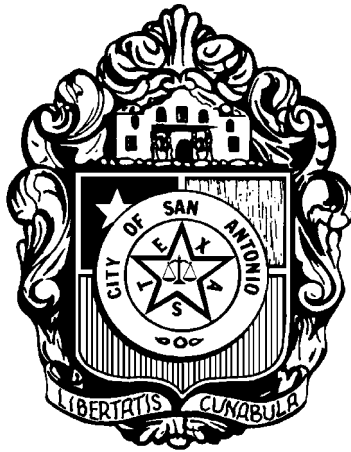


CITY OF SAN ANTONIO, TEXAS

Department of Finance



Request for Proposal To Provide Depository Banking Services, Lockbox Services, and Merchant Banking Services

**Issued: December 18, 2006
Proposals Due: January 22, 2007**

CITY OF SAN ANTONIO, TEXAS
Request for Proposal
Depository Banking Services, Lockbox Services, and Merchant Banking Services

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CITY OF SAN ANTONIO, TEXAS
Request for Proposal
Depository Banking Services, Lockbox Services, and Merchant Banking Services

I. BACKGROUND

The City of San Antonio, Texas (the “City”) is soliciting Proposals from Respondents to provide Depository Banking Services set forth in Section A, Lockbox Services set forth in Section B, and Merchant Banking Services set forth in Section C, of this Request for Proposal (“RFP”), respectively. Respondents may submit proposals to provide one, more than one, or all services in Sections A, B, and C.

Depository Banking Services include collecting and disbursing the City’s funds, providing timely and reader-friendly reports, implementing security measures to protect and assist the City with its fiduciary responsibilities with respect to financial assets, providing cash management techniques, as well as other financial services including, but not limited to, custodial, safekeeping, trust, escrow, commercial services, and on-line computer services. The City’s current contract for Depository Banking Services expires on June 30, 2007.

Lockbox Services include collecting, processing and depositing receivables directly from a designated post office box. All items collected during the business day are deposited and credited on a same-day basis, with same-day reporting available through electronic transmission. The City’s Lockbox Services are currently provided under the City’s current contract for Depository Banking Services which expires on June 30, 2007.

Merchant Banking Services include supplying equipment and software necessary to provide acceptance, processing and support services for credit, debit, smart and/or stored value cards, while maintaining the highest standard of service and professionalism in dealing with the public and maximizing net revenue for the City. The City’s current contract for Merchant Banking Services expires on June 30, 2007.

This RFP represents a competitive process for Respondents to provide Depository Banking Services, Lockbox Services, and Merchant Banking Services. The process of competitive negotiations being used should not be confused with competitive sealed bidding where goods and services can be precisely described and price is generally the determining factor. The City will consider the terms and conditions for the performance of Depository Banking Services, Lockbox Services, and Merchant Banking Services including the type and cost of services to be provided, and will select Respondent(s) offering a Proposal(s) deemed most advantageous to the City.

This competitive RFP will provide the City with the flexibility to select a Respondent that shall provide all of the services outlined in this RFP or to select various Respondents to provide selected services included in this RFP and to negotiate with the selected Respondent(s), the terms and conditions that are mutually agreeable to each party. Joint Proposals, if submitted, **will not be** considered.

II. SCOPE OF SERVICES

The Scope of Services for Depository Banking Services, Lockbox Services, and Merchant Banking Services are included in Section III, General Description of Scope and Section IV, Services Required in Sections A, B, and C, respectively.

III. TERM OF CONTRACT

The Depository Banking Services, Lockbox Services, and Merchant Banking Services Contract(s) (the "Contracts"), once awarded, will be for a three (3) year term with the City having an option to renew for one (1) additional two (2) year term under the same terms and conditions. It is at the sole discretion and option of the City to exercise its right to renew or extend each of the Contracts and shall require the City's written notice of such election not to renew at least sixty (60) days before the expiration of the then current term. The extension of Contract(s) shall require City Council approval.

The Contracts are anticipated to become effective on **July 1, 2007**. The selected Respondent(s) will be required to work with the City's current Depository/Lockbox and Merchant Banking Service providers in a diligent manner to complete a transition process, if required. The transition process, if required, must be completed on or before **June 30, 2007**.

IV. PROPOSAL REQUIREMENTS

Each Proposal shall include the following items A – I and will also include additional Proposal Requirements as set forth in Sections A, B and C, depending on the services being proposed by the Respondent.

- A. **RESPONDENT QUESTIONNAIRE:** Complete and submit RFP Attachment I, Respondent Questionnaire.
- B. **SECTION REQUIREMENTS:** Include all Proposal requirements in Sections A, B, and C as applicable for each service that Respondent is proposing.
- C. **DISCRETIONARY CONTRACTS DISCLOSURE:** Complete, sign, and submit RFP Attachment II, Discretionary Contracts Disclosure Form.
- D. **LITIGATION DISCLOSURE:** Complete and submit RFP Attachment III, Litigation Disclosure Form.
- E. **SMALL BUSINESS ECONOMIC DEVELOPMENT ADVOCACY PROGRAM:** Complete, sign, and submit the Good Faith Effort Plan contained in RFP Attachment IV.
- F. **FINANCIAL INFORMATION:** Provide a copy of Respondent's most recent audited financial statements.

- G. **PROOF OF INSURABILITY:** Submit a letter from insurance provider stating provider's commitment to insure Respondent for the types of coverages and at the levels specified in RFP Attachment V, if awarded a contract in response to this RFP. Respondent shall also submit a copy of their current insurance certificate.
- H. **SIGNATURE PAGE:** Respondent must complete, sign, and submit the Signature Page found in RFP Attachment VII. The Signature Page must be signed by a person, or persons, authorized to bind the entity, or entities, submitting the Proposal. Proposals signed by a person other than an officer of the company or partner of the firm shall be accompanied by evidence of authority.
- I. **PROPOSAL CHECKLIST:** Complete and submit the Proposal Checklist found in RFP Attachment VIII.

Respondent is expected to examine this RFP carefully, understand the terms and conditions for providing the services listed herein and respond completely. FAILURE TO COMPLETE AND PROVIDE ANY PROPOSAL REQUIREMENTS MAY RESULT IN RESPONDENT'S PROPOSAL BEING DEEMED NON-RESPONSIVE AND THEREFORE DISQUALIFIED FROM CONSIDERATION.

V. AMENDMENTS TO RFP

Changes, amendments, or written responses to questions received in compliance with Section VII, Restrictions on Communication may be posted on the City's website at <http://www.sanantonio.gov/rfp/>. It is Respondent's responsibility to review this site and ascertain whether any amendments have been made prior to submission of Proposal. Individual questions received from Respondents will be answered in writing (via email) to Respondent and will NOT be posted on the website. A Respondent who does not have access to the Internet, must notify the City in accordance with Section VII, Restrictions on Communication, that Respondent wishes to receive copies of changes, amendments, or written responses to questions by mail.

No oral statement of any person shall modify or otherwise change or affect the terms, conditions, or specifications stated in the RFP, and changes to the RFP, if any, shall be made in writing only.

VI. SUBMISSION OF PROPOSALS

- A. Respondent shall submit one (1) original Proposal, clearly labeled "Original", signed in ink, ten (10) copies of the Proposal, and one (1) CD containing RFP Attachment A, B, and C, in Excel format, for each service being proposed, in a sealed package, clearly marked on the front of the package "**Request for Proposals to provide Depository Banking Services, Lockbox Services, and Merchant Banking Services**". All Proposals must be received in the City Clerk's office no later than **1:00 p.m.**, Central Time, on **January 22, 2007** at the

address below. Proposals submitted prior to the above time and date may be modified provided such modifications are sealed and received by the City Clerk's Office prior to the time and date set for submission of Proposals. Any Proposal or modification received after this time will not be considered.

Mailing Address:

**City of San Antonio
City Clerk's Office
P.O. Box 839966
San Antonio, Texas 78283-3966**

Physical Address:

**City of San Antonio
City Clerk's Office
100 Military Plaza
2nd Floor, City Hall
San Antonio, Texas 78205**

Proposals sent by facsimile or email **will not be** accepted.

- B. Proposal Format: The City specifically requests that all Respondents limit their Proposals to the information requested. All Proposals are limited to a maximum of thirty (30) pages for each respective Section A, B, and C, exclusive of the required RFP Attachments, and must be stapled. Please do not submit spiral bound, GBC bound, or three-ring binders, nor printed brochures, pamphlets or informational items. Each Proposal must include the Sections and RFP Attachments in the sequence listed in the Proposal Checklist, RFP Attachment VIII. Failure to meet the above conditions may result in disqualification of the Proposal. Respondents must provide a complete answer to all questions set forth in this RFP and provide all required RFP Attachments.
- C. Respondents who submit responses to this RFP shall correctly reveal, disclose, and state the true and correct name of the individual, proprietorship, corporation, and/or partnership (clearly identifying the responsible general partner and all other partners who would be associated with the contract, if any). No nicknames, abbreviations (unless part of the legal title), shortened or short-hand, or local "handles" will be accepted in lieu of the full, true and correct legal name of the entity. These names shall conform exactly with the corporate and franchise records of the Texas Secretary of State and Texas Comptroller of Public Accounts. Individuals and proprietorships, if operating under other than an individual name, shall match with exact "Assumed Name" filings. Corporate Respondents and limited liability company Respondents shall include the 11-digit Comptroller's Taxpayer Number on the Signature Page, RFP Attachment VII.
- If an entity is found to have incorrectly or incompletely stated its name or failed to fully reveal its identity on the Signature Page of its Proposal, the Director of Finance shall have the discretion, at any point in the contracting process, to suspend consideration of the Proposal.
- D. All provisions in Respondent's Proposal, including any estimated or projected costs, shall remain valid for one-hundred and sixty (160) days following the deadline date for submissions or, if a Proposal is accepted, throughout the entire term of the contract.

- E. All Proposals become the property of the City upon receipt and will not be returned. Any information deemed to be confidential by Respondent should be clearly noted on the page(s) where confidential information is contained; however, the City cannot guarantee that it will not be compelled to disclose all or part of any public record under the Texas Public Information Act, since information deemed to be confidential by Respondent may not be considered confidential under Texas law, or pursuant to a Court order.
- F. Any cost or expense incurred by Respondent that is associated with the preparation of the Proposal, if any, or during any phase of the selection process, shall be borne solely by Respondent.

VII. PRESENTATIONS AND INTERVIEWS

Subsequent to the City's preliminary review and evaluation of the submitted Proposals, the City may, but is not required to, invite one or more Respondents to make presentations and be interviewed by the City. For those Respondents who are invited, attendance will be mandatory. Therefore, Respondents are encouraged to "save the date" for the presentations and interviews which are anticipated to be held on February 6, 2007. Respondents who are selected to participate in the presentation and interview process will be informed regarding the location, date, and time.

VIII. RESTRICTIONS ON COMMUNICATION

- A. Respondents are prohibited from communicating with elected City officials and their staff regarding the RFP or Proposals from the time the RFP has been released until the contract is posted as a City Council agenda item. Respondents are prohibited from communicating with City employees, and with anyone serving on the Selection Committee, whether or not employed by the City, from the time the RFP has been released until the contract is awarded. These restrictions include, but are not limited to, "thank you" letters, phone calls, emails, and any contact that results in the direct or indirect discussion of the RFP and/or Proposal submitted by Respondent. Violation of this provision by Respondents and/or their agents may lead to disqualification of Respondent's Proposal from consideration. Exceptions to the restrictions on communication with City employees include:
 - 1. Respondents may submit written questions concerning this RFP to the Staff Contact Person listed below until **12:00 Noon**, Central Time, on **January 4, 2007**. Individual questions received from Respondents will be answered in writing to Respondent within a reasonable time and will **NOT** be posted on the website. Questions received after the stated deadline will not be answered. All questions must be sent by e-mail to mary.l.gomez@sanantonio.gov, by facsimile to (210) 207-7774, or by certified mail to the following address:

Mary L. Gomez, Financial Manager
City of San Antonio, Finance Department
506 Dolorosa Street
San Antonio, Texas 78204

2. Respondents and/or their agents may contact the City's Small Business Outreach Office of the Economic Development Department for assistance or clarification with issues specifically related to the City's Small Business Economic Development Advocacy Program policy and/or completion of the Good Faith Effort Plan. The point of contact is Ms. Anita Uribe Martin. Ms. Martin may be reached by telephone at (210) 207-3900 or by e-mail at anita.martin@sanantonio.gov. Respondents and/or their agents may contact Ms. Martin at any time prior to the due date for submission of Proposals. Contacting her or her office regarding this RFP after the Proposal due date is not permitted.
 3. Respondents may provide responses to questions asked by the Staff Contact Person after responses are received and opened.
 4. Respondents, elected City officials, City officials' staff members, City employees, and members of the Selection Committee not employed by the City may communicate with each other in order to conduct business under existing City contracts, and/or to conduct business totally unrelated to this RFP.
- B. The City reserves the right to contact any Respondent that submits a Proposal for purposes of clarification or other discussion as deemed necessary after Proposals have been received and opened.
- C. City Code Article VII, Section 2-309 provides that any person acting as a legal signatory for a proposed contractual relationship that applies for a "high-risk" discretionary contract, as defined by the City of San Antonio Contracting Policy and Process Manual, may not make a political contribution to any councilmember or candidate at any time from the time the person submits the response to the RFP until 30 calendar days following the contract award. Any legal signatory for a proposed high-risk contract must be identified within the response to this RFP, if the identity of the signatory will be different from the individual submitting the response.

If the legal signatory entering into the contract has made such a contribution, the City may not award the contract to that contributor or to that contributor's business entity. Any contract awarded in violation of this provision shall be voidable at the discretion of the City Council.

The City has identified this solicitation as "high risk".

IX. EVALUATION CRITERIA

The City will conduct a comprehensive, fair, and impartial evaluation of all Proposals received in response to this RFP. The City may appoint a Selection Committee to perform the evaluation. Each Proposal will be analyzed to determine overall responsiveness and qualifications under the

RFP. Criteria to be evaluated may include the items listed below. The Selection Committee may select all, some, or none of Respondents for interviews. If the City elects to conduct interviews, Respondents may be interviewed and re-scored based upon these same criteria, or other criteria to be determined by the Selection Committee. The City may also request additional information from Respondents at any time prior to final approval of selected Respondent(s). The City reserves the right to select one, more than one, or no Respondents to provide the services listed in this RFP. Final approval of a selected Respondent(s) is subject to the action of the City Council.

Separate evaluations will be completed for each service listed in Sections A, B, and C, respectively, based on the criteria listed below.

1. Background, Experience, and Qualifications (35%)
2. Proposed Service (35%)
3. Price (10%)
4. Small Business Economic Development Advocacy Program (SBEDA) (20%):
 - a. A maximum of ten percentage (10%) points for Local Business Enterprises (LBEs).

Prime contractors who have a local branch office will receive six percent (6%) of the selection points. Non-local prime contractors can receive points for subcontracting with local businesses proportional to the amount of work performed by those local subcontractors (i.e. – 50% to local = 5 points).

- b. A maximum of five percentage (5%) points for companies designated as Historically Underutilized Enterprises (HUEs).

Prime contractors who subcontract with HUEs can receive points proportional to amount of work performed by those HUEs (i.e. – 50% to HUEs = 2.5 points). HUEs must be certified by the City's certifying agency or approved by the Director of Economic Development or designee.

- c. A maximum of five percentage (5%) points for Prime Contractor compliance with the SBEDA Program policy:
 - i. One percent (1%) for submission/approval of the Good Faith Effort Plan.
 - ii. One percent (1%) for meeting/exceeding the MBE goal.
 - iii. One percent (1%) for meeting/exceeding the WBE goal.
 - iv. One percent (1%) for meeting/exceeding the AABE goal.
 - v. One percent (1%) for meeting/exceeding the SBE goal.

X. AWARD OF CONTRACT AND RESERVATION OF RIGHTS

- A. The City reserves the right to award one, more than one, or no Contract(s) in response to this RFP.
- B. The Contracts, if awarded, will be awarded to Respondent(s) whose Proposal(s) is deemed most advantageous to the City, as determined by the Selection Committee, upon approval of the City Council.
- C. The City may accept any Proposal in whole or in part. If subsequent negotiations are conducted, they shall not constitute a rejection or alternate RFP on the part of the City. However, final selection of a Respondent(s) is subject to City Council approval.
- D. The City reserves the right to accept one or more Proposals or reject any or all Proposals received in response to this RFP, and to waive informalities and irregularities in the Proposals received. City also reserves the right to terminate this RFP and reissue a subsequent solicitation, and/or remedy technical errors in the RFP process.
- E. The City will require the selected Respondent(s) to execute a Contract(s) with the City prior to City Council award. No work shall commence until the City signs the Contract(s) and Respondent(s) provides the necessary evidence of insurance as required in this RFP and the Contract(s). Contracts are not binding on the City until approved by the City Attorney. In the event the parties cannot negotiate and the Respondent(s) cannot execute a Contract prior to City Council award, the City reserves the right to terminate negotiations with the selected Respondent(s) and commence negotiations with another Respondent(s).
- F. This RFP does not commit the City to enter into a Contract, award any services related to this RFP, nor does it obligate the City to pay any costs incurred in preparation or submission of a Proposal or in anticipation of a Contract.
- G. If selected, Respondent will be required to comply with the applicable Insurance Requirements identified in RFP Attachment V for Sections A, B, and C, respectively, and the Indemnification Requirements included in RFP Attachment VI.
- H. Conflicts of Interest. Respondent acknowledges that it is informed that the Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as those terms are defined in the Ethics Code, from having a financial interest in any contract with City or any City agency such as City-owned utilities. An officer or employee has a “prohibited financial interest” in a contract with the City or in the sale to the City of land, materials, supplies, or service, if any, of the following individual(s) or entities is a party to the contract or sale: the City officer or employee; his parent, child or spouse; a business entity in which he or his parent, child or spouse owns ten (10) percent or more of the voting stock or shares of the business entity, or ten (10) percent or more of the fair market value of the business entity; or a business entity in which any individual or entity above listed is a subcontractor on a City contract, a partner or a parent or subsidiary business entity.

Respondent is required to warrant and certify that it, its officers, employees and agents are neither officials nor employees of the City, as defined in Section 2-42 of the City's Ethics Code (Discretionary Contracts Disclosure – RFP Attachment II).

- I. Independent Contractor. Respondent agrees and understands that, if selected, it and all persons designated by it to provide services in connection with a contract, is (are) and shall be deemed to be an independent contractor(s), responsible for its (their) respective acts or omissions, and that City shall in no way be responsible for Respondent's actions, and that none of the parties hereto will have authority to bind the others or to hold out to third parties, that it has such authority.
- J. Effective January 1, 2006, Chapter 176 of the Texas Local Government Code requires that persons, or their agents, who seek to contract for the sale or purchase of property, goods, or services with the City, shall file a completed conflict of interest questionnaire with the City Clerk not later than the 7th business day after the date the person: (1) begins contract discussions or negotiations with the City; or (2) submits to the City an application, response to a request for proposals or bids, correspondence, or another writing related to a potential agreement with the City. The conflict of interest questionnaire form is available from the Texas Ethics Commission at www.ethics.state.tx.us. Completed conflict of interest questionnaires may be mailed or delivered by hand to the Office of the City Clerk, if mailing a completed conflict of interest questionnaire, mail to Office of the City Clerk, P.O. Box 839966, San Antonio, TX 78283-3966. If delivering a completed conflict of interest questionnaire, deliver to: Office of the City Clerk, City Hall, 100 Military Plaza, 2nd floor, San Antonio, TX 78205. Please consult your own legal advisor if you have questions regarding the statute or form.

