

CITY OF _____, TEXAS

SAMPLE REQUEST FOR PROPOSAL

BANK DEPOSITORY SERVICES

_____, 20__

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Attachment A: Fee Proposal

CITY OF _____, TEXAS

**BANKING SERVICES AND DEPOSITORY
REQUEST FOR PROPOSAL**

_____, 20__

I. INTRODUCTION

The City of _____, Texas (the "City") is requesting proposals for bank depository services with service to begin _____, 20__ and extend through _____, 20__ [*three years*] with one possible two-year extension, if approved by the City Council.

II. PROPOSAL QUALIFICATIONS AND SUBMISSION INSTRUCTIONS

By submitting a proposal in response to this RFP, depositories will be deemed to agree to the City's mandatory contract and service provisions contained herein.

The proposal submitted will be incorporated into and form the basis of the bank depository services contract along with this RFP.

1. Proposal Format

A standard format for all proposals is required. A response must be given to each item in the order given along with completion and submission of Attachments A (Proposed Fees). Only proposals submitted in the prescribed format and using the provided Attachment will be considered and evaluated for contract award.

Proposal submission must be in paper form and include an electronic copy of the RFP responses and completed attachments for City archival purposes. This RFP is issued only in electronic form.

2. Schedule for Proposal Submission

The City will make every effort to adhere to the following schedule.

Xx/xx/xx	Release of Request for Proposal
Xx/xx/xx	Deadline for submission of RFP questions (2:00pm CST)
Xx/xx/xx	Responses to questions provided (2:00pm CST)
Xx/xx/xx	Deadline for proposal submission (2:00pm CST)
Xx/xx/xx	City Council Action to Award Contract
Xx/xx/xx	Contract commencement

3. Proposal Submission

To be eligible for consideration under this request, one paper original and one (1) copy of each proposal shall be submitted by 2:00 pm CST on **xx/xx/xx** to the two addresses below. Proposals received after that time at the City address will not be accepted and will not be returned.

The proposal must be delivered by mail, express mail, or in person to following address:

Name and address	phone
address	email

A **cover letter**, not to exceed one page, must accompany the original and be signed by an individual authorized to bind the institution stating that the proposal is valid for 180 days from the submission date. The cover letter may contain an executive summary of the proposal but should not contain any information not submitted as part of the proposal.

Any banking institution submitting a proposal is deemed to have read, understood and agreed to all terms, conditions and requirements set forth in the specifications.

4. RFP Questions

There will be no pre-proposal conference. Questions regarding this RFP, or the services requested, will be accepted in e-mail form only, at [redacted]@ [redacted] on or before 2:00 pm xx/xx/xx. Responses to all material questions submitted will be communicated by email to all known proposers by 2:00 pm xx/xx/xx. If you have no questions but want the responses please send an email requesting the information.

5. Selection Criteria

The following general criteria will be used by the City as the basis for weighting the evaluation and for award recommendation.

- 25 % - banking services costs,
- 25 % - responsiveness and ability to provide services required,
- 25 % - earnings potential and funds availability,
- 10 % - experience and continuity of bank and bank officials, and
- 15 % - creditworthiness of the bank.

Creditworthiness and bank continuity are critical elements and concerns. Any bank without the highest credit standings will be eliminated from consideration. The City also considers service capabilities and customer service as primary. Along with service, the City will consider the cost of those services as well as the earnings potential of idle cash under the contract. These elements will be combined during the evaluation of the proposals.

6. City Rights –

The City reserves the right to:

- waive any defect, irregularity or informality in the proposal or proposal procedures,
- reject any and all proposals,
- request additional information or require a meeting with bank representatives for clarification,
- cancel and/or reissue this request for proposal, and modify deadlines.
- accept any proposal or portion thereof most advantageous to the City,
- negotiate with respondents,
- retain any or all provisions of this proposal if any provision of this proposal or resulting contract is deemed invalid,
- select any proposal deemed to be in the City's best overall interest, and
- award the contract based on the overall best interest of the City.

7. Proprietary Information

To the extent permitted by law, proposals will be opened in a manner that avoids disclosure of the contents until after award of the contract. Proprietary information contained in the proposal should be designated as such on each page containing the information.

