	\$1,602,438.42	\$1,248.83	2.1700%		
JPMorgan Chase Bank	CHASE	\$205,672.57	\$239,732.31	\$205,870.50	\$239,000.50	(\$33,861.81)	0.0000%		
General Account (City Funds)	TEX STAR	\$1,687,513.62	\$1,693,211.69	\$1,694,457.02	\$1,695,168.68	\$1,245.33	0.3670%		
2013 Debt Issue	LONE STAR	\$256,883.16	\$257,951.06	\$258,471.12	\$258,657.40	\$520.06	2.2365%		
2015 Bond Issue	WELLS FARGO	\$418,294.92	\$418,472.25	\$418,649.65	\$418,828.50	\$177.40	0.5000%		
2018 Bond Series	LONE STAR	\$7,977,974.39	\$8,006,084.68	\$5,891,775.26	\$5,311,513.95	(\$2,114,308.42)	2.2365%		
2019 Bond Series	TEX STAR	\$9,683,482.88	\$9,716,180.24	\$9,723,326.27	\$7,492,429.66	\$6,621.62	0.3670%		
Debt Issue Service Acct	FSB - LOUISE	\$6,122.42	\$6,126.23	\$6,617.44	\$7,146.03	\$491.21	0.2497%		
Trust Account	FSB - LOUISE	\$134,161.40	\$161,507.37	\$12,385.35	\$4,584.92	(\$149,122.02)	0.2497%		
Certificate of Deposit (6 months)	FSB - LOUISE	\$1,035,569.04	\$1,038,538.14	\$1,041,515.76	\$1,042,565.85	\$2,977.62	1.1500%		
City Funds Subtotal		\$30,461,557.84	\$29,848,717.87	\$28,863,438.77	\$25,673,885.97	(\$985,279.10)			
Liquidity Plus Fund (ABLC)	LONE STAR	\$53,855.39	\$54,079.28	\$54,188.30	\$54,227.35	\$109.02	2.5264%		
Bank Account (ABLC)	FSB - LOUISE	\$1,011,660.09	\$1,668,697.39	\$986,108.45	\$563,713.46	(\$682,588.94)	0.2500%		
ABLC Subtotal		\$1,065,515.48	\$1,722,776.67	\$1,040,296.75	\$617,940.81	(\$682,479.92)			
Police Seizure Account	FSB - LOUISE	\$6,616.07	\$6,616.07	\$6,616.07	\$6,616.07	\$0.00	0.0000%		
Drug Investigation Acct.	TEXAS GULF BANK	\$3,085.18	\$3,085.96	\$3,085.96	\$3,086.34	\$0.39	0.5000%		
Police Special Subtotal		\$9,701.25	\$9,701.63	\$9,702.02	\$9,702.41	\$0.39			
Hotel/Motel Bank Account	TEXAS GULF BANK	\$4,094.71	\$4,095.22	\$4,095.73	\$4,096.25	\$0.51	0.0500%		
Hotel Subtotal		\$4,094.71	\$4,095.22	\$4,095.73	\$4,096.25	\$0.51			
Total Cash Investments		\$31,540,869.28	\$31,585,291.39	\$29,917,533.27	\$26,305,625.44	(\$1,667,758.12)	0.1000%		

91 Day Treasury Bill

(City Funds - General Fund, Water Fund, Street Fund, Debt Service Fund, Special Funds, Capital Funds)

The Investment portfolio of the City of Angleton is in compliance with the investment strategies expressed in the City's investment policy and relevant provisions of Chapter 2256 of the Local Government.

Susie J. Hernandez, Investment Officer
 Terrecha Williams, Investment Officer

RESOLUTION NO. 20200714-019

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANGLETON, TEXAS ADOPTING THE 2020 INVESTMENT POLICY FOR THE CITY OF ANGLETON, PROVIDING AN OPEN MEETINGS CLAUSE AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Texas Government Code Section 2256.005 calls for a review of the investment policy by the governing body not less than annually; and

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ANGLETON, TEXAS:

SECTION 1. The facts and recitations contained in the preamble of this resolution are hereby found and declared to be true and correct.

SECTION 2. The attached 2020 Investment Policy dated July 01, 2020 is hereby adopted, as shown on Exhibit "A" attached hereto and incorporated herein for all purposes.