XI. SCHEDULE OF EVENTS

Following is a list of **anticipated dates/times** with respect to this RFP:

RFP Issue Date	December 18, 2006
Final Questions Accepted*	January 4, 2007, 12:00 Noon
Proposals Due*	January 22, 2007, 1:00 p.m.
Oral Presentations	February 6, 2007, Times to be Determined
City Council Consideration	March 1, 2007
Effective Date of Contracts	July 1, 2007

- * **Changes to these dates, if any, will be by addendum to this RFP. Other dates in this Schedule of Events are subject to change without notice.**

* * *

SECTION A
DEPOSITORY BANKING SERVICES

DEPOSITORY BANKING SERVICES

I. OBJECTIVES

The City's objectives with respect to its Depository Banking Services are as follows:

- A. Enter into a Depository Banking Services Contract effective July 1, 2007.
- B. Select a Depository Bank that will assist in enhancing security measures, and increasing efficiency and productivity through the modification, utilization, and/or implementation of certain depository products and services.
- C. Select a Depository Bank who will provide and implement banking solutions that will optimize the City's utilization of its enterprise resource management system "SAP" and enhance the City's effectiveness through advanced technology.
- D. Select a Depository Bank that has demonstrated a strong commitment to the San Antonio community.

II. MINIMUM QUALIFICATIONS FOR RESPONDENTS

The minimum qualifications required of Respondent with respect to its Depository Banking Services are listed below.

- A. Respondent must be a bank or financial institution that provides Depository Banking Services for governmental entities.
- B. Respondent must have banking facilities within the city limits of the City of San Antonio and must be capable of providing the major portion of the Depository Banking Services from its San Antonio facility.
- C. Respondent's local deposits must be equal to or greater than \$250,000,000, as shown on the latest published quarterly financial statement.
- D. Respondent's combined capital and surplus must be equal to or greater than \$50,000,000, and Respondent must be in good financial standing.
- E. Respondent must be a member of the Federal Reserve System.
- F. Respondent must be a member of the National Automated Clearing House Association (NACHA).
- G. Respondent must be a member of the Federal Deposit Insurance Corporation (FDIC) or have other federal insurance coverage.

- H. Respondent must have demonstrated an acceptable record in community services in accordance with the Community Reinvestment Act.

III. GENERAL DESCRIPTION OF SCOPE

Respondent selected to provide Depository Banking Services shall be designated as the “City Depository”. The City requires a variety of banking/financial services, some of which reside as the primary responsibility of the City Depository. Lockbox Services and Merchant Banking Services as set forth in Sections B and C, respectively, may fall outside of the Depository Banking Services Contract. The City retains the right to select and utilize those services deemed most appropriate to be provided by the City Depository and shall, within the scope of the law, solicit other banking/financial services as the City determines will best satisfy the needs of, and be most advantageous to the City.

The City’s primary Depository Banking Services pertain to the secure processing of the City’s collections and disbursements, and provision of timely and reader-friendly reports. The accounts to be serviced include the City’s active working accounts and specialty accounts (see “RFP Exhibit A - City Depository Banking Statistics”).

Integral to the efficient accounting of the City’s collections and disbursements is the reconciliation process. The City seeks to enhance its current reconciliation process through improved technology. The City currently utilizes partial account reconciliation.

Compliant with the City’s fiduciary responsibilities is the utilization of improved technological security mechanisms and processes to safeguard financial resources. The City intends to review additional and/or modified security measures offered by Respondent to protect the City’s financial resources from fraudulent acts. The City currently utilizes positive pay services on all check disbursement accounts.

An integral component of the City’s financial operation is the ability to resolve collection and disbursement issues as they occur during times of emergency as well as during the normal course of business. It is imperative that the City Depository assign a primary contact for all operational aspects of Depository Banking Services. The assigned primary contact must have sufficient authority to solve routine problems, command the resources necessary to address complex problems, and be accessible twenty-four hours per day, seven days per week, including holidays, if necessary.

The City routinely reviews its cash management and long-term investment strategies. Services provided by the City Depository must include cash management techniques that enhance the City’s short-term investment earnings options and provide liquidity as needed without incurring losses (see RFP Exhibit A-1 – City’s Investment Policy).

Other services required by the City include, but are not limited to, custodial and escrow services. The City requires custodial services related to investment securities transactions. These services include maintaining security asset accounts, settlements of trades, on-line

reporting, and periodic valuation of securities in the City's investment portfolio. The City requires escrow services for certain equipment lease purchase financing transactions which include investment of funds in escrow.

IV. SERVICES REQUIRED

A. COLLECTION SERVICES

The efficiency of the City's financial operation is enhanced by the effective collection services provided by the City Depository. The City Depository's responsibilities will include, but not be limited to, the timely processing of collections, implementation and exercise of prudent security measures, provision of easily reconcilable data and information, and prompt reporting to the City. Currently, the City receives cash and check deposits from the various departments, which may have multiple business areas. The deposits include amounts in excess of \$180 million. This does not include the armored car pick-ups that transport directly to the City Depository. Detailed below is a list of the City's current collection categories. Additional data regarding collection services can be found in "RFP Exhibit A - City Depository Banking Statistics".

Currency – This refers to the City's cash and coin receipts that are deposited in the City Depository.

Checks – This refers to checks received and deposited to the credit of the City.

ACH - The City receives money by electronic means and requires the City Depository to have the capability to provide Automated Clearing House ("ACH") collection services.

Transfers - The City Depository must have the capacity to accept and process incoming wire transfers and provide prompt reporting to the City.

Credit Card Transactions – This refers to payments received for City services and fees which are processed by credit card. Currently, the City receives sales transaction activity from various departments and business areas. Additionally, the City receives Internet sales transactions from three (3) locations.

Alternative Centralized Collection - The City has two (2) contractors that currently utilize centralized collection services through the City's Depository. While the City currently uses lockbox services for these collection purposes, other centralized collection options may be considered. Lockbox services are detailed separately in RFP Section B Lockbox Services and may not be included in the City's Depository Banking Services Contract.

B. DISBURSEMENT SERVICES

The City utilizes several mechanisms to make payment on its various obligations. As with the collection process, the efficiency of the City's financial operation is enhanced by the effective disbursement services provided by the City Depository. The City Depository's responsibilities

will include, but not be limited to, the timely processing of disbursements, implementation and exercise of prudent security measures, provision of easily reconcilable data and information and prompt reporting to the City. Detailed below is a list of the City's current disbursement categories. Additional data regarding disbursement services can be found in "RFP Exhibit A - City Depository Banking Statistics".

Checks – Along with continuing the utilization of checks, the City intends to implement other means of payment and procedures that will diminish the manual processes required for these disbursements while maintaining the security, control, and integrity of the disbursement process.

ACH - The City utilizes ACH, primarily for payroll and pension activity disbursements. In addition to the payroll and pension activity, the City utilizes ACH for sales tax and for the payment of credit card processing fees.

Transfers - The City's weekly disbursement activity involves the use of both inter-fund and intra-bank transfers. The City currently uses an automated inter-fund transfer process through the use of zero balance accounts. Intra-bank transfers are used primarily to make debt service payments and to settle securities transactions. The City also performs its own intra-bank wire transfers through the use of on-line computer access. The City intends to implement repetitive transfers.

Daylight Overdraft - The City occasionally has large outgoing wire transfers which must be received by a payee bank no later than 9:00 a.m., Central Time, which are funded with available balances and maturing investments. The City requires prompt release of all outgoing wires even if such a release creates a daylight ledger/collected overdraft position. Daylight overdrafts, should they occur, are generally the result of debt service payments.

C. CURRENCY SERVICES

The City currently utilizes City personnel and an armored courier service to pick up and deliver currency. The currency services to be provided include the following:

- Furnish strapped currency to the collection and point-of-sale sites
- Furnish rolled coins to the collection and point-of-sale sites
- Deliver strapped currency and rolled coins to the collection and point-of-sale sites
- Pick up and process currency

D. ACCOUNT RECONCILIATION

As part of the City's fiduciary responsibilities, the City is charged with the accurate reconciliation of its financial transactions. The City currently utilizes partial account reconciliation and is interested in options to enhance the current process.

E. CASH MANAGEMENT SERVICES

The City handles its short-term cash management through the utilization of cash management techniques such as on-line account information services, controlled disbursements, and money market mutual fund sweep vehicles, and is interested in other available overnight and short-term investment vehicles that might enhance the City's short-term cash management capabilities. It is expected that the City Depository will be able to provide such services should the City decide to utilize some or all such services (see RFP Exhibit A-1 – City's Investment Policy).

F. FINANCIAL SAFEGUARDS

The fiduciary responsibility of the City, as well as the large amount of monetary transactions it conducts, requires state-of-the-art security measures to protect the City from fraudulent or negligent acts. The City Depository will be required to demonstrate that it can provide these security measures. The City currently uses data transmission, electronic and on-line security measures as well as positive pay and other security mechanisms. The City will consider any other mechanism that the City Depository may offer.

G. DISASTER PREPAREDNESS

It is the responsibility of the City to implement procedures to protect the organization in the event of a natural disaster. Examples of such disasters include September 11, 2001, the San Antonio flood of 2002, and hurricanes Katrina and Rita in 2005. The City Depository would be required to demonstrate its ability and willingness to assist in the event that a disaster and/or an unexpected event should disrupt the City's ability to function for an extended period of time. The City will consider suggestions of various procedures for the recovery of systems and applications, uninterrupted payrolls, receivables, payables, alternate sites for operations, and other such critical issues that could be implemented during an event.

H. COLLATERAL REQUIREMENTS

The City Depository must provide and maintain collateral for all uninsured collected balances in City accounts in accordance with the requirements of Chapter 2257 of the Texas Government Code (the Public Funds Collateral Act), and Chapter 105 of the Local Government Code. The City's collateral requirements range from approximately \$15,000,000 to \$50,000,000 and fluctuate at certain times of the year, depending upon the volume of revenue receipts. Collateral deposits must be placed in the custody of a third-party institution acceptable to the City that customarily provides such custodial services.

I. TRUST SERVICES

The City manages an investment portfolio of approximately \$900 million. The City Depository currently holds the City's securities in trust. The City requires custodial services related to investment securities transactions. The services required include, but are not limited to, the following:

- Receive/deliver securities on a delivery verses payment method
- Price securities to market
- Collect coupon interest
- Provide delivery confirmation on new security purchases
- Provide monthly earnings statements
- Verify holdings as of specific dates for audit purposes
- Credit the City's applicable account for interest and principal payments on the day received
- Debit the City's applicable account for investment purchases on the settlement date
- Provide maturity and interest payment notices at least five (5) business days prior to payment date

In addition to the custodial services, the City occasionally requires other specialized assistance such as escrow services for certain equipment lease purchase financing transactions which include investment of funds in the escrow account by the City Depository. Additionally the City Depository is responsible for releasing funds to vendors upon approval by Lessor and Lessee.

J. SAFEKEEPING

The City Depository currently holds the City's securities in trust and the City is not currently engaged in activities which require safekeeping. The City will, however, consider any safekeeping services that the City Depository may suggest.

K. ON-LINE BANKING CAPABILITIES

The City's intent is to modify financial operations through the use of electronic banking services and tools where such modification will improve operational efficiencies. It is intended that over the term of the Depository Banking Services Contract, the City will evaluate, in coordination with the City Depository, the benefits, costs, procedures and risks associated with implementing on-line banking capabilities, and new innovative technologies.

L. REQUIRED MEETINGS/TRAINING

The City requires quarterly meetings with the City Depository's primary contact to include updates related to procedures and services. Additionally, training sessions, classes, or web casts on new technologies must be provided, as needed.

M. REPORTS

While the City intends to increase the use of electronic banking tools in its financial operations, hard copy reports are also required. All reports should be designed to improve productivity, be timely and user friendly. Additionally, electronic reports should be downloadable.

N. CARD SERVICES

The City currently utilizes procurement card services and is interested in implementing other card services. Procurement card services are not included in this RFP. The City may consider other card services that the City Depository may suggest including the following:

ghost cards or prepaid cards – pre-funded cards that the City may utilize for payment of invoices to vendors to streamline internal processes

credit cards – may be used for multi-purposes including travel with less restrictions and greater limits

payroll cards – may be used to offer direct deposit to those employees who either do not have a checking account or who do not want their pay deposited to their existing bank account

V. PROPOSAL REQUIREMENTS

Respondent's Proposal shall include the following items in the following sequence related to Depository Banking Services:

- A. **EXECUTIVE SUMMARY:** The summary shall include a brief statement of the work to be accomplished, how Respondent proposes to accomplish and perform service and any unique problems perceived by Respondent and their solutions.
- B. **MINIMUM QUALIFICATIONS LETTER:** Provide a letter certifying that Respondent satisfies the minimum qualifications in RFP Section A - Depository Banking Services, "Minimum Qualifications For Respondents".
- C. **COMMUNITY REINVESTMENT ACT:** Provide Respondent's three (3) most recent Federal Community Reinvestment Act ("CRA") ratings. Also, please include one (1) copy of Respondent's most recent CRA Performance Evaluation. Only one (1) copy needs to be submitted with the one (1) original Proposal and is not required to be submitted with the ten (10) required copies of the Proposal.
- D. **RESPONDENT PROPOSED PRICING SCHEDULE - SECTION A:** Complete and submit RFP Attachment A, Respondent Proposed Pricing Schedule – Section A. Additionally, Respondent must submit Pricing Schedule – Section A in Excel format on a CD.
- E. **EXPERIENCE, BACKGROUND, AND QUALIFICATIONS:** Prepare and submit narrative responses to address the following items.
 - 1. Describe Respondent's experience relevant to the scope of services required by RFP Section A - Depository Banking Services.

2. Discuss the ability of Respondent's depository reporting system to interface directly with SAP. Provide examples of Respondent's experience with clients utilizing SAP including interfacing and conversion strategies. Is there any existing interface or will customization be required? What languages or protocols are used to facilitate the interface and is there a charge for the interface?
3. Utilizing the following format, provide five (5) references from governmental entities in Texas (three (3) of which must be in San Antonio), for whom Respondent currently provides Depository Banking Services. Include the following information:

Name of the Governmental Entity	Length of contract (include date range)	Reference's Name	Title	Phone Number	E-mail
1.					
2.					
3.					
4.					
5.					

4. Provide the name of the individual who will be the City's Primary Contact for the City's account. The individual must have sufficient authority to solve routine problems, command the resources necessary to address complex problems, and be accessible twenty-four hours per day, seven days per week, including holidays, if necessary. Please provide his or her relevant experience on accounts of similar size and scope and include the following information:
 - a. Name, Title, Phone Number, Office Location, Mailing Address, and Email Address
 - b. Brief resume including years of experience with Respondent firm
 - c. Years of experience in banking
 - d. Role on the City's account
 - e. Other major accounts for which primary contact will be responsible during the term of the Depository Banking Services Contract
5. Prepare a table listing other key personnel to be assigned to the City's account and each person's relevant experience on accounts of similar size and scope. Include the following information:
 - a. Name, Title, Phone Number, Office Location, and Email Address
 - b. Brief resume including years of experience with Respondent firm
 - c. Years of experience in banking
 - d. Role on the City's account
 - e. Availability during normal business hours, after hours, and weekends
 - f. Other major accounts for which key personnel will be responsible during the term of the Depository Banking Services Contract

6. Provide a brief description of Respondent's capital structure as shown on the latest published quarterly financial statement to include:
 - a. Total Capital
 - b. Current Value of Deposits
7. Explain changes, if any, that have occurred within Respondent's firm over the last six (6) months:
 - a. Staffing
 - b. Capital
 - c. Organizational Structure
 - d. Other

VI. PROPOSED SERVICES. Prepare and submit the following items.

A. Collection Services. In narrative form, describe the processing related to collection of the following:

1. Cash and Coin
 - a. Deposit deadlines for same day credit
 - b. Location of Respondent's vault
2. Checks
 - a. Deposit deadlines for same day credit
 - b. Location of Respondent's check processing center
 - c. Enhanced Processing
 - i. Electronic Check Conversion (Scan Technology)
 - ii. Remote Deposit Capture
 - iii. Electronic Image Cash Letter
 - iv. Other available technology
3. ACH
 - a. Deposit deadlines for same day credit
 - b. Notification procedures
4. Incoming Wires
 - a. Deposit deadlines for same day credit
 - b. Notification procedures
5. Internal Account Transfers
 - a. Deposit deadlines for same day credit
 - b. Execution procedures
 - c. Notification procedures

6. Alternative Centralized Collection
 - a. Deposit deadlines for same day credit
 - b. Location of Respondent's alternative centralized collection services
 - c. Number of pick-ups/deposits
7. Deposit Supplies
 - a. Process for ordering deposit supplies
 - b. Payment options if ordered through outside vendor

B. Disbursement Services. In narrative form, describe the processes related to the disbursements below:

1. Checks
2. ACH
 - a. File transmission deadlines
 - b. Transmission technology requirements
3. Outgoing Wires
 - a. Deadlines for wire initiation
 - b. Execution procedures
 - c. Notification procedures
 - d. Number of times within the last six (6) months that Respondent's wire system was not available and duration of service interruption
 - e. Daylight overdraft policy
4. ePayables
 - a. Deadlines for initiation
 - b. Execution procedures
 - c. Notification procedures
5. Internal Account Transfers
 - a. Deadlines for internal account transfer initiation
 - b. Execution procedures
 - c. Notification procedures

C. Currency Services. In narrative form, describe the process related to providing initial currency amounts for cash transactions at point-of-collection or sale sites for the following:

1. Strapped Currency Furnished
 - a. Ordering procedures and timelines
 - b. Pick-up and delivery procedures
 - c. Security measures and other features

2. Rolled Coins Furnished
 - a. Ordering procedures and timelines
 - b. Pick-up and delivery procedures
 - c. Security measures and other features

D. **Account Reconciliation.** In narrative form, describe what options are available to the City with regard to the account reconciliation process, including:

1. Full Reconciliation
2. Partial Reconciliation
3. On-line reporting and SAP file interfaces
4. Other Options

E. **Cash Management Services.** In narrative form, describe the process of utilizing the following:

1. On-line Account Information Service
 - a. Beginning and ending ledger balances, collected balances, available balances and float for previous day
 - b. Itemized detail of previous day bank activity by account
 - c. Detail of current day bank activity
 - i. Types of current day transaction activity
 - ii. Frequency of updates (real time or batch updates)
 - iii. Number of business days of current information that is stored on Respondent's On-line Account Information Service
 - d. Detail of wire notification
 - e. Other on-line services available

NOTE: The minimum security requirements for on-line services includes HTTPS website using a certificate issued by a commercial vendor (eg: Verisign), HTTPS Login Page, and a 128-bit SSL or higher. The City would require detailed activity reporting of City user access.