8. Bank Fees

The City will evaluate the proposals on a cost and earnings potential and both a fee and compensating balance basis for compensation will be considered. **The City reserves the right to change from compensating balances to fees or reverse on thirty (30) days written notice (corresponding to a reporting period) throughout the contract period to recognize earnings made possible by changes in interest rates.**

All item and account volumes are shown on Attachment A based on the prior year banking activity. No current account analysis will be released. All proposed fees should remain at the proposal price quoted for the duration of the initial three years of the contract period regardless of changes in service volumes during the period. Volumes shown on Attachment A were obtained from actual account analyses over a twelve month period.

Include all fees required to perform the services proposed. Include your fees if required to provide the service. Fees not listed on Attachment A for required services will not be honored by the City during the contract basis. The City recognizes that changes in service levels, especially made in response to new technology, cannot be anticipated. Any material changes in service volumes may be discussed with the City during the contract period but any change in resultant pricing will require written City consent.

Should entirely new services be required during the contract period not contemplated by this RFP, those services will be provided at more than the banking institution's *then-current published* rate.

III. FINANCIAL ENVIRONMENT OVERVIEW

The City currently maintains [redacted] accounts. Historical monthly collected balances for the accounts are outlined below. Aggregate collected balances average \$ [redacted] monthly for all accounts.

Description	Average Monthly Collected Balance
Operating Account	\$
___ Account	\$
___ Account	\$
___ Account	\$

The majority of banking activity will occur in the City's [redacted] Account. All wires, securities transactions, and transfers process through this account. The [redacted] Account is used to cover accounts payable, payroll, employee deferred compensation and tax payments. The account also directly receives ACH tax payments, utility customer drafts, and sends debt service payments.

Bi-weekly payroll checks are written from the Operating Account for approximately ___ employees for a total payroll averaging \$ _____. Direct deposit is used currently by 100 % of employees.

IV. FINANCIAL INSTITUTION QUALIFICATIONS

The proposal must include a response to each question in this Section.

1. Creditworthiness

Proposals shall provide, in response to this item:

- a. Provide a link to the latest audited annual financial statement. The bank will be required to submit an audited statement to the City each year of the contract period, as soon as it is available. Confirm agreement to this requirement.
- b. Provide the bank's current senior and subordinate debt ratings. The bank will be responsible for notifying the City within thirty (30) days of any change in these ratings during the entire contract period. Confirm agreement to this requirement.

2. Customer Service

Service will be a focus of the evaluation. Describe the bank's philosophy and approach to satisfying this need.

- a. How will the bank provide relationship support for banking services?
- b. How do the local employees and bank support the community and the City?
- c. Is the bank offering any transition or retention incentives? Describe fully and quantify completely.

3. References.

List references from at least three comparable public clients. For each reference, include the length of time under contract, a client contact, title, and email address.

4. Implementation timeline.

Provide the proposed, detailed timeline for implementation of the contract including the activities required by both parties and assignment of responsibilities during implementation.

- Note any provisions or requirements and when the implementation of services could or would be scheduled. (Specific information for lockbox implementation will be required below.)
- Denote any limitations.

V. REQUIRED BANKING SERVICES

The proposal must include a response to each of the questions in this Section and all associated fees must be detailed on Attachment A.

1. Account Structure

City anticipates utilizing the same account structure with _____. When a sweep is feasible the master would be swept daily to an SEC registered government money market mutual fund striving to maintain a \$1 NAV. Neither offshore accounts nor repurchase agreements are acceptable as a sweep vehicles. The City may be required or may desire to open additional accounts or change accounts during the contract period. Any new accounts shall be charged at the same contracted amount.

- a. Describe the bank's ability to provide a ZBA structure.
- b. Can the bank provide a sweep to a money market fund?
- c. If the bank is proposing a non-ZBA or sweep structure describe.
- d. For interest bearing and money market accounts indicate any index/basis used to set the rate on the account.
- e. Will balance based fees be charged to the account on the analysis? At what rate?

2. Automated Cash Management Information Access

The City requires web-based, automated cash management services and prior day balances at a minimum with reporting for timely access to balance information and transactions on all accounts. Imaging of all checks and image retention is required. Imaging of deposit slips and deposit items is preferred. Preferably statements and account analyses will be available in electronic form.

- a. Fully describe the bank's online service capabilities. List system capabilities (i.e. balance reporting, wires, positive pay, stop pay, etc.).
- b. Detail the availability of prior day and intra-day detail and summary reporting. When is prior day information available? What is included? Is intra-day information real-time or delayed? Specify.
- c. Define the image and history retention features available.
- d. Describe the security protocol for online services. How is the administration of the security module established and maintained?