SECTION 3. The City Council has found and determined that the meeting at which this Ordinance was considered was open to the public as required and that public notice of the time, place and purpose of this meeting was given as required by the Texas Open Meetings Act, Chapter 551, Tex. Gov't. Code, as amended, and that a quorum was present.

SECTION 4. This Ordinance shall be in full force and effect from and after its date of approval.

PASSED AND APPROVED THIS THE 14th DAY OF JULY 2020.

CITY OF ANGLETON, TEXAS



Jason Perez
Mayor

ATTEST:



Frances Aguilar, TRMC, CMC
City Secretary





121 S. Velasco
Angleton, TX 77515

979-849-4364
979-849-5561 fax

Council:

Mayor:
Jason Perez

Mayor Pro Tem:
John Wright

City Council Member:
Cecil Booth

City Council Member:
Mark Gongora

City Council Member:
Mikey Svoboda

City Council Member:
Travis Townsend

City Manager:
Chris Whittaker

Finance Director:
Susie J Hernandez

City Secretary:
Frances Aguilar

Exhibit "A"

INVESTMENT
POLICY

July 01, 2020

INVESTMENT POLICY

To invest funds for the City of Angleton, Texas ("City") in such a manner so as to ensure the safety of principal, to meet the liquidity needs of the City, and to achieve the highest yield using prudence and a standard of care.

A. Policy Statement

It is the policy of the City that the administration and investment of funds shall be handled as the highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested. This includes limitations and diversification of investments while maintaining the daily cash flow needs of the City, and conforming to all applicable state and city statutes governing the investment of public funds.

The earning of a market rate of return will be secondary to the requirements for safety of principal and liquidity. It is the intent of the City to be in complete compliance with local statutes as well as Texas Government Code, Chapter 2256 - Public Funds Investment ("PFIA"). The earnings from investment will be used in a manner that best serves the public trust and interest of the City.

B. Scope

This investment policy applies to all the financial assets and funds held by the City. The City may commingle its funds into one pooled fund for investment purposes to ensure efficiency and maximum investment opportunity.

C. Objectives And Strategy

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

1. Safety

Safety of principal is the foremost objective of the investment policy of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk. Credit Risk is the risk of loss due to the failure of the security issuer or backer. Credit risk may be mitigated by:

- Limiting investments to the safest types of securities;
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which an entity will do business; and
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

Interest Rate Risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk may be mitigated by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
- By investing operating funds primarily in shorter-term securities.

2. Liquidity

The investment portfolio shall remain liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrently with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

3. Diversification

The investment portfolio shall be divided among multiple banking or investment institutions in order to minimize the risk that potential losses on individual securities may exceed the income generated from the remainder of the portfolio.

4. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. "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. Return on investment is of least importance compared to the safety and liquidity objectives described above.

D. Legal Limitations, Responsibilities and Authority

Direct specific investment parameters for the investment of public funds in Texas are found in the PFIA, Texas Government Code, Chapter 2257 - Collateral for Public Funds specifies collateral requirements for all public funds deposits. All investments will be made in accordance with these statutes.

E. Delegation of Investment Authority

The Finance Director, acting under the direction of the City Manager on behalf of the City, is designated as the primary Investment Officer of the City and is responsible for decisions and activities involving investment management. The Finance Director is also

responsible for considering the quality and capability of staff, investment advisors, and consultants involved in the investment management procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust. The primary Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of additional Investment Officers and staff. No officer or designee may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established herein.

F. Authorization Resolution

Qualified investment officers are authorized to engage in investment transactions on behalf of the City. These persons are authorized to transact business for the City and are also authorized to approve wire transfers used in the process of investing.

G. Standard of Care

The standard of care to be used by investment officials shall be the "Prudent Person Standard" and shall be applied in the context of managing the overall portfolio. This standard 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."

The primary Investment Officer and those delegated with investment authority under this Investment Policy, when acting in accordance with written procedures herein and in accordance with the Prudent Person Standard, shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for specific securities credit risk, market price changes, or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

H. Ethics and Conflicts of Interest

Officers and employees involved in the Investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to choose impartial institutions with which they conduct business. They shall disclose any personal financial investments or positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity.

I. Internal Controls

Internal controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the City.

J. Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain the cash flow required by the City. Supplemental to the financial and budgetary systems, the Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash position 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.