2. Controlled Disbursements
 - a. Location of bank branch utilized for controlled disbursements
 - b. Established first and second presentment times
 - c. Notification procedures
 - d. Procedures in place in case of system failures
3. Zero Balance Accounts
 - a. Number of secondary accounts available linked to master account
 - b. Execution procedures
 - c. Funding times

4. Sweep Accounts
 - a. Type of overnight investment
 - b. Overnight rate
 - c. Occurrence of dividend payments
 - d. Sweep times
5. Money Market Mutual Fund(s)
 - a. Name and type of fund
 - b. Fund size
 - c. Date fund was created
 - d. List of fund's portfolio holdings as of September 30, 2006
 - e. Historical and short-term portfolio performance
 - f. Available methods for payment of fees and expenses
 - g. Fund dividend distribution and reinvestment procedures
 - h. Deadline to request redemption of shares
 - i. Deadline to request purchase of shares
6. Other Cash Management services available but not identified in RFP

F. **Financial Safeguards.** In narrative form, describe the security service applicable to the following:

1. Positive Pay
 - a. File transmission deadlines
 - b. Transmission technology requirements
2. Data Transmission
 - a. Transmission security measures
 - b. Transmission technology requirements
3. Other Security Measures
 - a. Protection from fraud or errors for electronic services
 - b. Protection from fraud or errors for on-line services

G. **Disaster Preparedness Process.** In narrative form, describe the recovery processes available for the following:

1. Protection to the City if a catastrophic event should occur to Respondent's operation related to:
 - a. Computer Applications
 - b. Payroll
 - c. Receivables
 - d. Payables
2. Other disaster recovery processes

- H. **Collateral.** In narrative form, describe the services available to meet collateral requirements in accordance with Chapter 2257 of the Texas Government Code (the Public Funds Collateral Act), and Chapter 105 of the Local Government Code related to the following:
1. Name of proposed custodian
 2. Types of securities pledged
 3. Determination of amount pledged
 4. Deadlines to post additional collateral
 5. Execution procedures
 6. Timing of reports and format
- I. **Trust Services.** In narrative form, describe Respondent's trust services related to the following:
1. Custodial services
 2. Escrow services
 3. On-line trust services
- J. **Safekeeping.** In narrative form, describe Respondent's safekeeping services related to the following:
1. Custodial services
 2. On-line services
- K. **On-line Banking Capabilities.** In narrative form, describe Respondent's on-line services available, including:
1. Hardware and software requirements
 2. Process of implementation
 3. Security measures
- L. **Reports.** In narrative form, describe available frequency, media options, and exportable formats for each of the following reports:
1. Bank statements
 2. Itemized statements for operating and payroll accounts
 3. Account analysis statements
 4. Escrow reports
 5. Statements of pledged collateral
 6. Trust account statements
 7. Safekeeping account statements
 8. Reporting for record keeping using CD ROM images of paper items (checks, deposit slips, etc.)

- M. **Training.** In narrative form, describe the training resources available to the City.
- N. **Card Services.** In narrative form, describe the following card services as provided by Respondent:
1. Ghost cards/prepaid cards
 2. Credit cards
 3. Payroll cards
- O. **Customer Service/Technical Support.** Describe Respondent's customer service availability for account research and inquiries including hours of operation. Describe Respondent's technical support for computer hardware, software, and communication problems including hours of operation.
- P. **Other Services.** Provide any other information that Respondent may deem applicable to Depository Banking Services that the City may utilize but has not been directly requested in this RFP, as well as ideas and suggestions for changes or modifications that could be implemented to make the City's financial operation more effective and efficient.
- Q. **Implementation of New Depository Banking Services Contract and/or New Services.** Provide a detailed description of the recommended implementation process including testing, as well as a sample implementation schedule and a description of the implementation team. What are the critical factors that may impact implementation? Describe materials available and/or on-site training provided by Respondent.
- R. **Depository Banking Services Charges.** Does Respondent accept compensation in fees, balances or a combination of the two? If fees are accepted, is there a surcharge or a different price schedule for price compensation?

* * *

RFP EXHIBIT A

CITY DEPOSITORY BANKING STATISTICS - SECTION A

RFP EXHIBIT A

CITY DEPOSITORY BANKING STATISTICS - SECTION A

City Bank Accounts

The City's working accounts pertain to daily activity accounts such as the Operating Account and Payroll Account. Specialty accounts are those accounts that are utilized less frequently than the working accounts. The City currently utilizes eight (8) working accounts and nine (9) specialty accounts.

Collection Services

ACH

The estimated annual total dollar volume of incoming ACH is approximately \$29,400,000.

Disbursement Services

Checks

The City disburses approximately 1,600 vendor checks and 1,500 payroll checks per week.

ACH

The City utilizes ACH, primarily for payroll and pension activity disbursements. However, the City has and will continue to increase the use of vendor ACH payments. The current estimated annual total dollar volume of outgoing ACH is approximately \$297,000,000.

RFP ATTACHMENT A

RESPONDENT PROPOSED PRICING SCHEDULE - SECTION A

RFP ATTACHMENT A
RESPONDENT PROPOSED PRICING SCHEDULE - SECTION A

AFP Codes		Estimated Annual Volume	Per Unit Cost	Annual Calculated Cost
<u>General Account Services</u>				
010000	Account Maintenance	181	0	0
010100	Debits Posted	263,216	0	0
010101	Credits Posted	21,628	0	0
010110	Deposit Proc. Teller OTC	4	0	0
010112	Zero Balance Accounting Transfers	2,028	0	0
010610	Photocopies	6	0	0
010703	Statements Rendered	1,012	0	0
019999	Special Signature Items Base Fee (monthly)	6	0	0
019999	Special Signature Items	4,072	0	0
100007	Detailed Reporting Commercial	1,255	0	0
<u>Depository Services</u>				
100012	Plastic Bag Deposit	339	0	0
100013	Partial Bags of Loose Coins	1,952	0	0
100010	Full Bags of Loose Coins	2,030	0	0
10001Z	Cash Deposit Processing Fee-AMT Flat	15,800	0	0
10001Z	Cash Deposit Processing Fee-AMT per 1000	50,501	0	0
100144	Rolled Coins Furnished	419	0	0
100044	Rolled Coins Furnished-Com	1,583	0	0
100047	Minimum Change Order	774	0	0
10004A	Strapped Currency Furnished	969	0	0
10004A	Strapped Currency Furnished-Com	3,397	0	0
100100	Cash Deposit Processing Fee	17,483	0	0
100102	Cash Deposit Processing Fee	134,905	0	0
100101	Cash Deposit Processing Fee	1,284,437	0	0
100111	Deposit Processing Supplies	55	0	0
100143	Non-Bank Change Order Payment	581	0	0
100220	On Us	34,970	0	0
100222	Local RCPC	27,530	0	0
100222	Transit Clearing	86,151	0	0
100222	Local Statewide Clearings	113,607	0	0
100223	11th Fed Country	1,317	0	0
100224	Other 11th Fed City	31,808	0	0
100225	Other 11th Fed RCPC	30,290	0	0
100230	Pre-Encoded Reject Items	412	0	0
100400	Return Items	1,221	0	0
100402	Reclear Items	1,988	0	0
100500	Deposit Corrections	206	0	0
100840	Deposit Slips	2	0	0
109999	Local City Item	52,945	0	0
109999	Items Deposited	3	0	0
<u>Paper Disbursement Services</u>				
150110	Controlled Disb. Activity	252	0	0
150120	Positive Pay Paid Rejected Items	964	0	0
15012Z	Positive Pay Posted Checks	213	0	0
150401	Telephone Inquiry Charge	5	0	0
150410	Online Stop Payment	653	0	0
150420	Stop Payments	3	0	0
150720	Positive Pay Rejected Items	1,953	0	0
151352	Cash Manager Images	1,272	0	0
151353	CD Rom Service- Per item	275,892	0	0
151353	CD Rom Service- Per Disk	16	0	0
151353	CD Rom Remake Archive Per item	826	0	0
151353	CD Rom Remake Archive Per Disk	1	0	0

RFP ATTACHMENT A
RESPONDENT PROPOSED PRICING SCHEDULE - SECTION A

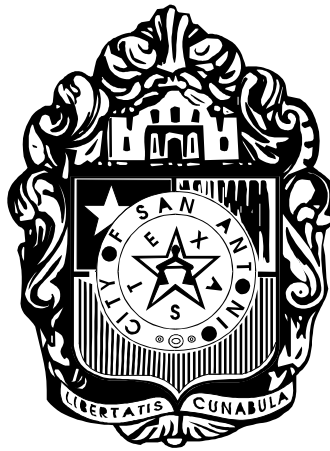
AFP Codes		Estimated Annual Volume	Per Unit Cost	Annual Calculated Cost
200120	Partial Check Recon. Regular	259,886	0	0
200201	Account Reconciliation	237	0	0
200310	Additional Recon./Fine Sorts	51	0	0
200310	Statement All Items Report	19,888	0	0
250102	ACH Origination-Transmission (# items)	150,941	0	0
250110	ACH Monthly Fee	12		
250120	ACH Addendum Record In/Out	6,945	0	0
250200	ACH Incoming Debits	814	0	0
250201	ACH Incoming Credits	18,162	0	0
250202	ADD Debit/Credit to ACH File	13	0	0
250302	ACH Return Item	102	0	0
250401	Return ACH Notice - Phone	1	0	0
250401	ACH Return Notice - Fax	29	0	0
250642	ACH Reversals	29	0	0
350121	Book Trans. Non-Repetitive	90	0	0
350222	CM Account Transfer	81	0	0
350300	Incoming Fed Wires	259	0	0
35041Z	Fed Wire Local Phone Advice	259	0	0
35041Z	Wire Advices Mailed	258	0	0
350500	Branch Officer Wire Out Non -Rep	822	0	0
350580	Foreign Funds Transfer	45	0	0
350124	Account Transfer-Intrabank	1	0	0
350101	Fed Wire Out Type 10-Non rep.	2	0	0
400000	Balance and Activity Services	12	0	0
400110	Intra Day Reporting	24	0	0
400222	Previous Day Reporting	270	0	0
000333	Custodial Fees (7 Separate Accounts charged quarterly)	28	0	0
Totals:			-	-

RFP ATTACHMENT A
RESPONDENT PROPOSED PRICING SCHEDULE - SECTION A

AFP Codes		Estimated Annual Volume	Per Unit Cost	Annual Calculated Cost
Additional Services Proposed				
		-	0	0
		-	0	0
		-	0	0
		-	0	0
		-	0	0
	Totals:		-	-

RFP EXHIBIT A-1
CITY'S INVESTMENT POLICY

CITY OF SAN ANTONIO, TEXAS
Department of Finance



Investment Policy

September 30, 2006

CITY OF SAN ANTONIO
Department of Finance
Investment Policy

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CITY OF SAN ANTONIO, TEXAS

Investment Policy

INTRODUCTION

Fiduciary responsibility for the management and safeguarding of the City of San Antonio's (the "City") monetary assets resides with the City's Department of Finance. In addition to the management of the City's investment assets, the department also has the responsibility to manage the investment assets of various trust and agency funds. The City's investment strategy for all investments is to ensure availability of funds to meet cash flow requirements, safeguard and preserve principal, maintain liquidity, practice security diversification, minimize risk, and maximize yield, all within the context of understanding the suitability of each investment and the cash flow requirements of the City.

The Investment Policy (the "Policy") for the City encompasses a dynamic framework, which, under the direction and approval of City Council, provides the City with the flexibility and control required to execute investment transactions and manage the investment portfolio. The Policy incorporates the investment guidelines and mandates promulgated in the Texas Public Funds Investment Act (the "Act"), as amended. As prescribed by the Act, and as authorized by this Policy pursuant to City Council approval, the City's designated Investment Officers include the Director of Finance, Assistant Director of Finance – Financial Management, Tax Assessor Collector Administrator, and the following individuals from the Division of Financial Management: Financial Management Administrator, Financial Manager, Investment Officer, and Finance Officers (functional titles of the designated Investment Officers may vary from City of San Antonio Pay Plan titles). Daily investment transactions and management of the City's invested funds are the responsibility of the designated Investment Officers within the Department of Finance, Division of Financial Management.

During the year, periodic review of strategic investment initiatives and management practices shall be undertaken by an Investment Committee. The Investment Committee is comprised of two representatives from the City Council, two representatives from the City Manager's Office, the Director of Finance, Assistant Director of Finance – Financial Management, Tax Assessor Collector Administrator, Director of the Office of Management and Budget and the following individuals from the Division of Financial Management: Financial Management Administrator, Financial Manager, Investment Officer, and Finance Officers.

Investment transactions are executed through approved broker/dealers with securities delivered to the Custodian Bank as instructed by the City's Depository Bank. Investment transactions are settled on a delivery versus payment basis with the exception of mutual fund or investment pool investments. Settlement of trades may be done on a same day or subsequent day basis as the Investment Committee and Investment Officers deem most appropriate and advantageous to the City. In addition to the securities acquired through the use of broker/dealers, the City may exercise its right to utilize other investment vehicles such as mutual funds and investment pools as authorized and permitted by the Act and this Policy.

For the reader's convenience, a glossary is attached as Exhibit I.

INVESTMENT COMMITTEE

The Investment Committee shall meet at least quarterly to receive a report from the Financial Management Administrator on the most recent quarter's investment activity, cash position of the City, and proposed investment activity for the next succeeding quarter. The Investment Committee shall also review and suggest any changes or adjustments to investment practices.

In addition to the quarterly meetings, Investment Committee members may hold meetings as needed related to the daily investment activity. Any decisions made shall be within the parameters agreed to by the full committee and within the guidelines established in this Policy.

SCOPE

The Policy applies to all funds invested by the City which include the General Fund; Enterprise Funds to include the Airport System, Parking Facilities, and the Environmental Services Fund; Debt Service Funds created for general obligation indebtedness and revenue bonds; Special Revenue Funds; Capital Project Funds; Internal Service Funds; Fiduciary Funds to include Agency Funds; Expendable Trust Funds to include the San Antonio Housing Trust Fund, and other funds that may be created.

Investments are pooled into two primary categories, operating funds and debt service funds. Pooled operating funds consist of balances from the City's various funds invested in an aggregate or pooled amount, with principal and interest income distributed to each respective fund on a pro rata basis. Similarly, pooled debt service funds consist of balances applicable to the City's debt service funds invested in an aggregate or pooled amount with principal and interest income distributed to each respective debt service fund on a pro rata basis. In addition, the City may purchase certain investments with the available balance of a specific fund for the sole benefit of such fund. The strategy of pooling investments is subject to change as deemed appropriate by the Investment Committee, and subject to the provisions of this Policy.

Strategic investment practice is focused on meeting daily or short-term cash flow requirements. Long-term investments (investments having maturities in excess of one year) are applicable to balances in construction funds, which may be matched to mature with projected construction draws, and balances held in reserve funds and other such accounts. Investments are typically held to maturity; however, the sale prior to maturity and acquisition of replacement securities may be exercised if financial analysis deems such transactions beneficial to the City, consistent with the investment strategies and objectives established herein. Investment portfolio management practice includes control, flexibility and safety of investments, and may incorporate the utilization of Money Market Mutual Funds, Mutual Funds, and Investment Pools into the investment structure to enhance investment portfolio and cash management efficiencies maintaining safety of principal as its primary objective.

INVESTMENT OBJECTIVES

Satisfy Cash Flow Requirements

The suitability of each investment and the cash flow requirements of the City are incorporated into the daily cash flow position analysis and investments are scheduled to mature on a timely basis to meet the City's on-going cash needs. In addition to the estimated daily routine cash needs, investments are scheduled to mature in connection with payroll dates, construction draw down schedules, debt service payment dates, and other major projected cash requirement dates.

Preservation and Safety of Principal

An essential investment objective is to ensure safety of the corpus or principal amount of every investment, as well as the accrued interest thereon. The City's investment practice is to exercise diligence in the type of securities purchased and the scheduled maturities of such investments to minimize loss of principal due to credit failure or other risk.

Liquidity and Diversification

The investment portfolio shall be structured with diversification and securities that have high credit ratings and are liquid in nature. Fund balances, revenues and expenditure trends shall be studied and monitored to facilitate investment planning in accordance with the cash flow timing, purpose, use, and strategies applicable to the City's various funds.

Return on Investments

The City will strive to maximize the return on its investments within the aforementioned safety parameters. While investments are made with scheduled maturities to coincide with estimated cash flow needs, opportunities to enhance the portfolio's return through the sale of securities prior to maturity may be exercised if deemed practical and prudent.

Proactive Portfolio Management

Proactive portfolio management involves review and analysis of the securities in the investment portfolio to take advantage of any sell and buy opportunities that may become available with changes in the market. The purpose of identifying a group of securities for possible sale and the utilization of moneys received from such sale to immediately acquire and replace said securities would be to take advantage of market changes to realize additional profits from such transactions. The sell and buy methodology would involve an analysis of first calculating the possible gain to be made by selling a group of securities and replacing the sold securities with the same or comparable securities.

RISK ENVIRONMENT

The Investment Objectives described above are designed around the concept of preservation and safety of principal. Mitigation techniques are available for the specific risks inherent in securities utilized by the City. A discussion of the more common risks of investing is presented below.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Changes in the level of interest rates can influence the market value of certain securities; the severity of that impact depends on the type of security held, and the length of term to maturity. As the general level of interest rates moves up and down, a security's price may change. Volatility is a term used to describe a security's price fluctuations. Securities with long terms to maturity are more volatile than securities with short terms. Securities with call options, or other potential changes to cash flow, are also more sensitive to changes in interest rates than simpler, more traditional structures. By diversifying across issuers and maturity dates, interest rate risk is mitigated, as fewer funds should be subject to a risk occurrence at any given time. In addition, the City generally follows a laddered approach to investing, whereby blocks of roughly the same increments are invested at similarly increased maturity lengths. This approach provides security that all funds will not fall due at one particularly advantageous or disadvantageous period in time, thereby spreading the interest rate risk.

Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment Strategy is to purchase securities that are of the highest credit quality, based on current ratings provided by nationally recognized credit rating agencies. The majority of the City's funds are invested in U.S. Treasury securities and federal agency securities. These issuers, if guaranteed, are deemed to be without credit risk. Some, but not all federal agency issuers are guaranteed, however they continue to carry high credit ratings. Investments in other debt securities will consist of securities rated "A" or better by at least two nationally recognized credit rating agencies. These requirements not only mitigate credit risk, but also mitigate liquidity risk, as the higher rated issues are generally the most liquid. Credit risk may also manifest in the following forms:

- (1) *Concentration of Credit Risk* – This risk of loss is attributed to the magnitude of investment in a single issuer. Diversification is the primary tool utilized to mitigate this risk. As a matter of policy, investments in issuers other than the U.S. Treasury or federal agencies must have credit ratings of A or better from at least two nationally recognized credit rating agencies. U.S. Treasury and guaranteed federal agency securities are viewed as having the highest possible quality rating.
- (2) *Custodial Credit Risk* – This is the risk that, in the event of the failure of the counterparty to a transaction, the City would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Assets pledged as collateral must generally be a type of security specifically authorized to be held as a direct investment; must be held by an independent third party; and must be pledged in the name of the City. In addition, collateral securities shall have a market value of not less than 102% of the amount of deposits.

