



June 8, 2026

Cesar Vela , MPAcc, CPA
Vice President of Finance and Administration
Laredo College
Elpha Lee West Building Room #122
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Laredo, Texas 78040

Dear Mr. Vela:

Thank you for the opportunity to assist Laredo College (the “College”) with this Depository Request for Proposals (“RFP”). This work was provided at no additional cost under the College’s existing Investment Advisory engagement with Valley View Consulting. Our objective was to solicit interest from area financial institutions, evaluate the proposals submitted, and recommend an award for a new primary depository contract effective September 1, 2026.

Procedure

The project began with the establishment of a Calendar of Events to ensure that all of the project steps were performed in a timely and sequential manner, and in compliance with all state requirements.

The process for selecting a depository bank is governed by a variety State of Texas statutes, including:

- Chapter 51, Sub Chapter A of the Texas Education Code
- Chapter 176 Conflict of Interest Act,
- Chapter 2256 Public Funds Investment Act;
- Chapter 2257 Public Funds Collateral Act.

In addition to complying with these State statutory requirements, it was necessary to understand and comply with the specific requirements applicable to the College as governed by the Purchasing Policy, Investment Policy, and Financial Policies of the College.

The RFP procedure was conducted as follows:

1. Analyzed historical bank service usage and balance records from bank statements and bank account analysis statements.
2. Reviewed and discussed with College’s financial services staff the minimum banking services to be considered and the potential of additional banking services.
3. Developed a list of the following eligible financial institutions within the College’s service area:
 - a. Bank of America
 - b. Falcon International Bank (**Incumbent**)

- c. First Convenience Bank/First National Bank
 - d. International Bank of Commerce
 - e. JPMorgan Chase Bank
 - f. PNC Bank
 - g. Texas Community Bank
 - h. Vantage Bank Texas
 - i. Wells Fargo Bank
4. Contacted the financial institutions to confirm distribution information and identify the appropriate designated recipient.
 5. Drafted the RFP for review and approval by the appropriate College staff including Purchasing.
 6. Advertised the RFP in the *Laredo Morning Times*.
 7. College distributed the RFP to the identified financial institutions via its purchasing website.
 8. Hosted a pre-proposal conference that was attended by representatives of:
 - a. Bank of America
 - b. Falcon International Bank (**Incumbent**)
 - c. First Convenience Bank/First National Bank
 - d. JP Morgan Chase Bank
 - e. PNC Bank
 - f. Vantage Bank Texas
 9. By the RFP due date, five (5) proposals were received:
 - a. Bank of America
 - b. Falcon International Bank (**Incumbent**)
 - c. JPMorgan Chase Bank
 - d. PNC Bank
 - e. Vantage Bank Texas

This process resulted in a competitive environment with five (5) attractive proposals. The evaluation of the proposals was based on, but not limited to, the following considerations:

1. Ability of applicant to perform and provide the required and requested services;
2. References provided and quality of services;
3. Cost of services;
4. Transition cost, retention and transition offers, and incentives;
5. Interest rates on interest bearing accounts and deposits;
6. Earnings credit rate on compensating balances;
7. Previous service relationship with the College;
8. Convenience of location(s);
9. Completeness of application; and
10. Financial strength and stability of the institution.



Proposal Analysis

The proposal analysis began with a comprehensive review of each financial institution's overall financial strength, followed by an evaluation of the financial benefit offered through the terms proposed by each bank.

Fees

The requested fee schedules were analyzed based on the College's banking service needs and estimated activity levels. Each financial institution offered a variety of transition/retention credits and incentives (including waived fees, supplies, and check scanners). Where quantifiable and appropriate, the estimated service fees were adjusted for any incentives.

Bank of America and PNC Bank both offered to waive all bank fees for the first 36 months and 24 months respectively. Chase Bank offered a five month waiver and Vantage Bank offered to waive fees for the first three months. Falcon Bank is waiving all service fees for the contract.

While fees are an important factor in the decision-making process there were other factors that were considered during the evaluation process.

Earnings on Balances

In addition to bank service charges, the interest rates paid on deposits are an critical component of the relationship. The College maintained an average operating balance of \$70,493,000 over the last year. However, the College intends to actively decrease operating balances and redirect excess liquidity into higher yield investment options. The expected operating balance going forward is \$30 million, and this amount was used to calculate both the estimated earnings credit received to offset fees, and the hard interest earned on excess balances not required to offset bank fees over the initial two (2) year and potential full eight (8) year contract terms. There are two potential earnings sources for the balances held at the bank:

Earnings Credit: The earnings credit calculates "soft-dollar earnings" that can only be used to offset banking fees. Earnings credit amounts above the applicable fees are not paid to the College as interest.

Hard-dollar Interest: Hard-dollar interest is "regular" interest earnings that result in a deposit to the College's account, typically at the end of each month.