K. Authorized Investments

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

1. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed two years to stated maturity, excluding collateralized mortgage obligations (CMOs);
2. 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 one year to the stated maturity;
3. Commercial Paper rated A-1/P-1 or the equivalent by at least two nationally recognized rating agencies not to exceed 180 days to stated maturity;
4. Repurchase agreement and reverse repurchase agreements as defined by the PFIA, not to exceed 180 days to stated maturity, provided an executed Bond Market Master Repurchase Agreement is on file with the City and the counter-party bank or primary dealer. Flex repurchase agreements used specifically for capital projects may extend beyond two years but only to match the expenditure plan of the projects;
5. No-load, SEC registered money market funds, each approved specifically before use by the City Council;
6. Constant Dollar Texas Local Government Investment Pool as defined by the PFIA.

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

L. Competitive Bidding Requirement

All security, including 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.

M. Delivery vs. Payment

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

N. Authorized Financial Dealers and Institutions

All investments made by the City will be made through either the City's banking services bank or a primary dealer. The City Council or Investment Committee will review the list of authorized broker/dealers annually if broker/dealers are used. A list of at least three broker/dealers will be maintained in order to ensure competitive bidding.

Securities broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:

- provision of an audited financial statement each year,
- proof of certification by the National Association of Securities Dealers (NASD) and provision of CRD number,
- proof of current registration with the State Securities Commission, and
- completion of a City questionnaire.

Every broker/dealer and bank with whom the City transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. A representative of the firm will be required to return a signed certification substantially in the form of Exhibit "B", stating that the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to the City.

O. Diversification and Maturity Limitations

It is the policy of the City to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

<u>Security Type</u>	<u>Max % of Portfolio</u>
U.S. Treasury obligations	100%
U.S. Government agencies and instrumentalities	50%
Fully insured or collateralized CDs	50%
Commercial Paper	30%
Repurchase Agreements	100%
Money Market Funds	100%
Local Government Investment pools	100%

The Investment Officer shall be required to diversify maturities. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officer may not invest more than 20% of the portfolio for a period greater than one (1) year. Unless matched to specific requirements, the Investment Officer may not invest any portion of the portfolio for a period greater than two (2) years.

P. Safekeeping

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 designated by the Investment Officer 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 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 doing business in Texas. The safekeeping bank may be within the same holding company as the bank from which the securities are pledged.

Q. Collateralization

Collateralization shall be required for certificates of deposits over the FDIC insurance coverage of \$250,000, and for repurchase agreements. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest. Collateral will be held by an independent third party safekeeping agent.

R. *Performance Evaluation and Reporting*

The Investment Officer shall submit quarterly reports to the City Administrator and to the City Council containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program as well as consistency with statutory requirements. All reports shall be in compliance with the PFIA. Market prices for market evaluations will be obtained from an independent source. Market prices for investments will be monitored monthly through statements sent to the City for fluctuations as well as portfolio shifts.

S. *Depositories*

The City will designate one or more banking institutions as its depository services provider through a competitive process at least every five years. The City has the option of extending the current bank institution for one (1) year extension while transitioning into performing the competitive process of selecting a depository provider which can include the current Bank. Institute. The depository service provider institution(s) will be used for normal banking services including disbursements, collections, and safekeeping of securities. In addition to depository services, the City may contract with financial institutions for additional financial services under a separate contract if the City Council determines that additional financial services are necessary in the administration, collection, investment and transfer of municipal funds. Other banking institutions from which the City may purchase certificates of deposit will also be designated as a depository after they provide their latest audited financial statements to the City.

T. *Ratings of Investment Pools*

A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service. The City shall take all prudent measures that are consistent with this investment policy to liquidate an investment that does not have the minimum rating.

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

CITY OF ANGLETON, TEXAS (the "City")

The City acknowledges that the only means the firm has to preclude "imprudent investment activities arising out of transactions between the firm and the City" is to confirm that all provisions of the City's investment policy are followed in investment transactions conducted between the firm and the City, and the second paragraph below should read accordingly.

I, as a registered principal for the firm _____ do hereby certify that I, and the broker covering this account, _____, have received and both have thoroughly reviewed the investment policy of the City.

We acknowledge that this firm has implemented reasonable internal procedures and controls in an effort to preclude imprudent investments between this firm and the City arising from transactions between the City and the firm.

Signature

Name: _____

Title: _____

Date: _____