Liquidity Risk

This is the risk that a security would not be adequately marketable, and that sale of said security would be unattainable, or attainable at a loss. Liquidity is affected, by many factors, including the amount of an issue outstanding and the term to maturity. Diversification of types and maturities of securities held can help alleviate the liquidity risk. The size of the issuer also has an impact. The larger the issuer, and the higher the credit rating, the more liquid the security. The City maintains a relatively short weighted average maturity (WAM) and invests in high credit securities, which keep liquidity risk low. Additionally, based on periodic cash flow forecasts, an adequate supply of operating funds are maintained in money market funds, which further helps alleviate liquidity risk.

AUTHORITY TO EXECUTE INVESTMENT TRANSACTIONS

Investment transactions shall be executed by the City's designated Investment Officers, which include the Director of Finance, Assistant Director of Finance – Financial Management, Tax Assessor Collector Administrator, Division of Financial Management: Financial Management Administrator, Financial Manager, Investment Officer, and Finance Officers. Daily investment activity and portfolio management shall be performed by the Department of Finance, Division of Financial Management designated Investment Officers.

PRUDENCE

City of San Antonio investment transactions shall be executed in accordance with the prudent investor rule which states: "Investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of their capital as well as the probable income to be derived." In addition, investments shall be made in accordance with the Act and this Policy with the character of the investments given the priority of: (i) preservation and safety of principal, (ii) liquidity and diversification, and (iii) return on investments.

Investment Officers shall perform their duties in conformance with procedures and policies as set forth in this Policy. Determination as to whether an Investment Officer has exercised prudence in the execution of investment duties shall be made, in part, by taking into consideration the following:

- (1) the investment of all funds, or funds under the City's control, over which an Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decision was consistent with the written Investment Policy of the City.

INVESTMENT MATURITIES

Strategic portfolio investments focus on meeting short-term operational and debt service cash flow requirements during the course of a year, and long-term cash flow requirements pertaining to fund balances that are reserved for unexpected decreases in cash positions. Short-term investments to meet operational cash flow requirements are typically invested for less than one year, while balances in funds that are not anticipated to be utilized except in extraordinary circumstances may be invested with two and three year maturities, dependent in part on the yield curve and market conditions. Investments purchased with a maturity in excess of five (5) years must have the prior approval of the Director of Finance.

TRAINING

In accordance with the Act, the City's Investment Officers shall attend at least one training session from an independent source approved by the City Council or the Investment Committee as provided for in this policy and containing at least ten (10) hours of instruction within twelve (12) months after taking office or assuming duties. This training must include education in investment controls, investment-related risks, portfolio diversification, and compliance with the Act. Thereafter, Investment Officers shall attend an investment training session not less than once in a two-year period and receive not less than ten (10) hours of instruction relating to investment responsibilities under the Act from an independent source approved by the City Council or the Investment Committee as provided for in this policy.

ETHICS

An officer or employee of a commission created under Chapter 391 of the Local Government Code is ineligible to be designated as an Investment Officer under the Act for the City. An Investment Officer who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Government Code, to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under the Act must be filed with the Texas Ethics Commission and the City Council. For purposes of this section, an Investment Officer has a "personal business relationship" with a business organization if:

- (1) the Investment Officer owns ten percent (10%) or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- (2) funds received by the Investment Officer from the business organization exceed ten percent (10%) of the Investment Officer's gross income for the previous year; or
- (3) the Investment Officer has acquired from the business organization during the previous year, investments with a book value of \$2,500 or more for the personal account of the Investment Officer.

INTERNAL CONTROLS

Internal control is exercised through the separation of functions and the reconciliation of investment transaction records created by different parties involved with each transaction. Investment Officers are authorized to execute investment trades but are not authorized to release, transfer or wire moneys related to investment transactions. Accounting personnel are authorized to effectuate wire transfers and record the transactions. Written records are separately prepared and maintained by the Investment Officers and the Accounting Division. Broker/Dealer trade confirmations and custodial reports are also kept on file.

MONITORING MARKET ACTIVITY AND INVESTMENTS

Market activity is monitored on a continuous basis via financial news wires made available over the Internet system, as well as live news reports and on-line systems with market quotes. Broker/Dealers provide market information and various financial databases provide historical statistical information. In addition, financial periodicals are perused as an additional information vehicle to broaden financial and

market awareness and knowledge. End of month security prices may be obtained from various sources including the City's depository bank, on-line market databases, and broker/dealers. This broad-based knowledge is utilized in strategic investment decision making and proactive investment portfolio management.

AUTHORIZED INVESTMENTS

The Texas Public Funds Investment Act authorizes local governments to invest in a prescribed set of investment instruments that can be utilized to promote the goals of safety of principal, liquidity and diversification, and return on investments. All investments shall be made in compliance with the Texas Public Funds Investment Act as adopted by this Policy (in whole or in part) and any other applicable laws. Through this Policy, the City may elect not to participate in all of the instruments allowed by the Act. Listed below are permitted investment instruments as prescribed by this Policy in accordance with the Texas Public Funds Investment Act.

Obligations of, or Guaranteed by, Governmental Entities

Obligations of or Guaranteed by Governmental Entities include, and are limited to, the following:

- (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities;
- (2) direct obligations of the State of Texas or its agencies and instrumentalities;
- (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas, or the United States, or their respective agencies and instrumentalities; and
- (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent.

Certificates of Deposit and Share Certificates

A certificate of deposit is an authorized investment if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

- (1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
- (2) secured by authorized obligations described in "Obligations of, or Guaranteed by, Governmental Entities" above, including mortgage backed securities directly issued by a Federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those securities specifically prohibited by the Texas Public Funds Investment Act, as amended;
- (3) secured in any other manner and amount provided by law for deposits of the City.

In addition to the authority to invest funds in certificates of deposit as stated above, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment:

- (1) the funds are invested by the City through a depository institution that (a) has its main office or a branch office in this state; (b) authorized to offer services through Certificate of Deposit Account Registry Service, "CDARS"; and (c) is selected by the City;
- (2) the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located including out of state. Each certificates of deposit will be issued for the account of the City as the beneficial owner of the certificates of deposit;
- (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; in effect the Federal Deposit Insurance Corporation (FDIC). Each certificate of deposit will be issued in an amount within the FDIC \$100,000 insurance coverage limit. The total amount of the City's investment will be allocated among a number of financial institutions. The City's investment will thus be fully protected against the failure of any of the institutions issuing the certificates of deposit;
- (4) the depository institution selected by the City acts as custodian for the City with respect to the certificates of deposit issued for the account of the City with respect to the certificates of deposit. Under this provision, when the certificates of deposit issued by other institutions to the City mature, the payment of the principal and accrued interest will be made by those institutions through the selected depository institution in Texas; and
- (5) at the same time that the funds are deposited and the certificates of deposit are issued for the account of the City, the depository institution selected by the City receives an amount of deposits from customers of other federally insured depository institutions, wherever located, that is equal to the amount of the funds invested by the City through the depository institution. The economic effect of investments by the City made in accordance with this procedure will be that the selected depository institution in Texas will have on deposit the amount of funds initially invested by City.
- (6) The amount of funds that may be invested by the City with any one depository institution that meets the requirements set out in (1) through (5) above may not exceed \$10,000,000.

All such collateral must be fully documented, executed with authorizing documentation, and held at an approved third party institution. With respect to certificates of deposit in which the City has invested pursuant to the provisions of (1) through (6) above, the depository institution selected by the City is an approved third party institution.

Repurchase Agreements

A fully collateralized repurchase agreement is an authorized investment if the repurchase agreement:

- (1) has a defined termination date;
- (2) is secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities;

- (3) requires the securities being purchased by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and
- (4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas.

A "repurchase agreement" is a simultaneous agreement to buy, hold for a specified time, and sell back at a future date, obligations, including letters of credit, of the United States or its agencies and instrumentalities, at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. A "repurchase agreement" includes a direct security repurchase agreement and a reverse security repurchase agreement.

Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

Money received by the City under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

Securities Lending

Securities lending is an authorized investment if:

- (1) the value of securities loaned under the program is not less than 100 percent collateralized, including accrued income;
- (2) a loan made under the program allows for termination at any time;
- (3) a loan made under the program is secured by:
 - (A) pledged securities authorized by the Texas Public Funds Investment Act, Section 2256.009;
 - (B) pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state and continuously rated by at least one nationally recognized investment rating firm at not less than "A" or its equivalent; or
 - (C) cash invested in accordance with the Texas Public Funds Investment Act;
- (4) the terms of a loan made under the program require that the securities being held as collateral be:
 - (A) pledged to the City;
 - (B) held in the City's name; and
 - (C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the City;
- (5) a loan made under the program is placed through:
 - (A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102 (f), as that regulation existed on September 1, 2003; or
 - (B) a financial institution doing business in this state; and
- (6) an agreement to lend securities is executed under this section and has a term of one year or less.

Bankers' Acceptance

A bankers' acceptance is an authorized investment if the bankers' acceptance:

- (1) has a stated maturity of 270 days or fewer from the date of its issuance;

- (2) will be, in accordance with its terms, liquidated in full at maturity;
- (3) is eligible for collateral for borrowing from a Federal Reserve Bank; and
- (4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than “A-1” or “P-1” or an equivalent rating by at least one nationally recognized credit rating agency.

Commercial Paper

Commercial paper is an authorized investment if the commercial paper:

- (1) has a stated maturity of 270 days or fewer from the date of its issuance; and
- (2) is rated not less than “A-1”, “P-1” or an equivalent rating by at least two nationally recognized rating agencies, or by one such rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

Mutual Funds

A no-load money market mutual fund is an authorized investment if the mutual fund:

- (1) is registered with and regulated by the Securities and Exchange Commission (SEC);
- (2) provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;
- (3) has a dollar-weighted average stated maturity of 90 days or fewer; and
- (4) includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

In addition to a no-load money market mutual fund permitted as an authorized investment, a no-load mutual fund is an authorized investment if the mutual fund:

- (1) is registered with the Securities and Exchange Commission;
- (2) has an average weighted maturity of less than two years;
- (3) is invested exclusively in obligations approved by the Act and this policy;
- (4) is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than “AAA” or its equivalent; and
- (5) conforms to the requirements set forth in Sections 2256.016 (b) and (c) of the Texas Public Funds Investment Act, relating to the eligibility of investment pools to receive and invest funds of investing entities.

Mutual Fund Restrictions:

The City may not:

- (1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in no-load mutual funds described above;
- (2) invest any portion of bond proceeds, reserves and funds held for debt service, in the authorized no-load mutual funds described above; or
- (2) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one no-load money market mutual fund or no-load mutual fund described above in an amount that exceeds 10 percent of the total assets of such fund.

Investment Pools

The City may invest its funds and funds under its control through an eligible investment pool if the City Council, by ordinance, authorizes investment in the particular pool. The investment pool must only invest in those instruments authorized by the Texas Public Funds Investment Act and this Policy.

To be eligible to receive funds from and invest funds on behalf of the City, an investment pool must furnish to the City through an Investment Officer or other authorized representative of the City, an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

- (1) the types of instruments in which the money is allowed to be invested;
- (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date of the pool;
- (3) the maximum stated maturity date any investment security within the pool;
- (4) the objectives of the pool;
- (5) the size of the pool;
- (6) the names of the members of the advisory board of the pool and the dates their terms expire;
- (7) the custodian bank that will safekeep the pool's assets;
- (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
- (9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
- (10) the name and address of the independent auditor of the pool;
- (11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and
- (12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

In addition, to maintain eligibility to receive funds from and invest funds on behalf of the City, an investment pool must furnish to the City, through an Investment Officer or other authorized representative of the City:

- (1) investment transaction confirmations; and
- (2) a monthly report that contains, at a minimum, the following information:
 - the types and percentage breakdown of securities in which the pool is invested;
 - the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
 - the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
 - the book value versus the market value of the pool's portfolio, using amortized cost valuation;
 - the size of the pool;
 - the number of participants in the pool;
 - the custodian bank that is safekeeping the assets of the pool;
 - a listing of daily transaction activity relating to the City's participation in the pool;
 - the yield and expense ratio of the pool;
 - the portfolio managers of the pool; and
 - any changes or addenda to the offering circular.

To be eligible to receive funds from and invest funds on behalf of the City, a public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at \$1.00 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

To be eligible to receive funds from and invest funds on behalf of the City, a public funds investment pool must have an advisory board composed:

- (1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 of the Texas Government Code and managed by a state agency; or
- (2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

To maintain eligibility to receive funds from and invest funds on behalf of the City, an 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 or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days.

BROKER/DEALER, BANK, AND MUTUAL FUND ELIGIBILITY

Broker/Dealer, Bank, and Mutual Fund firms interested in providing investment services to the City will be required to submit a Statement of Qualifications in response to the City's Request for Qualifications (RFQ) to provide Broker/Dealer Services. The RFQ may include but not be limited to, inquiries such as the name, address and brief history of the firm, identification of the individuals who will be working with the City, capital structure of the firm, description of major changes that have recently occurred in the

firm, disclosure of investigations for alleged improper, fraudulent, disreputable or unfair investment activities, financial reports, and disclosure of any filing or claim the firm may have had or currently has against the City of San Antonio. Firms shall also be evaluated based on fixed income experience, volume, capitalization, integrity, local presence, Small Business Economic Development Advocacy goals, professionalism, product knowledge, and history of alleged or convicted securities violations and/or settlements. In addition to the aforementioned inquiries, Mutual Fund firms will be required to provide a prospectus for each of the funds in which the City may invest. The Statement of Qualifications submitted will be periodically reviewed by the City's Investment Committee which will assess whether a Broker/Dealer, Bank, or Mutual Fund firm is approved to provide investment services to the City. In addition to submission of a Statement of Qualifications, prospective firms must execute a Broker/Dealer, Bank, Mutual Fund, or Investment Pool Certification, as well as complete and sign a Discretionary Contracts Disclosure Form required by the City's Ethics Code. The Broker/Dealer, Bank, Mutual Fund, or Investment Pool Certification will serve as the written instrument whereby such firm acknowledges that, among other things: (1) such firm has received and reviewed the City's Investment Policy; and (2) has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the City and the firm that are not authorized by the City's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards. Nothing in the Act relieves the City of the responsibility for monitoring the investments made by the City to determine that they are in compliance with the City's Investment Policy.

Firms shall be advised that it is the policy of the City to involve qualified small business and local business enterprises to the extent feasible in the City's professional service and other discretionary contracts. Pursuant to Ordinance 96754, the City of San Antonio, its employees, contractors, and subcontractors shall not discriminate on the basis of race, color, religion, national origin, sex, age, or handicap in the award and performance of contracts or professional services. Firms are encouraged to contact the Economic Development Department for pertinent information regarding the City's Small Business Economic Development Advocacy (SBEDA) Policy Requirements. Firms offering to engage in the City's investment transactions must submit a completed City SBEDA Form 117C, pertaining to a Good Faith Effort Plan regarding Small, Minority and Women Owned Business, and any other relevant documentation of employment practices and policies.

Utilization of approved Firms and Periodic Review

The City will maintain a list of approved Broker/Dealers based on the aforementioned criteria established in the City's RFQ. Investment Officers will administer investments with the goal of providing and distributing opportunities to the various eligible firms. In that regard, whenever possible, the City will obtain at least three quotes on open market investment purchases, and such quotes will be obtained from eligible firms on a rotating basis. The Investment Committee shall review, revise, and adopt, at least once per year, the list of approved Broker/Dealers, Banks, and Mutual Fund firms with whom the City does business. A firm may be removed from eligible status, without notice, at the City's sole discretion.

INVESTMENT MANAGEMENT FIRMS

The City may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S. C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. The City does not currently utilize an investment management firm for the investment or management of its funds. However, the City may utilize an investment management firm for the investment and management of certain funds if deemed beneficial by the Investment Committee and would be subject to the approval of

City Council. A contract made with an investment management firm may not be for a term longer than two years and a renewal or extension of the contract must be approved by the City Council through ordinance.

If the City has contracted with an investment management firm to invest its funds, the investment officer of the investment management firm is considered to be an Investment Officer of the City. Authority granted to a fiduciary to invest City funds is effective until rescinded by the City or until the expiration of the contract with the investment management firm. In the administration of the duties of an Investment Officer, the fiduciary designated as Investment Officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the City Council will retain ultimate responsibility as fiduciaries of the assets of the City.

A written copy of the City's Investment Policy shall be presented to an investment management firm that the City contracts with to invest or manage the City's investment portfolio. A qualified representative of the investment management firm shall execute a written instrument in a form acceptable to the City that demonstrates that the firm has:

- (1) received and reviewed the Investment Policy of the City; and
- (2) acknowledged that the investment management firm has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the City and the organization that are not authorized by the City's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.

SAFEKEEPING AND COLLATERALIZATION

The City's collateral requirements, safekeeping arrangements, and payment for securities are accomplished in accordance with the Public Funds Collateral Act and Texas Public Funds Investment Act, as amended. The City's cash deposits shall be fully secured by a combination of FDIC Insurance coverage or other Federal Insurance and market value of eligible securities as provided for in the Public Funds Collateral Act. Collateral securities shall have a market value of not less than 102% of the amount of deposits. Collateral deposits must be pledged to the City and placed in the custody of a third-party institution that customarily provides such custodial services.

Custodial services arranged through the City's depository bank provide for the safekeeping of securities in the City's investment portfolio. Payment of all securities transactions, except mutual funds and investment pools, shall occur on the settlement date on a delivery versus payment basis.

INVESTMENT STRATEGY

The City administers funds which are derived from a variety of sources, and which are utilized for various purposes. Short-term investments, that is investments with maturities of one year or less, make up the predominate amount of the investment portfolio and are utilized to meet operational, debt service and capital project funding needs. Long-term investments are applicable to balances that are not anticipated to be drawn on and are maintained in a reserve position to preserve the financial integrity of the City's financial resources and would be utilized if unexpected cash draws were required. These investments may have maturities between one and three years. Investments with maturities longer than

three years would be applicable to debt service reserve balances and other fund balances that provide financial security and serve to enhance the City's creditworthiness. Investments maturing in excess of five years must have prior approval of the Director of Finance.