Earnings credit, hard-dollar interest, or a combination of the two, can be used to offset any service charges. In the analysis, each bank's potential earnings credit was compared to the hard-dollar interest. The better option was then optimized to offset the greatest amount of banking fees. Where appropriate, once the College's target compensating balance generated enough earnings credit to offset most fees, any excess balance was shown to be invested in that bank's most attractive hard-dollar interest earnings alternative.

Transition Costs

Transitioning to a new depository is a project that can take up to 9 months, requiring management and staff time as well as costs for supplies and potential programming costs to achieve compatibility between the College’s systems and the new depository. In addition, while more difficult to quantify, the soft costs associated with the significant additional workload placed on staff are meaningful and should be considered.

The following table summarizes the two-year costs, and net income projections from all depository proposals.

| Bank | Fees for 2 Year Term | Investment Option | Rate Basis | Interest Rate (3/19/26) | Two Year Net Income | Eight Year Net Income |
|-----------------|----------------------|----------------------------------|---------------------------------------|-------------------------|---------------------|-----------------------|
| Bank of America | \$0 | Interest Bearing DDA | 90% of FFER | 3.28% | \$1,968,000 | \$7,787,794 |
| Falcon Bank | \$0 | Interest Bearing DDA | Fed Fund Rate Less 100 bps | 3.15% | \$1,890,000 | \$7,560,000 |
| PNC Bank | \$0 | MMF Sweep Option | Market Rate | 3.32% | \$1,971,282 | \$7,525,808 |
| JP Morgan Chase | (44,237) | Hybrid DDA | Bank Managed | 2.90% | 1,696,513 | \$6,751,719 |
| Bank of America | \$0 | Interest Bearing DDA >\$50 | Bank Managed | 2.56% | 1,459,200 | \$5,758,594 |
| Vantage Bank | (143,682) | Insured Cash Sweep | Effective Fed Funds Rate less 135 bps | 2.29% | 1,232,818 | \$4,862,196 |
| PNC Bank | 0 | ECR first, then Interest Bearing | Bank Managed | 2.10% | 1,262,500 | \$4,540,388 |
| Bank of America | \$0 | Earnings Credit Rate Only | Bank Managed | 0.00% | \$0 | \$0 |

Bank Demonstrations

As part of the evaluation process,, PNC Bank, Bank of America, and Falcon Bank, the incumbent; were invited to present their online platform and discuss potential new bank services that could benefit the. PNC and Bank of America also discussed their implementation process should the College decide to make a change. Following the demonstrations, College staff who work most closely with the College’s depository provided their feedback to the Finance Department leadership.

Bank of America offers the highest financial return to the College, however, the following considerations were observed by the staff:

- Bank of America proposal included too many constraints, including balance restrictions that limit the College’s ability to manage liquidity risk adequately.
- Bank of America has only two branches in the area, which limits access to the College’s deposit operations.
- Bank of America disagreed with allowing payees to cash checks at their branches without charging a fee, or opening a new account which is a negative impact to students.
- Bank of America does not have a local relationship team, the College would be served out of DFW.



Bank of America's proposal is based on the College maintaining at least \$50 million in balances at the bank. The College is taking a more active approach to managing its cash and intends to maintain substantially less than \$50 million, which would likely reduce the favorable terms offered by Bank of America.

PNC Bank offers the third highest financial return to the College. However, various key concerns were present as follows:

- PNC Bank committed to fixed prices only for the initial 2-year period, instead of the full 8-year contract term like the rest of the bank proposals which presents an increased budget risk.
- PNC's reputation from the difficult merger with BBVA Compass persists in the Laredo area.

In view of the significant difference in the terms and rates proposed by the challenger banks, the decision was made to provide the incumbent, Falcon Bank, an opportunity to submit a Best and Final Offer (BAFO). This allowed Falcon Bank to update its proposal and if desired revise its interest rates. The BAFO was requested on May 12, 2026, and Falcon Bank responded by increasing their indexed rate from the upper Fed Funds Rate less 100 basis points to the upper Fed Funds Rate less 60 basis points, -a 40 basis point improvement. This updated rate is reflected in the analysis table on the preceding page.

Conclusion

This Request for Proposals addressed banking services rather than investment opportunities. By significantly reducing operational balances, the College can limit the opportunity cost tied to the higher interest rates offered by non-incumbent banks and instead pursue alternative investments with stronger yields. The banking relationship is a critical element of the College's financial operations, and Falcon Bank has consistently provided the required services efficiently and effectively. Because much of the anticipated interest-rate benefit in the first two years would likely be offset by both hard and soft dollar costs, and because Bank of America's terms depend on balances higher than the College intends to maintain—along with other concerns previously outlined—the evaluation team recommends awarding the Primary Depository Bank Services contract to Falcon Bank, subject to completion of all necessary documentation. The proposed contract term is two years beginning June 1, 2026, with the option to renew for up to three additional two-year periods.

Please contact Tim Pinon, or me to discuss any questions or additional information needs. Thank you for this opportunity to serve Laredo College.

Orlando A. Saenz
Valley View Consulting, L.L.C.