Investments may be pooled or invested for the benefit of one or more funds. If pooled, principal and interest income is distributed to each respective fund on a pro rata basis. Whether investments are pooled or invested separately is decided by the Investment Committee, based upon which method is most beneficial to the City and on the investment strategies established herein. Individual investments, whether pooled or non-pooled, shall not have a stated maturity that exceeds five (5) years without the prior approval of the Director of Finance. For all City investments, daily and other periodic cash flow analysis shall be performed to facilitate the investing process. The City's fund groups and their general investing strategies based on their various specific purposes are as follows:

General Fund - Investments pertaining to the General Fund are structured primarily to meet the various operating expenses of the City including payroll and other costs of daily operations. Accordingly, these instruments are structured to be safe, liquid, and short-term in nature, with maturities generally no greater than one year. In addition, investments pertaining to the General Fund will consist of a diversified group of approved instruments intended to maximize and achieve competitive returns, and to possess adequate marketability so as not to result in materially adverse impacts should unexpected liquidity needs arise. Available funds deemed not to be required for short-term operational needs may be invested using a ladder structure between one and five years in callable and non-callable agency securities.

Enterprise Funds - Investments pertaining to Enterprise Funds are structured to meet the various operating, debt service, and capital project obligations related to the City's Airport System, Parking Facilities, Environmental Services Fund, and the creation of any other future enterprise funds. Accordingly, liquidity and maturity terms of investments pertaining to Enterprise Funds are based on projections and information related to their various expenditure outlooks and requirements. Investments pertaining to the Enterprise Funds will consist of a diversified group of safe and approved instruments intended to maximize and achieve competitive market rates of return, and to possess adequate marketability so as not to result in materially adverse impacts should liquidation become necessary.

Airport System Funds - Available balances in the Airport Systems Funds exclusive of the construction funds will be ladder over the next five years. The available balances in the Airport construction funds will be invested to match maturities with draw requirements as provided by the Department of Aviation.

Parking Facilities Funds - Available balances in the Parking Facilities Funds will be invested to the end of the current fiscal year and revenue receipts will be invested to cover short-term operational needs.

Environmental Services Fund - Available balances in the Environmental Services Fund will be invested to the end of the current fiscal year and revenue receipts will be invested to cover short-term operational needs.

Debt Service Funds - Investments pertaining to the Debt Service Funds are structured to mature in conjunction with City debt requirements, and to ensure compliance with any pertinent covenants and legal requirements contained in related bond ordinances. In addition, investments pertaining to the Debt Service Funds will consist of a diversified group of safe and approved instruments intended to maximize and achieve competitive market rates of return, and to possess adequate marketability so as not to result in materially adverse impacts should liquidation become necessary. Due to definitive debt service schedules, the nature of these funds allows for precise forecasting of required cash flows.

Special Revenue Funds - Investments pertaining to Special Revenue Funds are structured to meet the various specific and restricted expenditure purposes. Generally, the Special Revenue Funds involve

frequent activity and require related investment instruments to be liquid and short-term in nature, with maturities generally no greater than one year. In addition, investments pertaining to the Special Revenue Funds will consist of a diversified group of safe and approved instruments intended to maximize and achieve competitive returns, and to possess adequate marketability so as not to result in materially adverse impacts should unexpected liquidity needs arise.

HUD 108 Loan Repayment Program - HUD 108 Loan Repayment Program Funds are invested in direct obligations of the U.S. Treasury, in order to cover interest and principal expenses on the semi annual debt service requirements.

Special Public Improvement District Fund - Any available balance in this fund will be invested in liquid securities to cover expenditures as they arise.

Capital Projects Funds - Investments pertaining to Capital Projects Funds are structured to meet the City's various capital projects obligations. Accordingly, maturity terms of investments pertaining to Capital Project Funds are based on projections and information related to capital project expenditures, with maturity terms timed to meet draw schedule requirements, and not to exceed the expected completion date of the related capital project. Investments pertaining to the Capital Projects Funds will consist of a diversified group of safe and approved instruments intended to maximize and achieve competitive market rates of return, and to possess adequate marketability so as not to result in materially adverse impacts should liquidation become necessary.

Internal Service Funds - Investments pertaining to Internal Service Funds are structured to satisfy the expenditures incurred in providing goods or services between City departments. The Internal Service Funds involve various activity patterns, and require related investment instruments to include various maturity horizons. In addition, investments pertaining to Internal Service Funds will consist of a diversified group of safe and approved instruments intended to maximize and achieve competitive market rates of return, and to possess adequate marketability so as not to result in materially adverse impacts should liquidation become necessary

Fiduciary Funds - Investments pertaining to Fiduciary Funds are structured by the City to satisfy various maturity requirements, based on their specific intended purposes. Fiduciary Funds may involve frequent or infrequent activity, thereby resulting in varying liquidity and maturity requirements. Investments pertaining to the Fiduciary Funds will consist of a diversified group of safe and approved instruments intended to maximize and achieve competitive market rates of return, and to possess adequate marketability so as not to result in materially adverse impacts should liquidation become necessary.

Agency Funds - Available balances in the Agency Funds will be invested in securities with maturities within two years. Any revenue receipts will be invested in short-term instruments to the end of the current fiscal year.

Expendable Trust Funds - Available balances in the Expendable Trust Funds will be invested in securities with maturities within two years. Any revenue receipts will be invested in short-term instruments to the end of the current fiscal year.

San Antonio Housing Trust Fund - The available balance in this fund will be invested in accordance with draw requirements provided by the San Antonio Housing Trust.

RECORDKEEPING AND REPORTING

Not less than quarterly, the Investment Officers shall prepare and submit to the City Council and the City Manager, a written report of investment transactions of all funds covered by this Policy and the Texas Public Funds Investment Act, for the preceding reporting period within a reasonable time after the end of the period. The report must:

- (1) describe in detail the investment position of the City on the date of the report;
- (2) be prepared and signed jointly by each Investment Officer;
- (3) contain a summary statement, prepared in compliance with generally accepted accounting principles, of each pooled fund group that states the beginning market value for the reporting period, additions and changes to the market value during the period, ending market value for the period, and fully accrued interest for the reporting period;
- (4) state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
- (5) state the maturity date of each separately invested asset that has a maturity date;
- (6) state the account or fund or pooled group fund of the City for which each individual investment was acquired; and
- (7) state the compliance of the investment portfolio of the City as it relates to the investment strategy expressed in the City's Investment Policy and relevant provisions of the Texas Public Funds Investment Act.

Reports prepared by the Investment Officers for investments transacted other than money market mutual funds, investment pools or accounts offered by the depository bank in the form of certificates of deposit, shall be formally reviewed at least annually by the City's independent auditors, and the result of the review shall be reported to the City Council.

CLOSING

This policy has been developed by the City's Department of Finance, reviewed by the City Attorney's Office, and approved by the City Manager. The Investment Policy is formally adopted by the City Council through Ordinance. The City's Investment Officers will review this policy periodically in accordance with the Act, to evaluate its effectiveness in meeting the City's public funds investment objectives as stated herein, and in the course of their review revise and update the list of qualified Broker/Dealers, Banks, and Mutual Funds with whom the City executes investment transactions. City Council shall review the Investment Policy and investment strategies annually and shall approve and adopt an ordinance, which states that the City Council has reviewed the Investment Policy and investment strategies. Such ordinance so adopted shall record any changes made to either the Investment Policy or investment strategies.

Exhibit I

CITY OF SAN ANTONIO Investment Policy Glossary

DEFINITIONS

The following terms as used in this Policy and in the City's investment portfolio practice shall have the meanings as ascribed below. All definitions provided may not be utilized in this Policy or Investment Reports but are included for informational purposes.

Arbitrage/Rebate Regulations

Arbitrage may arise when tax-exempt municipal bond proceeds are invested at higher yields than the yields on the related bonds. In such cases, interest earnings on the arbitrage bonds may be subject to Internal Revenue Service arbitrage/rebate provisions. The City of San Antonio may from time to time incur arbitrage/rebate liability under these provisions. The City's Finance Department will be responsible for appropriate tracking and maintenance of records to facilitate compliance with requirements of the arbitrage/rebate provisions.

Accrued Interest

Accrued Interest represents the interest on fixed rate securities calculated for the period commencing with the last interest payment date to the settlement date.

Agency Discount Notes

Agency Discount Notes are debt instruments issued by agencies of the United States government with stated maturities not to exceed one (1) year. Agency discount notes are priced at a discount rate based on current market yields. They are not direct obligations of the United States government but are secured by financial arrangements established by each of the applicable issuing agencies.

Airport Construction Fund

The Airport Construction Fund is utilized to make payment on Airport capital improvement construction costs as presented for payment.

Average Life of Portfolio

The Average Life of the Portfolio is the weighted average period of time required to mature all investments in the portfolio.

Bankers' Acceptance (BA)

A Bankers' Acceptance is a negotiable debt instrument primarily utilized to facilitate import/export operations. The note is created by a bank at an agreed upon rate and a stated maturity of less than one (1) year. The Bankers' Acceptance is secured by the creditworthiness of the bank.

Bond Equivalent Yield

The Bond Equivalent Yield is that rate of return on a security sold on a discount basis that assumes actual days to maturity and a 365 day year.

Book Value

Book Value is the original acquisition cost of an investment plus or minus the amortization or accretion of the premium or discount.

Certificates of Deposit (CD)

Certificates of Deposit are debt instruments issued by commercial banks and savings and loan associations which have a stated interest rate and a maturity not less than 7 days. The Certificate of Deposit is insured up to \$100,000 by FDIC and secured by collateral of permitted investments as defined in the Texas Public Funds Investment Act deposited with the custodian bank for the amount of investment in excess of \$100,000.

Collateralized Mortgage Obligations (CMO's)

Collateralized Mortgage Obligations are bonds secured by a pool of mortgages in which the principal cash flows of the pool are separated into two or more series of bonds or tranches that represent short, medium and long-term investments.

Commercial Paper

Obligations issued by banks, corporations, and other financial institutions at interest rates and maturities designed to accommodate the investor's portfolio. Commercial Paper is typically discounted at market yield but may also be interest bearing. Commercial Paper obligations have scheduled maturities that do not exceed 270 days. The security for the Commercial Paper is the creditworthiness of the issuing institution.

Convention Center Expansion Construction Fund

The Convention Center Expansion Construction Fund is utilized to make payment on Convention Center capital improvement construction costs as presented for payment.

Convention Center Expansion Debt Service Fund

The Convention Center Expansion Debt Service Fund is utilized to account for revenues deposited into the fund to pay principal and interest on the outstanding bonds.

Convention Center Expansion Debt Service Reserve Fund

The Convention Center Expansion Debt Service Reserve Fund was created with the issuance of the Series 1996 Convention Center Bonds, and is pledged to the payment of debt service.

Cost

Cost is the price of a security based on market yield exclusive of accrued interest.

Coupon

Coupon represents a stated fixed rate of interest payable at periodic installments, typically every six months.

CUSIP (Committee on Uniformed Securities Investment Procedures)

CUSIP is the standard alphanumeric system used throughout the financial community for identification of security issues.

Discount

Discount represents the difference between the cost of a security priced at less than par or face value and the par or face value of the security and occurs when the yield is greater than the stated rate.

Discount Rate

Discount Rate is used to determine the price of a discount note given market yield.

Federal Agricultural Mortgage Corporation (FRMC)

Farm Credit System banks, commercial banks, thrifts, insurance companies, and other qualified originators of agricultural real estate loans sell their loans to certified loan poolers. These pooled loans are securitized into notes and bonds with fixed interest rates and stated maturities and discount notes that mature within one (1) year at a price based on current market yield and pays the par or face value at maturity. The securities are not direct obligations of the United States government. They are secured by a cash reserve and a \$1.5 billion line of credit to the U.S. Treasury. The Federal Agricultural Mortgage Corporation facilitates the development of a secondary market for farm mortgage loans.

Federal Farm Credit Bank (FFCB)

The Federal Farm Credit Bank issues notes and bonds with fixed interest rates and stated maturities. It also issues discount notes that mature within one (1) year at a price based on current market yield and pays the par or face value at maturity. The securities are not direct obligations of the United States government. Notes, discount notes, and bonds are secured by joint and several obligations of the banks of the Farm Credit System. They are secured by collateral consisting of notes or other obligations of borrowers, obligations of the United States government or any agency thereof, other readily marketable securities approved by the Farm Credit Administration, or cash, in an aggregate value equal to the bonds outstanding. The Federal Farm Credit Bank funds are utilized to provide agricultural loans to farmers and to agricultural associations within the system.

Federal Home Loan Bank (FHLB)

The Federal Home Loan Bank issues notes and bonds with fixed interest rates and stated maturities. It also issues discount notes that mature within one (1) year at a price based on current market yield and pays the par or face value at maturity. The securities are backed by collateral of guaranteed mortgages, cash, government securities, or secured advances to savings and loan associations. They are not direct obligations of the United States government though a credit line with the United States Treasury is in place. The Federal Home Loan Bank funds are utilized to provide money to thrift institutions that in turn originate home loan mortgages.

Federal Home Loan Mortgage Corporation (FHLMC)

The Federal Home Loan Mortgage Corporation issues notes and bonds with fixed interest rates and stated maturities. It also issues discount notes that mature within one (1) year at a price based on current market yield and pays the par or face value at maturity. The securities are unsecured general obligations of the Federal Home Loan Mortgage Corporation and are not direct obligations of the United States government. The Federal Home Loan Mortgage Corporation funds are utilized to purchase mortgages from individual lenders for sale to the secondary market.

Federal National Mortgage Association (FNMA)

The Federal National Mortgage Association issues notes and bonds with fixed interest rates and stated maturities. It also issues discount notes that mature within one (1) year at a price based on current market yield and pays the par or face value at maturity. The securities are unsecured general obligations of the Federal National Mortgage Association and are not direct obligations of the United States government. The Federal National Mortgage Association funds are utilized to purchase mortgages from individual lenders for sale to the secondary market.

HUD 108 Loan Repayment Funds

On June 8, 1998, the City of San Antonio entered into a contract for loan guarantee assistance with the Secretary of Housing and Urban Development. Under the terms of the agreement, the City borrows funds from HUD and in turn loans them to the Greater Kelly Development Corporation for the purpose of capital improvements for Kelly Airforce Base. The HUD 108 Loan Repayment Funds are used for debt service on the loans from HUD.

Investment Pool

An Investment Pool is an entity created to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are preservation and safety of principal, liquidity and yield.

Market Value

Market Value is the current face or par value of an investment multiplied by the selling price of the security as quoted by a recognized market-pricing source on the valuation date.

Maturity Date

Maturity Date is the date in which the principal or stated value of a debt security becomes due and payable.

Money Market Mutual Funds

A Money Market Mutual Fund is an investment vehicle authorized under the Texas Public Funds Investment Act, as amended, which pools money contributed from many investors and allows the fund to act as a large single investor. The Act requires that such fund be a no-load money market mutual fund, be regulated by the Securities and Exchange Commission, have a dollar weighted average stated maturity of 90 days or fewer, and include in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

Mutual Fund

A Mutual Fund is an investment vehicle authorized under the Texas Public Funds Investment Act, as amended, which pools money contributed from many investors and allows the fund to act as a large single investor. The Act requires that such fund be a no-load mutual fund, be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, be invested exclusively in permitted investments as defined in the Act and be continuously rated by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent.

Par/Maturity Value

Par/Maturity Value is the value assigned a security at 100% of its principal or principal plus interest paid at maturity.

Premium

Premium represents the difference between the cost of a security priced at greater than par or face value and the par or face value of the security and occurs when the yield is less than the stated rate.

Price

Price is the dollar value of a security based on a computation of market yield versus stated interest rate.

Pooled Operating Funds

Pooled Operating Funds consist of balances from the City's various funds, exclusive of the debt service funds, invested in an aggregate or pooled amount with principal and interest income distributed to each respective fund on a pro rata basis.

Pooled Debt Service Funds

Pooled Debt Service Funds consist of balances from the City's Debt Service Funds invested in an aggregate or pooled amount with principal and interest income distributed to each respective fund on a pro rata basis.

Repurchase Agreement (Repo)

A Repurchase Agreement is a debt instrument acquired by an investor with a stated yield and maturity date and a promise by the seller of the debt instrument to repurchase all or a portion of the Repo plus interest upon demand. The Repurchase Agreement is secured with collateral consisting of securities listed as permitted investments as defined in the Texas Public Funds Investment Act and delivered to a custodial bank.

San Antonio Housing Trust Fund

The San Antonio Housing Trust Fund is utilized to account for programs administered by the San Antonio Housing Trust Foundation.

Securities Lending

An investment vehicle where a qualified investor lends securities from their portfolio to another qualified investor to earn enhanced returns on the lent securities through finance charges. The loan is often collateralized and the original securities are returned as repayment at the loan's expiration date.

Settlement Date

Settlement Date is the date in which the security is delivered and payment for the security is made.

Student Loan Marketing Association (SLMA)

The Student Loan Marketing Association issues notes and bonds with fixed interest rates and stated maturities. It also issues discount notes that mature within one (1) year at a price based on current market yield and pays the par or face value at maturity. The securities are not direct obligations of the United States. The Student Loan Marketing Association is a stockholder owned corporation, which has authority to provide liquidity for banks, savings and loan associations, educational institutions, state agencies and other lenders engaged in the Federal Guaranteed Student Loan Program.

Tennessee Valley Authority (TVA)

The Tennessee Valley Authority issues notes and bonds with fixed interest rates and stated maturities. The securities are backed by a first charge upon net power proceeds (net income before interest and non-cash expenses including depreciation). They are not direct obligations of the United States government. The Tennessee Valley Authority was established to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense.

Texas Public Funds Investment Act (The Act)

The Texas Public Funds Investment Act, as amended, provides guidelines for investment practices and lists authorized investments for state agencies and local governments.

United States Treasury Bills

United States Treasury Bills are direct obligations of the United States of America. Treasury Bills are secured by the full faith and credit of the United States government, are sold at a discount based on market yield, pay the par or face value at maturity, and are scheduled to mature within one (1) year.

United States Treasury Bonds

United States Treasury Bonds are direct obligations of the United States of America. Treasury Bonds are secured by the full faith and credit of the United States government, have fixed interest rates, pay interest semiannually and are scheduled to mature within 10 years and 1 day to 30 years.

United States Treasury Notes

United States Treasury Notes are direct obligations of the United States of America. Treasury Notes are secured by the full faith and credit of the United States government, have fixed interest rates, pay interest semiannually and are scheduled to mature from 2 to 10 years.

United States Treasury STRIPS

United States Treasury STRIPS (Separate Trading of Registered Interest and Principal Securities) are direct obligations of the United States of America. Treasury STRIPS are secured by the full faith and credit of the United States government. Treasury STRIPS are zero coupon securities derived from selected Treasury Bonds and Notes that are separated on the books of the Federal Reserve Bank into their component parts of principal and interest and sold separately at a price that is equal to the present value computed at a present value discount based on market yield. Interest compounds semiannually and is paid at maturity along with the principal.

SECTION B
LOCKBOX SERVICES

LOCKBOX SERVICES

I. OBJECTIVES

The City's objectives with respect to its Lockbox Services are as follows:

- A. Enter into a Lockbox Services Contract effective July 1, 2007.
- B. Select a Lockbox Services provider that will accelerate cash flow, improve the efficiency of accounts receivable processing and provide increased control in applying accurate payments.
- C. Select a Lockbox Services provider that utilizes technology in order to provide detailed reporting, images and electronic remittance services.
- D. Select a Lockbox Services provider that will assist the City with an analysis of the feasibility of adding additional Lockboxes to the City remittance processing operations.

II. MINIMUM QUALIFICATIONS FOR RESPONDENTS

The minimum qualifications required of Respondent with respect to its Lockbox Services are listed below.

- A. Respondent must have experience providing Lockbox Services for governmental entities.
- B. Respondent must provide Lockbox Services from the San Antonio Main Post Office facilities, or any other postal facility which may improve deposit and funds availability.
- C. Respondent must deposit all items on the same day received and must deposit funds at a minimum of once per day.
- D. Respondent must provide the City with technological and customer service support associated with the processing of payments.

III. GENERAL DESCRIPTION OF SCOPE

Respondent selected to provide Lockbox Services shall be designated as the "City Lockbox Services Provider". Lockbox Services include collecting, processing and depositing receivables directly from a designated post office box. All items collected during the business day must be deposited on a same-day basis, with same-day reporting available through electronic transmission.

IV. SERVICES REQUIRED

The City has two (2) contractors that currently utilize lockbox services through the City's depository bank. The first lockbox pertains to the collection of the City's Emergency Medical Service "EMS" fees. The second lockbox site pertains to the collection of the monthly lease payments for concession contractors located at the San Antonio International Airport. Additionally, the City is interested in obtaining other lockbox sites for various City receivables. Analysis would be required to determine whether greater automation of the various manual operations and centralization of remittance processing operations would be advantageous to the City. The City's Lockbox Services are currently provided under the City's current contract for Depository Banking Services which expires June 30, 2007. For additional detail related to the City's current Lockboxes (see "RFP Exhibit B - City Lockbox Statistics").

V. PROPOSAL REQUIREMENTS

Respondent's Proposal shall include the following items in the following sequence related to Lockbox Services:

- A. **EXECUTIVE SUMMARY:** The summary shall include a brief statement of the work to be accomplished, how Respondent proposes to accomplish and perform service and any unique problems perceived by Respondent and their solutions.
- B. **MINIMUM QUALIFICATIONS LETTER:** Provide a letter certifying that Respondent satisfies the minimum qualifications in RFP Section B - Lockbox Services, "Minimum Qualifications For Respondents".
- C. **RESPONDENT PROPOSED PRICING SCHEDULE - SECTION B:** Complete and submit RFP Attachment B, Respondent Proposed Pricing Schedule – Section B. Additionally, Respondent must submit Pricing Schedule – Section B in Excel format on a CD.
- D. **EXPERIENCE, BACKGROUND, AND QUALIFICATIONS:** Prepare and submit narrative responses to address the following items.
 - 1. Describe Respondent's experience relevant to the scope of services required by RFP Section B – Lockbox Services.
 - 2. Discuss the ability of Respondent's depository reporting system to interface directly with SAP. Provide examples of Respondent's experience with clients utilizing SAP including interfacing and conversion strategies. Is there an existing interface or will customization be required? What languages or protocols are used to facilitate the interface and is there a charge for the interface?

3. Utilizing the following format, provide five (5) references from governmental entities in Texas (three (3) of which must be in San Antonio), for whom Respondent currently provides Lockbox Services. Include the following information:

Name of the Governmental Entity	Length of contract (include date range)	Reference's Name	Title	Phone Number	E-mail
1.					
2.					
3.					
4.					
5.					

4. Provide the name of the individual who will be the City's Primary Contact for the City's Lockbox Services. The individual must have sufficient authority to solve routine problems and be able to command the resources necessary to address complex problems. Please provide his and her relevant experience on accounts of similar size and scope and include the following information:
 - a. Name, Title, Phone Number, Office Location, Mailing Address, and Email Address
 - b. Brief resume including years of experience with respondent firm
 - c. Years of experience in banking
 - d. Availability
5. Prepare a table listing other key personnel to be assigned to the City's Account and each person's relevant experience on accounts of similar size and scope. Include the following information:
 - a. Name, Title, Phone Number, Office Location, and Email Address
 - b. Brief resume including years of experience with respondent firm
 - c. Years of experience in banking
 - d. Role on the City's account
 - e. Availability
6. Provide a brief description of Respondent's capital structure as shown on the latest published quarterly financial statement to including Total Capital.

7. Explain changes, if any, that have occurred within Respondent's firm over the last six (6) months:
 - a. Staffing
 - b. Capital
 - c. Organizational Structure
 - d. Other

VI. PROPOSED SERVICES. In narrative form, prepare and submit the following items:

- A. Lockbox Services
 1. Technical
 - a. Description of activity banking, and customer service support associated with processing payments
 2. Processing Information
 - a. Remittance Forms
 - b. Detail of information available on forms (i.e. bar codes with system interface information)
 - c. Availability service for the processing of consumer printed invoices generated from a web based payment system
 3. Payment Processing
 - a. Deposit deadlines for same day credit
 - b. Location of Respondent's lockbox
 - c. Number of pick-ups
 4. Mixed Payments
 - a. Partial payments
 - b. Overpayments
 5. Processing of Various Forms of Payments
 - a. Personal Check
 - b. Money Order
 - c. Traveler's Check
 - d. Cashier's Check
 6. Cash on the Day of Receipt as an Exception Item
 - a. Storage procedures
 - b. Images of checks
 7. Exception Processing
 - a. Items processed separately and sent to City
 - b. Remittance forms without payment
 - c. Payments without remittance forms

- d. Single checks with multiple remittance forms
 - e. Credit card payments
 - f. Post dated checks, if denoted in opening process
 - g. Foreign checks (any check that may not be processed through the United States Federal Reserve System)
8. Correspondence and Other Materials to be Returned
- a. Process for receiving correspondence with payments
 - b. Is the correspondence labeled?
 - c. Is the correspondence batched separately?
9. Hard Copy Reports
- a. Summary listings of total dollars and total transaction count transmitted by batch, as well as, listing the grand total of the deposit
 - b. Complete listing of individual payments processed including the following information: batch label, sequence number, customer account number, and payment amount
10. Additional Processing
- a. Describe the information provided on the back of each remittance advice and check in terms of the following:
 - i. The customer account number (taken from the document's scan line) or the entire scan line
 - ii. The amount of the payment
 - iii. The number of the batch within which it was processed
 - iv. The date of the processing
 - b. Returned checks to include debit memo
 - c. Deposit adjustments returned to City contact
11. Processing Equipment
- a. Types of Equipment
 - b. Capabilities
 - c. Processing Speed
 - d. Other relevant information
12. Data Transmission
- a. Transmission deadlines
 - b. Number of files
 - c. Transmission requirements
 - i. Type of format for connections
 - ii. Secure Internet protocols.
 - iii. Confirmations for receipt of files
 - iv. Testing environment for new transmissions or for use when hardware/software changes are being implemented

- v. Primary and secondary technical contacts for missed or incorrect transmissions
 - vi. Notification procedures and escalation procedures for problems
 - vii. Electronic back-up copies of transmission for emergency use. These copies shall be maintained for five days following the original transmission date
- 13. Delivery Method/Courier – describe the courier and overnight mail services for the following items:
 - a. Delivery of go-backs and correspondence
 - b. Delivery of the previous day's remittance forms and envelopes (both maintained in batch order)
 - c. Delivery of daily transmission reports
- 14. Quality Control
 - a. Item processing error rate
 - b. Deposit error rate
 - c. Procedural error rate
 - d. Distribution error rate
 - e. Deposit reporting error rate
 - f. Detail reporting error rate
 - g. Other performance indicators
 - i. Reporting frequency
 - ii. Period covered
- 15. Other Services Provided
 - a. Post Office pick-ups of mail for weekdays, weekends, and holidays
 - b. Imaging capabilities
 - c. Internet capabilities
 - d. Software
 - e. CD ROM
 - f. Other options
- 16. Check Processing and Funds Availability
 - a. Reimbursement process for encoding errors made by employees that cause a financial loss to your customers
 - b. Computation of availability (e.g., by item, fractional availability, float factor, or other)

17. Reporting Data
 - a. Online reporting details
 - b. Availability of service via Internet
 - c. Type of information provided
 - d. Time of day end-of-day balances are available
 - e. Real-time balance reporting
 - f. Same-day float information for deposits
 - g. Availability of account analysis statements via Internet and formats
 - h. List alternative methods of balance information reporting
18. Alternative Centralized Collection Services
 - a. Deposit deadlines for same-day credit
 - b. Location of Respondent's alternative centralized collection services
 - c. Number of pick-ups/deposits
19. Customer Service/Technical Support. Describe Respondent's customer service availability for research and inquiries including hours of operation. Describe Respondent's technical support for computer hardware, software, and communication problems including hours of operation.
20. Other Services. Provide any other information that Respondent may deem applicable to Lockbox Services that the City may utilize but has not been directly requested in this RFP, as well as ideas and suggestions for changes or modifications that could be implemented to make the City's financial operation more effective and efficient.
21. Implementation of Lockbox Services Contract. Provide a detailed description of the recommended implementation process including testing, as well as a sample implementation schedule and a description of the implementation team. What are the critical factors that may impact implementation?

* * *

RFP EXHIBIT B

CITY LOCKBOX STATISTICS - SECTION B

RFP EXHIBIT B

CITY LOCKBOX STATISTICS - SECTION B

EMS Lockbox

The City's EMS Lockbox processes approximately \$1,200,000 per month which represents 3,337 items processed.

The average payment made to the EMS Lockbox is approximately \$360.

Airport Lockbox

The City's Airport Lockbox processes approximately \$470,000 per month which represents 54 items processed.

The average payment made to the Airport Lockbox is approximately \$8,704.

RFP ATTACHMENT B

RESPONDENT PROPOSED PRICING SCHEDULE - SECTION B

RFP ATTACHMENT B
RESPONDENT PROPOSED PRICING SCHEDULE - SECTION B

AFP Codes		Total Volume	Per Unit Cost	Calculated Cost
<u>Lockbox Services</u>				
050000	Wholesale Monthly Maintenance Fee	12	0	0
050100	Wholesale Items-Normal Activity	646	0	0
050530	Unprocessable Items	14	0	0
05011E	Wholesale Return Envelope	453	0	0
05011R	Wholesale Additional Image	598	0	0
50410	Postage	12	0	0
<u>Totals:</u>			-	-

RFP ATTACHMENT B
RESPONDENT PROPOSED PRICING SCHEDULE - SECTION B

AFP Codes		Total Volume	Per Unit Cost	Calculated Cost
Additional Services Proposed				
<u>Totals:</u>		-	0	0
		-	0	0
		-	0	0
		-	0	0
			-	-

SECTION C
MERCHANT BANKING SERVICES

MERCHANT BANKING SERVICES

I. OBJECTIVES

The City's objectives with respect to Merchant Banking Services are as follows:

- A. Enter into a Merchant Banking Services Contract effective July 1, 2007.
- B. Select a Merchant Banking Services provider that will ensure timely and reliable authorization of credit/debit transactions and enhance customer convenience by offering an expanded choice of payment methods.
- C. Select a Merchant Banking Services provider that will assist in increasing efficiency and productivity through the modification, utilization, and/or implementation of new payment technologies.
- D. Select a Merchant Banking Services provider that will assist in expediting availability and access to funds to efficiently manage the day to day cash operations of the City.

II. MINIMUM QUALIFICATIONS FOR RESPONDENTS

The minimum qualifications required of Respondent with respect to its Merchant Banking Services are listed below.

- A. Must provide end-to-end Merchant Banking Services including equipment/software, credit and charge transaction authorization, routing and settlement for all major credit card brands and debit cards including:
 - 1. MasterCard (credit and debit)
 - 2. Visa (credit and debit)
 - 3. American Express
 - 4. Discover
 - 5. Diners Club/Carte Blanche
- B. Must be able to authorize and process credit card transactions via Internet from the City's website, telephone, mail and in person.
- C. Must provide PIN-based debit card processing services including access to all major debit card networks.
- D. Must be able to process individual card transactions ranging from a minimum of \$1.00 to a maximum of \$100,000.00.

- E. Must provide gross settlement using Automated Clearing House (“ACH”) to a designated City depository account no later than forty-eight (48) hours after the payment and credit records have been batched and transmitted.
- F. Must have electronic reporting capabilities detailed below that will produce at a minimum daily/monthly summary reporting by Terminal ID and/or Merchant ID location:
 - 1. Total sales and transaction count by card type
 - 2. Average transaction size by card type
 - 3. Total disputed charges by card type
- G. Must provide an invoice for services on a monthly basis for all transaction costs (processing fees and other fees) associated with the payment and credit records processed. Sufficient back up documentation to support all costs invoiced, including breakout by card type and/or transaction type, gross sales, returns, net sales and transaction counts.
- H. Must provide training to City personnel as required related to payment and credit/debit card processing requirements, charge backs, accessing reports and transaction data, equipment, and/or other processes and procedures which may be required.
- I. Must be able to provide a twenty-four (24) hour seven (7) day a week help desk for customer assistance to City departments.
- J. Must have the capability of servicing and/or replacing any broken hardware no later than the next business day after the City reports the problem.
- K. Must be able to provide electronic check processing services detailed below:
 - 1. Electronic check conversion at the point of sale
 - 2. Internet initiated check debits
 - 3. Check verification
- L. Must perform such other functions normally contemplated to be the function of a Merchant Banking Service Provider.

III. GENERAL DESCRIPTION OF SCOPE

The Respondent selected to provide Merchant Banking Services shall be designated as the “City Merchant Banking Services Provider”. The City Merchant Banking Services Provider will assume the complete responsibility of supplying equipment and software necessary to provide acceptance, processing and support services for credit, debit, smart and/or stored value cards, while maintaining the highest standard of service and professionalism in dealing with the public and maximizing net revenue for the City.

IV. SERVICES REQUIRED

The City's Merchant Banking Services are currently provided under the City's current contract for Merchant Banking Services which expires June 30, 2007. The City first began accepting credit card payments for various City services and fees in 1993. Presently, the City accepts Visa/MasterCard, American Express, Discover, and Diners Club/Carte Blanche. The City plans to expand the type of cards accepted to include debit cards.

The City has thirty-two (32) locations that currently require Merchant Banking Services which include three (3) locations that utilize internet based credit card acceptance, and one (1) location which requires the ability to process credit card payments through Ticketmaster. Additionally, the City is interested in adding additional locations as well as additional Merchant Banking Services. These services could include new technology, software and/or hardware to maximize revenue and promote quality customer service (see "RFP Exhibit C - City Merchant Banking Services Statistics").

V. PROPOSAL REQUIREMENTS

Respondent's Proposal shall include the following items in the following sequence related to Merchant Banking Services:

- A. **EXECUTIVE SUMMARY:** The summary shall include a brief statement of the work to be accomplished, how Respondent proposes to accomplish and perform service and any unique problems perceived by Respondent and their solutions.
- B. **MINIMUM QUALIFICATIONS LETTER:** Provide a letter certifying that the Respondent satisfies the minimum qualifications in RFP Section C - Merchant Banking Services, "Minimum Qualifications For Respondents".
- C. **RESPONDENT PROPOSED PRICING SCHEDULE - SECTION C:** Complete and submit RFP Attachment C Respondent Proposed Pricing Schedule – Section C. Additionally, Respondent must submit Pricing Schedule – Section C in Excel format on a CD.
- D. **EXPERIENCE, BACKGROUND, AND QUALIFICATIONS:** Prepare and submit narrative responses to address the following items.
 1. Describe Respondent's experience relevant to the scope of services required by RFP Section C – Merchant Banking Services.
 2. Discuss the ability of the Respondent's reporting system to interface directly with SAP. Provide examples of Respondent's experience with clients utilizing SAP including interfacing and conversion strategies. Is there any existing interface or will customization be required? What languages or protocols are used to facilitate the interface and is there a charge for the interface?

3. Utilizing the following format, provide five (5) references from governmental entities in Texas (three (3) of which must be in San Antonio), for whom respondent currently provides Merchant Banking Services. Include the following information:

Name of the Governmental Entity	Length of contract (include date range)	Reference's Name	Title	Phone Number	E-mail
1.					
2.					
3.					
4.					
5.					

4. Provide the name of the individual who will be the City's Primary Contact for the City's Merchant Banking Services. The individual must have sufficient authority to solve routine problems and be able to command the resources necessary to address complex problems. Please provide his or her relevant experience on accounts of similar size and scope and include the following information:
 - a. Name, Title, Phone Number, Office Location, Mailing Address, and Email Address
 - b. Brief resume including years of experience with Respondent firm
 - c. Years of experience in banking
 - d. Availability
5. Prepare a table listing other key personnel to be assigned to the City's Account and each person's relevant experience on accounts of similar size and scope. Include the following information:
 - a. Name, Title, Phone Number, Office Location, and Email Address
 - b. Brief resume including years of experience with Respondent firm
 - c. Years of experience in banking
 - d. Role on the City's account
 - e. Availability
6. Provide a brief description of Respondent's capital structure as shown on the latest published quarterly financial statement including Total Capital.

7. Explain changes, if any, that have occurred within Respondent's firm over the last six (6) months:
 - a. Staffing
 - b. Capital
 - c. Organizational Structure
 - d. Other

VI. PROPOSED SERVICES. Prepare and submit the following items.

A. Merchant Banking Services.

1. Provide a narrative reflecting procedures for accepting and processing credit card transactions beginning with the point of sale to the deposit of funds. The narrative should indicate functions performed by the Respondent and those performed by any third parties used for processing and settlement services.
2. Provide a list of credit and debit cards that the Respondent can authorize and process including settlement time. Include the latest time that sales transactions can be transmitted to meet these settlement times.

B. Disaster Recovery Plan. Describe your disaster recovery plan and indicate the length of time required to restore the services required by this RFP should the Respondents operation systems fail. Additionally, describe Respondent's ability and willingness to assist the City in the event of a natural disaster and/or an unexpected event that would disrupt the City's merchant banking services.

C. Reporting Requirements. In narrative form describe Respondent's daily and monthly standard and special reporting capabilities including minimum daily/monthly summary reporting by Terminal ID and/or Merchant ID location by card type including total sales, transaction count, average transaction size, and total disputed charges.

D. Disputed Transactions. Provide an outline of the various steps involved with a disputed transaction. The outline must reflect the actions and responsibilities of the card holder, card issuer, accepting financial institution and the City and include the following:

1. Type of notice or advice provided for a charge back item (provide examples)
2. Procedure to review and respond to a disputed transaction prior to it being charged back
3. Type of assistance provided by the Respondent for the collection of unprocessed items
4. Time limits and costs for research items

E. Internet Processing. Provide information on Respondent's expertise in providing secure Internet authorization, processing, and settlement of credit and debit card transactions.

- F. **PIN-Based Processing.** In a narrative form, describe the services available for PIN based debit card processing.
- G. **Settlement.** In a narrative form describe the process for settlement through ACH.
- H. **Invoicing.** Please describe the process for invoicing transaction fees including the following:
1. Break-out of card by type
 2. Break-out of card by transaction
 3. Gross sales
 4. Returns
 5. Net sales
 6. Transaction counts
- I. **Training.** In narrative form, describe the training resources available to the City.
- J. **Customer Service/Technical Support.** Describe Respondent's customer service available for account research and inquiries including hours of operation. Describe Respondent's technical support for hardware, software, and communication problems including hours of operation.
- K. **Equipment.** In narrative form, describe the following:
1. Respondent's equipment recommendations and equipment transition plan, if necessary.
 2. Processes available for servicing and replacing broken hardware in a timely manner.
- L. **Electronic Check Conversion.** In narrative form, describe the processes available for the following services:
1. Electronic conversion at the point of purchase
 2. Internet initiated check debits
 3. Check verification
- M. **Implementation of new Merchant Banking Services Contract and/or New Services.** Provide a detailed description of the recommended implemented process including testing, as well as a sample implementation schedule and a description of the implementation team. What are the critical factors that may impact implementation? Describe materials available and/or on-site training provided by Respondent.
- N. **Other Services.** Provide any other information that Respondent may deem applicable to the Merchant Banking Services that the City may utilize but has not been directly requested in this RFP, as well as ideas and suggestions for changes or modifications that could be implemented to make the City's financial operation more effective and efficient.

RFP EXHIBIT C

CITY MERCHANT BANKING STATISTICS - SECTION C

RFP EXHIBIT C
CITY MERCHANT BANKING STATISTICS - SECTION C

Department/Location	Estimated Annual Total Dollar Value of Transactions					Equipment			
	American Express	Diners Club/ Carte Blanche	Discover	MasterCard/ Visa	Grand Total	Credit Card Reader	Number of Readers	Printer	Number of Printers
Airport Parking	\$ 3,321,568.13	\$ 2,217.98	\$ 220,251.50	\$ 7,432,514.39	\$ 10,976,552.00	Verifone Tranz 330	13	Verifone 250 Verifone 900	12 2 N/A
Internet Sales-Airport	\$ 21,216.43	\$ -	\$ 1,918.90	\$ 84,533.18	\$ 107,668.51	Internet	N/A	N/A	N/A
Airport Total	\$ 3,342,784.56	\$ 2,217.98	\$ 222,170.40	\$ 7,517,047.57	\$ 11,084,220.51				
Animal Control Services	\$ 4,320.92	\$ -	\$ 3,141.00	\$ 107,580.42	\$ 115,042.34	Verifone Tranz 330	1	Verifone 900	1
Animal Control Total	\$ 4,320.92	\$ -	\$ 3,141.00	\$ 107,580.42	\$ 115,042.34				
Asset Management Parking*	\$ 40.37	\$ -	\$ 34.00	\$ 1,240.25	\$ 1,314.62	Meter	N/A	N/A	N/A
Asset Management Total	\$ 40.37	\$ -	\$ 34.00	\$ 1,240.25	\$ 1,314.62				
City Store	\$ 19,429.25	\$ -	\$ 8,009.13	\$ 167,727.48	\$ 195,165.86	Hypercom HP-1	1	N/A	N/A
Convention & Visitors Bureau	\$ 19,429.25	\$ -	\$ 8,009.13	\$ 167,727.48	\$ 195,165.86				
Alamodome	\$ 509,681.64	\$ -	\$ 123,307.50	\$ 1,925,982.47	\$ 2,558,971.61	Hypercom T77-F	4	N/A	N/A
						Verifone Tranz 330	1	Verifone 900	1
Convention Facilities Total	\$ 509,681.64	\$ -	\$ 123,307.50	\$ 1,925,982.47	\$ 2,558,971.61				
Internet Sales-Dev. Svcs.	\$ 452,617.07	\$ -	\$ 40,936.58	\$ 1,803,374.51	\$ 2,296,928.15	Internet	N/A	N/A	N/A
Development Services Total	\$ 452,617.07	\$ -	\$ 40,936.58	\$ 1,803,374.51	\$ 2,296,928.15				
Bitters Brush Site	\$ 1,250.00	\$ -	\$ 1,857.50	\$ 32,282.48	\$ 35,389.98	Omni 3730 LE	1	N/A	N/A
Environmental Services	\$ 6,872.31	\$ -	\$ 8,666.56	\$ 83,058.70	\$ 98,597.57	Eclipse Quartet	1	N/A	N/A
Environmental Services Total	\$ 8,122.31	\$ -	\$ 10,524.06	\$ 115,341.18	\$ 133,987.55				
Treasury Annex	\$ 264,607.37	\$ -	\$ 13,126.47	\$ 727,204.14	\$ 1,004,937.98	Eclipse Quartet	2	N/A	1
Treasury One Stop Dev. Svcs.	\$ 745,528.63	\$ -	\$ 34,721.76	\$ 1,524,311.18	\$ 2,304,561.57	Eclipse Quartet	2	N/A	1
						Omni 3730 LE	1	N/A	N/A
Finance Total	\$ 1,010,136.00	\$ -	\$ 47,848.23	\$ 2,251,515.32	\$ 3,309,499.55				
Health/Immunization Acctg. Office	\$ 1,658.07	\$ -	\$ 1,406.00	\$ 41,540.05	\$ 44,604.12	Hypercom HP-1	1	N/A	N/A
Health/Immunization Clinics	\$ 7,816.66	\$ -	\$ 4,450.00	\$ 85,956.00	\$ 98,222.66	Hypercom HP-1	3	N/A	N/A
Health/Vital Statistics	\$ 7,835.49	\$ -	\$ 3,425.60	\$ 119,365.31	\$ 130,626.40	Hypercom HP-1	1	N/A	N/A
Health Total	\$ 17,310.22	\$ -	\$ 9,281.60	\$ 246,861.36	\$ 273,453.18				
Internet Sales-Municipal Court	\$ 233,380.68	\$ -	\$ 21,107.92	\$ 929,864.98	\$ 1,184,353.58	Internet	N/A	N/A	N/A
Municipal Court	\$ 219,123.31	\$ -	\$ 67,305.00	\$ 2,891,257.90	\$ 3,177,686.21	Verifone Tranz 330	3	Verifone 250	3
Municipal Court Total	\$ 452,503.99	\$ -	\$ 88,412.92	\$ 3,821,122.88	\$ 4,362,039.79				
Botanical Garden	\$ 1,353.11	\$ -	\$ 1,335.00	\$ 20,915.89	\$ 23,604.00	Omni 3730 LE	1	N/A	N/A
Brackenridge Golf Course	\$ 54,514.05	\$ -	\$ 17,170.29	\$ 477,543.90	\$ 549,228.24	Verifone Tranz 330	1	Verifone 250	1
Carver Center	\$ 5,328.99	\$ -	\$ 2,314.00	\$ 34,100.75	\$ 41,743.74	Verifone Tranz 330	1	Verifone 900	1
Cedar Creek Golf Course	\$ 102,620.10	\$ -	\$ 27,389.27	\$ 743,947.01	\$ 873,956.38	Verifone Tranz 330	1	Verifone 250	1
Las Palmas Community Link	\$ 9,882.20	\$ -	\$ 3,798.81	\$ 137,288.61	\$ 150,969.62	Verifone Tranz 330	1	Verifone 250	1
						Omni 3730 LE	1	N/A	N/A
McCressless Community Link	\$ 6,012.15	\$ -	\$ 1,006.36	\$ 73,371.18	\$ 80,389.69	Verifone Tranz 330	1	Verifone 250	1
						Omni 3730 LE	1	N/A	N/A
Mission Del Lago Golf Course	\$ 24,662.03	\$ 24.00	\$ 9,570.59	\$ 260,385.16	\$ 294,641.78	Verifone Tranz 330	1	Verifone 250	1
Olmos Basin Golf Course	\$ 72,875.06	\$ -	\$ 22,632.68	\$ 531,373.21	\$ 626,880.95	Verifone Tranz 330	1	Verifone 250	1
Parks & Athletics	\$ 14,758.92	\$ -	\$ 4,722.70	\$ 128,708.25	\$ 148,189.87	Verifone Tranz 330	1	Verifone 900	1
Riverside Golf Course	\$ 30,556.78	\$ -	\$ 11,529.30	\$ 308,446.30	\$ 350,532.38	Verifone Tranz 330	1	Verifone 250	1
San Pedro Driving Range	\$ 4,419.21	\$ -	\$ 1,465.12	\$ 70,932.44	\$ 76,816.77	Verifone Tranz 330	1	Verifone 250	1
South Park Community Link	\$ 7,628.48	\$ -	\$ 4,642.62	\$ 172,559.73	\$ 184,830.83	Hypercom HP-1	1	N/A	N/A
						Omni 3730 LE	1	N/A	N/A
Valley View Community Link	\$ 101,293.80	\$ -	\$ 13,680.97	\$ 513,404.95	\$ 628,379.72	Hypercom HP-1	1	N/A	N/A
						Omni 3730 LE	1	N/A	N/A
Willow Springs Golf Course	\$ 41,528.06	\$ -	\$ 14,690.41	\$ 342,396.25	\$ 398,614.72	Verifone Tranz 330	1	Verifone 250	1
Parks & Recreation Total	\$ 477,432.94	\$ 24.00	\$ 135,948.12	\$ 3,815,373.63	\$ 4,428,778.69				
SAPD Vehicle Storage**	\$ -	\$ -	\$ -	\$ -	\$ -	Omni 3730 LE	1	N/A	N/A
Police Department Total	\$ -	\$ -	\$ -	\$ -	\$ -				
Grand Total	\$ 6,294,379.26	\$ 2,241.98	\$ 689,613.54	\$ 21,773,167.07	\$ 28,759,401.85		54		32

*Parking meter with swipe; volume figures based upon a pilot program from March 2006 - June 2006.

**Will begin to accept credit cards in 2007.

Department	Estimated Annual Total Number of Transactions				
	American Express	Diners Club/ Carte Blanche	Discover	MasterCard/ Visa	Grand Total
Airport Total	107,870	41	7,229	254,065	369,205
Animal Care Services Total	68	-	48	1,638	1,754
Asset Management Total	18	-	7	816	841
Convention & Visitors Bureau Total	560	-	311	5,989	6,860
Convention Facilities Total	2,508	-	1,273	24,232	28,013
Development Services Total	212	-	12	675	899
Environmental Services Total	167	-	124	3,212	3,503
Finance Total	2,274	-	173	7,166	9,613
Health Total	351	-	211	7,583	8,145
Municipal Court Total	5,703	-	719	36,837	43,258
Parks & Recreation Total	10,967	-	3,943	108,114	123,024
Grand Total	130,698	41	14,050	450,327	595,116

RFP ATTACHMENT C

RESPONDENT PROPOSED PRICING SCHEDULE - SECTION C

RFP ATTACHMENT C
RESPONDENT PROPOSED PRICING SCHEDULE - SECTION C

Operating and Volume Assumptions

Assumptions		
Estimated Annual Total Dollar Value of Transactions	\$	21,773,167
Estimated Average Ticket Size Per Transaction	\$	48.35
Estimated Annual Total Number of Transactions		450,327

MasterCard and Visa Discount Rates and Transaction Fees

Credit Card Interchange Level	MASTERCARD/VISA	
	Discount Rate	Transaction Fee
CPS Retail (Card Swiped-Settled in 24 hours)		
Check Card (Card Swiped-Settled in 24 Hours)		
CPS/Retail Key Entry - MCC 9311 (requires AVS ZIP match)		
CPS Card Not Present - MCC 9311 (requires AVS request)		
Visa CPS Emerging Market - MCC9211, 9222, 9399		
Commercial Card (T&E or without enhanced data)		
EIRF - MC9311 (Keyed without AVS or delayed settlement)		
Visa Commercial Card Standard		
Merit I (MO/TO)		
Merit 3 (Card Swiped-Settled in 24 hours)		
MasterCard Retail Key Entered (No AVS required)		
Standard Visa		
Standard MasterCard		
US Corporate Data Rate I (Keyed)		
US Corporate Data Rate II (Keyed)		
US Corporate Large Ticket		
US Corporate Standard		
International Electronic		
International Standard		
International Corporate, Purchasing & Standard		
International Corporate, Purchasing - Large Ticket		
International Corporate Purchasing Data Rate II		

Processor Fees

	Per Transaction
Bankcard Authorization, Processing, and Settlement	
American Express, Discover, Diners Club/Carte Blanche Authorization, Capture, and Conveyance	
Voice Authorization	
SCAN Check Verification Service	
On Line Debit Transactions	
Address Verification Service	
Chargeback Handling	
Optional Wire Transfer Fee	
Supplies	
Annual Fee	
Help Desk Fee	
Statement Fee	
Monthly Minimum	
Daily ACH Deposit	

Internet Processing Fees

Set-Up Fee	
Monthly Fee	
Additional Transaction Fee	

Miscellaneous Fees - Additional Services

Pricing and fees for any other charges that may be incurred by the City as a result of the services requested under this RFP:	

Equipment Fees

Type of Equipment	Purchase	Lease

RFP ATTACHMENT I
RESPONDENT QUESTIONNAIRE

**RFP ATTACHMENT I
RESPONDENT QUESTIONNAIRE**

RFP PROPOSAL FOR (Check All Applicable Boxes):

- ☐ Depository Banking Services – Section A
- ☐ Lockbox Services – Section B
- ☐ Merchant Banking Services – Section C

GENERAL INFORMATION

1. **Company Information:** Provide the following information regarding your Company.

Name/Name of Agency/Company: _____

Address _____

City: _____ State: _____ Zip Code: _____

Telephone No. _____ Fax No: _____

Company Website Address _____

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

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone No. _____ Fax No: _____

Email: _____

3. Provide a brief history of the company and the date founded.
4. Does your Company anticipate any mergers, transfer of organization ownership, management reorganization, or departure of key personnel within the next twelve (12) months that may affect the organization's ability to carry out its proposal?

Yes _____ No _____

5. Is your Company authorized and/or licensed to do business in Texas?

Yes _____ No _____

6. Where is the Company's corporate headquarters located? _____

7. **Local Operation:** Does the Company have an operational facility located in San Antonio, Texas?

Yes _____ No _____

a. If the answer to the previous question is "yes", how long has the Company conducted business from its San Antonio an operational facility?

Years _____ Months _____

b. State the number of full-time employees at the San Antonio office. _____

c. State the number of branches located in San Antonio. _____

d. State the number of branches located in Texas. _____

e. State the number of branches located nationally. _____

8. **County Operation:** If the Company does not have a San Antonio office, does the Company have an operational facility located in Bexar County, Texas?

Yes _____ No _____

a. If the answer to the previous question is yes, how long has the Company conducted business from its Bexar County operational facility?

Years _____ Months _____

b. State the number of full-time employees at the Bexar County operational facility.

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

Yes _____ No _____

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

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

Yes _____ No _____

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

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

Yes _____ No _____

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

12. Provide any other names under which your business has operated within the last 10 years.

RFP ATTACHMENT II
DISCRETIONARY CONTRACTS DISCLOSURE

City of San Antonio

Discretionary Contracts Disclosure

For use of this form, see [Section 2-59 through 2-61 of the City Code \(Ethics Code\)](#)
Attach additional sheets if space provided is not sufficient.

(1) Identify any individual or business entity³ that is a **party** to the discretionary contract:

(2) Identify any individual or business entity which is a **partner, parent** or **subsidiary** business entity, of any individual or business entity identified above in Box (1):

☐ No partner, parent or subsidiary; or

List partner, parent or subsidiary of each party to the contract and identify the corresponding party:

(3) Identify any individual or business entity that would be a **subcontractor** on the discretionary contract.

☐ No subcontractor(s); or

List subcontractors:

(4) Identify any **lobbyist** or **public relations firm** employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.

☐ No lobbyist or public relations firm employed; or

List lobbyists or public relations firms:

³ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law. A sole proprietor should list the name of the individual and the d/b/a, if any.

(5) Political Contributions

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under Box (1), (2), (3) or (4) above, or by the officers, owners of any business entity listed in Box (1), (2) or (3):

☐ **No contributions made; If contributions made, list below:**

By Whom Made:	To Whom Made:	Amount:	Date of Contribution:

(6) Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which, reasonably understood, raise a question⁴ as to whether any city official or employee would violate [Section 2-43 of the City Code \(Ethics Code\)](#), (“conflicts of interest”) by participating in official action relating to the discretionary contract.

☐ **Party not aware of facts which would raise a “conflicts-of-interest” issue under Section 2-43 of the City Code; or**

Party aware of the following facts:

This form is required to be supplemented in the event there is any change in the information before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed, whichever occurs first.

Signature:	Title: Company or D/B/A:	Date:
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⁴ For purposes of this rule, facts are “reasonably understood” to “raise a question” about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

RFP ATTACHMENT III
LITIGATION DISCLOSURE

LITIGATION DISCLOSURE

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

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

Circle One

YES

NO

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

Circle One

YES

NO

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

Circle One

YES

NO

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

RFP ATTACHMENT IV

**SMALL BUSINESS ECONOMIC DEVELOPMENT ADVOCACY PROGRAM
POLICY AND GOOD FAITH EFFORT PLAN**

SMALL BUSINESS PROGRAM

1. **Small Business Participation**

Pursuant to Ordinance No. 100182, it is the policy of the City of San Antonio to involve Small, Minority, Women and African-American Owned Business Enterprises (S/M/W/AABE) to the greatest extent feasible in the City's discretionary contracts. The intent and purpose of the policy is to ensure that S/M/W/AABE firms have the opportunity to compete for City contracts without discrimination on the basis of race, color, religion, national origin, age, sex or handicap. To accomplish the objectives of the Small Business policy, the City has established specific goals for local S/M/W/AABE participation in this contract.

2. **DEFINITIONS** related to the Small Business Program Provisions:

- a. **Small Business Program:** the Small Business Economic Development Advocacy ("SBEDA") Program governed by this ordinance and managed by the SMALL BUSINESS Program Office.
- b. **Small Business Enterprises (SBE):** a corporation, partnership, sole proprietorship or other legal entity, for the purpose of making a profit, which is independently owned and operated and which meets the U.S. Small Business Administration (SBA) size standard for a small business. All firms meeting these thresholds will be considered an SBE.
- c. **Local Business Enterprise (LBE):** a corporation, partnership, sole proprietorship, or other legal entity which is headquartered within Bexar County for at least one year. For a branch office of a non-headquartered business to qualify as an LBE, the branch office must be located in Bexar County for at least one-year and employ a minimum of ten (10) residents of Bexar County for use at the local branch office.
- d. **Minority Business Enterprise (MBE):** a sole proprietorship, partnership, or corporation owned, operated, and controlled by a minority group member(s) who has at least 51% ownership. Minority group member(s) include African-Americans; Hispanic Americans; Asian-Pacific Americans; Asian-Indian Americans; American Indians; and Disabled Individuals. The minority group member(s) must have operational and managerial control, interest in capital, expertise and earnings commensurate with the percentage of ownership and be legal residents or citizens of the United States or its territories. To qualify as an MBE, the enterprise shall be headquartered in Bexar County or the San Antonio Metropolitan Statistical Area (the SAMSA) for any length of time, or shall be doing business in a locality or localities from which the City regularly solicits, or receives bids on or proposals for, City contracts within the MBE's category of contracting for at least one year.
- e. **Woman Business Enterprise (WBE):** a sole proprietorship, partnership, or corporation owned, operated and controlled by women who have at least 51% ownership. The woman or women must have operational and managerial control, interest in capital, expertise and earnings commensurate with the percentage of ownership and be legal residents or citizens of the United States or its territories. To qualify as a WBE, the enterprise shall be headquartered in Bexar County or the SAMSA for any length of time or shall be doing business in a locality or localities from which the City regularly solicits or receives bids on or proposals for, City contracts within the WBE's category of contracting for at least one year.

- f. **African-American Business Enterprise (AABE)**: a sole proprietorship, partnership, or corporation owned, operated and controlled by an African-American group member(s) who has at least 51% ownership. The African American Group member(s) must have operational and managerial control, interest in capital, expertise and earnings commensurate with the percentage of ownership and be legal residents or citizens of the United States or its territories. To qualify as an AABE, the enterprise shall be headquartered in Bexar County or the SAMSA for any length of time or shall be doing business in a locality or localities from which the City regularly solicits, or receives bids on or proposals for, City contracts within the AABE's category of contracting for at least on year.

3. **Goals for Small Business Participation**

The goals for the utilization and participation of SBE-MBE-WBE-AABE businesses on this contract are as follows:

MBE	31%
WBE	10%
AABE	2.2%
SBE	50%

Please note that a small business could be classified in multiple categories and thus their utilization could in theory be counted in each category of goals. For example, **Prime Contractor X** submits a proposal, which specifies that they intend to subcontract with Subcontractor A for 10% of the contract. Subcontractor A is certified by the City as an SBE and MBE (a male-owned Hispanic Business owner can be certified as an SBE and MBE). **Prime Contractor X** also intends to subcontract with Subcontractor B for 13% of the contract. Subcontractor B is certified by the City as SBE, MBE and a WBE (a female-owned Hispanic Business owner can be certified as SBE, MBE and WBE). In addition, **Prime Contractor X** also intends to subcontract 10% of the contract to Subcontractor C—a City certified SBE, MBE and AABE (a male-owned African-American business owner can be certified as both a MBE and as an AABE Business). **Prime Contractor X** is also classified as a local SBE. **Prime Contractor X's** compliance with the Small Business goals under this scenario would be as follows:

	City's Small Business Goals	Prime Contractor X's Compliance
MBE	31%	33%
WBE	10%	13%
AABE	2.2%	10%
SBE	50%	100%

Under this scenario, the contractor would be in full compliance with the Small Business policy.

Another example regarding compliance with the policy is as follows: **Prime Contractor Y** submits a proposal, which specifies that they intend to partner through a joint-venture agreement with Company D. Company D is certified by the City as both an SBE and MBE (a male-owned Hispanic Business—certified as an SBE and MBE). As part of their joint-venture agreement, Company D will perform on 32.5% of the contract. **Prime Contractor Y** also intends to subcontract 13% of the contract with Subcontractor F. Subcontractor F is a

City certified SBE/MBE/WBE and AABE business. **Prime Contractor Y** is also classified as a local SBE. **Prime Contractor Y** compliance with the Small Business goals would be as follows:

	City's Small Business Goals	Prime Contractor Y's Compliance
MBE	31%	45.5%
WBE	10%	13%
AABE	2.2%	13%
SBE	50%	100%

Under this scenario, the contractor would be in full compliance with the Small Business policy.

4. Good Faith Effort Required

Proposals shall include a Good Faith Effort Plan (GFEP—ATTACHED). The GFEP shall include specific documentation to utilize local, small, MBE-WBE-AABE businesses in a percentage, which equals or exceeds the above goals. **Any proposal that does not include the GFEP form shall be declared non-responsive, and excluded from consideration.**

5. MBE-WBE-AABE Certification Required

Only companies certified as MBE, WBE, or AABE through the South Central Texas Regional Certification Agency (SCTRCA), or as approved by the City of San Antonio Director of Economic Development, can be applied towards the contracting goals. Proof of certification must be submitted.

6. Small Business Program Information

Interested contractors/proposers are encouraged to contact the Small Business Outreach Office for information regarding the City's Small Business Program Policy in accordance with the City's Communication Policy outlined in the solicitation document. Please call (210) 207-3900 or FAX: (210) 207-3909.

GOOD FAITH EFFORT PLAN

(Page 1 of 4)

**NAME OF
PROJECT:** _____

BIDDER/PROPOSER INFORMATION:

Name of Bidder/Proposer: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone: _____ E-mail Address: _____

Is your firm certified? ____ Yes ____ No (If yes, please submit Certification Certificate.)

1. List all subcontractors/suppliers that will be used for this contract. (Indicate all MBEs-WBEs-AABEs-SBEs. Use additional sheets as needed.)

NAME AND ADDRESS OF SUBCONTRACTOR'S/SUPPLIER'S COMPANY	CONTRACT AMOUNT	% LEVEL OF PARTICIPATION	MBE-WBE-AABE- SBE CERTIFICATION NUMBER

Only companies certified as an MBE, WBE, AABE or SBE by the City of San Antonio or its certifying organization can be applied toward the contracting goals. All MBE-WBE-AABE-SBE subcontractors or suppliers must submit a copy of their certification certificate through the Prime Contractor. Proof of certification must be attached to this form. If a business is not certified, please call the Small Business Program Office at (210) 207-3900 for information and details on how subcontractors and suppliers may obtain certification.

GOOD FAITH EFFORT PLAN

(Page 2 of 4)

It is understood and agreed that, if awarded a contract by the City of San Antonio, the Contractor will not make additions, deletions, or substitutions to this certified list without consent of the Director of Economic Development and Director of the appropriate contracting department (through the submittal of the Request for Approval of Change to Original Affirmed Good Faith Effort Plan).

NOTE: If MBE-WBE-AABE-SBE contracting goals were met, skip to #9.

2. If MBE-WBE-AABE-SBE contracting goals were not achieved in a percentage that equals or exceeds the City's goals, please give explanation.

3. List all MBE-WBE-AABE-SBE Listings or Directories utilized to solicit participation.

4. List all contractor associations and other associations solicited for MBE-WBE-AABE-SBE referrals.

5. Discuss all efforts aimed at utilizing MBE-WBE-AABE-SBEs.

6. Indicate advertisement mediums used for soliciting bids from MBE-WBE-AABE-SBEs.

GOOD FAITH EFFORT PLAN

(Page 3 of 4)

7. List all MBE-WBE-AABE-SBE bids received but rejected. (Use additional sheets as needed.)

COMPANY NAME	MBE-WBE-AABE-SBE CERTIFICATION NUMBER	REASON FOR REJECTION

8. Please attach a copy of your company's MBE-WBE-AABE-SBE policy.
9. Name and phone number of person appointed to coordinate and administer the Good Faith Efforts of your company on this project.
-
-
10. This Good Faith Effort Plan is subject to the Economic Development Department's approval.

GOOD FAITH EFFORT PLAN

(Page 4 of 4)

GOOD FAITH EFFORT PLAN AFFIRMATION

I HEREBY AFFIRM THAT THE INFORMATION PROVIDED IN THIS GOOD FAITH EFFORT PLAN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF. I FURTHER UNDERSTAND AND AGREE THAT, IF AWARDED THE CONTRACT, THIS DOCUMENT SHALL BE ATTACHED THERETO AND BECOME A BINDING PART OF THE CONTRACT.

SIGNATURE OF AUTHORIZED OFFICIAL

TITLE OF OFFICIAL

DATE

PHONE

FOR CITY USE

Plan Reviewed By: _____

Recommendation: Approval _____ Denial _____

Action Taken: Approved _____ Denied _____

DIRECTOR OF ECONOMIC DEVELOPMENT

RFP ATTACHMENT V
INSURANCE REQUIREMENTS

RFP ATTACHMENT V INSURANCE REQUIREMENTS

Prior to the commencement of any work under an Agreement awarded pursuant to this RFP, the selected Respondent for Depository Banking Services shall furnish an original completed Certificate(s) of Insurance to Department of Finance Attn: Ben Gorzell, Jr., which shall be clearly labeled Depository Banking Services in the Description of Operations block of the Certificate. The original Certificate(s) shall be completed by an agent authorized to bind the named underwriter(s) and their company to the coverage, limits and termination provisions shown thereon, containing all required information referenced or indicated thereon. The original Certificate(s) or form must have the agent's original signature, including the signer's company affiliation, title and phone number, and be mailed directly from the agent to the City. The City shall have no duty to pay or perform under said Agreement until such Certificate shall have been delivered to the Department of Finance Attn: Ben Gorzell, Jr., and no officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement.

The City reserves the right to review these insurance requirements during the effective period of the Agreement and any extension or renewal thereof and to modify insurance coverages and their limits when deemed necessary and prudent by City's Risk Manager, based upon changes in statutory law, court decisions or circumstances surrounding the Agreement, but in no instance will City allow modification whereupon City may incur increased risk.

Respondent's financial integrity is of interest to the City, and, therefore, subject to Respondent's right to maintain reasonable deductibles in such amounts as are approved by the City, Respondent shall obtain and maintain in full force and effect, for the duration of the Agreement, and any extension thereof, at Respondent's sole expense, insurance coverage written on an occurrence basis, by companies authorized and admitted to do business in the State of Texas and rated A-(vii) or better by A.M. Best Company and/or otherwise acceptable to the City.

For Depository Services:

<u>TYPE</u>	<u>AMOUNTS</u>
1. Workers' Compensation	Statutory
2. Employers' Liability	\$1,000,000/\$1,000,000/\$1,000,000
3.. Commercial General Liability Insurance to include coverage for the following: a. Premises operations b. Independent Contractors c. Products/completed operations d. Personal Injury e. Contractual Liability	For Bodily Injury and Property Damage of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage
3. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired Vehicles	<u>C</u> ombined <u>S</u> ingle <u>L</u> imit for <u>B</u> odily <u>I</u> njury and <u>P</u> roperty <u>D</u> amage of \$1,000,000 per occurrence
4. Bankers Blanket Bond	\$35,000,000 per occurrence

For Lockbox Services:

<u>TYPE</u>	<u>AMOUNTS</u>
1. Workers' Compensation	Statutory
2. Employers' Liability	\$1,000,000/\$1,000,000/\$1,000,000
3. Commercial General Liability Insurance to include coverage for the following: a. Premises operations b. Independent Contractors c. Products/completed operations d. Personal Injury e. Contractual Liability	For Bodily Injury and Property Damage of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage
3. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired Vehicles	<u>C</u> ombined <u>S</u> ingle <u>L</u> imit for <u>B</u> odily <u>I</u> njury and <u>P</u> roperty <u>D</u> amage of \$1,000,000 per occurrence
4. Bankers Blanket Bond	\$25,000,000 per occurrence

For Merchant Banking Services:

<u>TYPE</u>	<u>AMOUNTS</u>
1. Workers' Compensation	Statutory
2. Employers' Liability	\$1,000,000/\$1,000,000/\$1,000,000
3. Commercial General Liability Insurance to include coverage for the following: a. Premises operations b. Independent Contractors c. Personal Injury Liability d. Contractual Liability	<u>C</u> ombined <u>S</u> ingle <u>L</u> imit for <u>B</u> odily <u>I</u> njury and <u>P</u> roperty <u>D</u> amage of \$1,000,000 per occurrence; \$2,000,000 general aggregate, or its equivalent in Excess or Umbrella Liability Coverage
4. Professional Liability	\$5,000,000 per claim to pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages by reason of any act, malpractice, error or omission in professional services.
5. Commercial Crime/Fidelity Bond	Amount of Contract

The City shall be entitled, upon request and without expense, to receive copies of the policies and all endorsements thereto as they apply to the limits required by the City, and may require the deletion, revision or modification of particular policy terms, conditions, limitations or exclusions, except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies. Respondent shall be required to comply with any such requests and shall submit a copy of the replacement Certificate of Insurance to City at an address provided by City within ten (10) days of the requested change. Respondent shall pay any costs incurred resulting from said changes.

Respondent agrees that, with respect to the above-required insurance, all insurance contracts and Certificate(s) of Insurance will contain the following required provisions:

1. Name the City and its officials, employees, volunteers and elected representatives as additional insureds as respects operations and activities of, or on behalf of, the named insured performed under contract with the City, with the exception of the workers' compensation and professional liability policies;
2. Provide for an endorsement that the "other insurance" clause shall not apply to the City of San Antonio where the City is an additional insured shown on the policy;
3. Workers' compensation and employers' liability policy will provide a waiver of subrogation in favor of the City.

When there is a cancellation, non-renewal or material change in coverage, which is not made pursuant to a request by City, Respondent shall notify the City of such and shall give such notices not less than thirty (30) days prior to the change, if Respondent knows of said change in advance, or ten (10) days notice after the change, if the Respondent did not know of the change in advance. Such notice must be accompanied by a replacement Certificate of Insurance. All notices shall be given to the City at the following addresses:

City of San Antonio
Finance Department
Depository Banking Services
P.O. Box 839966
San Antonio, Texas 78283-3966

If Respondent fails to maintain the aforementioned insurance, or fails to secure and maintain the aforementioned endorsements, the City may obtain such insurance, and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement; however, procuring of said insurance by the City is an alternative to other remedies the City may have and is not the exclusive remedy for failure of Respondent to maintain said insurance or secure such endorsement. In addition to any other remedies the City may have upon Respondent's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Respondent to stop work under the Agreement, and/or withhold any payment(s) which become due to Respondent thereunder until Respondent demonstrates compliance with the requirements hereof.

Nothing herein contained shall be construed as limiting in any way the extent to which Respondent may be held responsible for payments of damages to persons or property resulting from Respondent's or its subcontractors' performance of the work covered under the Agreement. It is agreed that Respondent's insurance shall be deemed primary with respect to any insurance or self-insurance carried by the City for liability arising out of operations under this contract.

RFP ATTACHMENT VI
INDEMNIFICATION REQUIREMENTS

**RFP ATTACHMENT VI
INDEMNIFICATION REQUIREMENTS**

RESPONDENT, if selected, covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, the CITY and the elected officials, employees, officers, directors, volunteers and representatives of the CITY, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to RESPONDENT's, if selected, activities under this CONTRACT, including any acts or omissions of RESPONDENT, if selected, any agent, officer, director, representative, employee, consultant or subcontractor of RESPONDENT, and their respective officers, agents, employees, directors and representatives while in the exercise of performance of the rights or duties under this CONTRACT, all without however, waiving any governmental immunity available to the CITY under Texas Law and without waiving any defenses of the parties under Texas Law. IT IS FURTHER COVENANTED AND AGREED THAT SUCH INDEMNITY SHALL APPLY EVEN WHERE SUCH COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND/OR SUITS ARISE IN ANY PART FROM THE NEGLIGENCE OF CITY, THE ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES OF CITY, UNDER THIS CONTRACT. The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. RESPONDENT, if selected, shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or RESPONDENT, if selected, known to RESPONDENT, if selected, related to or arising out of RESPONDENT's, if selected, activities under this CONTRACT and shall see to the investigation and defense of such claim or demand at RESPONDENT's, if selected, cost. The CITY shall have the right, at its option and at its own expense, to participate in such defense without relieving RESPONDENT of any of its obligations under this paragraph.

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

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

RESPONDENT, if selected, shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or RESPONDENT, if selected, known to RESPONDENT related to or arising out of contractor's activities under this contract.

RFP ATTACHMENT VII

SIGNATURE PAGE

RFP ATTACHMENT VII SIGNATURE PAGE

Check (✓) the box that indicates business structure of Respondent

☐ Individual or Proprietorship

☐ Partnership or Joint Venture

☐ Corporation

The undersigned certifies that (s)he is _____ (title) of the Respondent entity named below; that (s)he is designated to sign this Proposal Form (if a Corporation then by resolution with Certified Copy of resolution attached) for and on behalf of the entity named below, and that (s)he is authorized to execute same for and on behalf of and bind said entity to the terms and conditions provided for in the Proposal as required by this RFP, and has the requisite authority to execute an Agreement on behalf of Respondent, if awarded, and that the 11-digit Comptroller's Taxpayer Number for the entity is:

11-digit Comptroller's Taxpayer Number

Employer Identification Number

Respondent Organization Name (DBA also required if Individual or Proprietorship)

By: _____

Printed Name: _____

Title: _____

By: _____

(If Respondent is a Joint Venture, an authorized signature from a representative of each party is required)

Printed Name: _____

Title: _____

By signature above, Respondent agrees to the following:

1. If awarded a contract in response to this RFP, Respondent will be able and willing to comply with the insurance and indemnification requirements set out in RFP Attachments V & VI.
2. If awarded a contract in response to this RFP, Respondent will be able and willing to comply with all representations made by Respondent in Respondent's Proposal and during Proposal process.
3. Respondent has fully and truthfully submitted a Litigation Disclosure form with the understanding that failure to disclose the required information may result in disqualification of proposal from consideration.
4. Respondent agrees to fully and truthfully submit a Respondent Questionnaire and understands that failure to fully disclose requested information may result in disqualification of proposal from consideration or termination of contract, once awarded.
5. To comply with the City's Ethics Code, particularly Section 2-61 that prohibits a person or entity seeking a City contract - or any other person acting on behalf of such a person or entity - from contacting City officials or their staff prior to the time such contract is posted as a City Council agenda item.

RFP ATTACHMENT VIII
PROPOSAL CHECKLIST

RFP ATTACHMENT VIII PROPOSAL CHECKLIST

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

Tab in Proposal	Document	Initial to Indicate Document is Attached to Proposal
I.	Respondent Questionnaire (RFP Attachment I)	
	SECTION A - DEPOSITORY BANKING SERVICES	
A.	Executive Summary	
B.	Minimum Qualifications Letter	
C.	Community Reinvestment Act	
D.	Respondent Proposed Pricing Schedule – Section A (RFP Attachment A) **	
E.	Experience, Background, and Qualifications	
F.	Proposed Services	
	SECTION B - LOCKBOX SERVICES	
A.	Executive Summary	
B.	Minimum Qualifications Letter	
C.	Respondent Proposed Pricing Schedule – Section B (RFP Attachment B) **	
D.	Experience, Background, and Qualifications	
E.	Proposed Services	
	SECTION C – MERCHANT BANKING SERVICES	
A.	Executive Summary	
B.	Minimum Qualifications Letter	
C.	Respondent Proposed Pricing Schedule – Section C (RFP Attachment C) **	
D.	Experience, Background, and Qualifications	
E.	Proposed Services	
II.	Discretionary Contracts Disclosure (RFP Attachment II) *	
III.	Litigation Disclosure (RFP Attachment III)	
IV.	Good Faith Effort Plan (RFP Attachment IV) (and associated Certificates, if applicable) *	
V.	Financial Information	
VI.	Proof of Insurability (Letter and Copy of Current Certificate of Insurance)	
VII.	Signature Page (& Resolution, if applicable) (RFP Attachment VII) *	
VIII.	Proposal Checklist (RFP Attachment VIII)	

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

**Requires an Excel File on one CD included with the original Proposal only.