- e. Provide a web link along with sign-on information for an online review of online systems, if available.
- f. How long are images of all kinds available online?

3. Collection and Deposit Services

Standard deposit services and remote deposit services are required. The City anticipates a daily deposit by staff with an average of _____ individual deposits per day. Deposits are batched with tapes attached. The City does not encode checks.

All deposits received by the bank's established deadline should be processed same day. The bank shall guarantee immediate credit on all incoming wire transfers, on-us items, and U.S. government securities maturities and coupons.

- a. What is the bank's daily cut-off time to assure same day ledger and, pending availability, collected credit at (a) banking center, (b) branch, and (c) via remote?
- b. Does the bank require, or prefer, strapping and rolling?
- c. When are credit/debit advices sent? Are these advices sent electronically?
- d. Do daily reports include activity by account and location?
- e. Does the bank offer deposit location tracking and deposit reconciliation?
- f. How does the bank handle discrepancies in deposit amounts? What settlement process is followed?
- g. How and when does notification of return items take place?
- h. What type deposit bags are used or required? Are these available from the bank? At cost?
- i. How much advance notice is required on change orders? Can orders be placed online? What is the turn-around time on orders?
- j. Include a list of all the bank's deposit locations in the City.
- k. Price the total fees which would apply to the following sample deposit as outlined below. (This does not reflect a *normal* City deposit and is used for comparison purposes only.) The cost would be \$_____ at a branch or \$_____ at a vault.

SAMPLE DEPOSIT:
The sample deposit would be made (a) in four (4) deposit bags, (b) with bundled but un-strapped currency, (c) with coins that are not rolled, (d) with tapes attached to bundled but not endorsed checks. The breakdown on the deposit is:

<i>Currency</i>				
Denom.	# Straps	Loose \$	Total \$	
\$100	5	\$ 300	\$ 20,300	
\$ 50	6	\$ 600	\$ 15,600	
\$ 20	4	\$ 340	\$ 4,340	
\$ 10	9	\$ 70	\$ 4,570	
\$ 5	22	\$ 175	\$ 5,675	
\$ 1	50	\$ 14	\$ 2,514	\$ 52,999
 <i>Coins</i>				
\$.25			\$ 427	
\$.10			\$ 114	
\$.05			\$ 10	
\$.01			\$ 2	\$ 553
 <i>Checks</i>				
	280 checks		\$140,252	<u>\$ 140,242</u>
				\$ 193,794

4. Remote Electronic Check Acceptance and Conversion

The City is interested in utilizing remote check deposit at _____ location during the contract period.

- a. Describe the bank's remote deposit process.
- b. What is the final cut-off time for remote deposits?
- c. How long must checks be retained by the City once remotely deposited?
- d. What options does the City have in scanners for use with the process? Is this equipment available through the contract? List the equipment required along with its approximate cost(s).

5. Disbursing Services and Commercial Card

Disbursing services are required to include the payment of all City payroll checks without charge upon presentation. The City requires positive pay services for all its checks and accounts and prefers payee verification.

The City has a mandatory direct deposit ____?_____policy for its employees. Currently pay cards are not used. Pay cards are discussed in a separate section of this RFP.

- a. When is daily check clearing information available online through intra-day reporting?
- b. Does the bank image all checks? When is the image available and how long it is retained online?
- c. Does the bank agree to cash all non-account holder City payroll checks without fee to the check presenter or the City?
- d. Does the bank offer a commercial card program? Describe payment schedules, controls, and liabilities.

6. Positive Pay and Partial Reconciliation

The City uses positive pay on _____ account with partial reconciliation. Positive pay is required on the all check writing accounts. The City will review the need for payee positive pay. The proposal must provide a fully automated and web compatible transmission process. Transmissions are made as part of each check run. Manual check information should be able to be input and transmitted online.

- a. Describe data transmission file and timing requirements for check registers.
- b. Is payee verification available?
- c. Is positive pay input for manual checks available online? Describe.
- d. Is exception reporting and handling managed totally online? Describe.
- e. At what time are positive pay exceptions reported to the City? How is it reported? Is the City alerted or must staff check daily for possible exceptions?
- f. At what time must exception elections be made and entered?
- g. Does the bank provide or have available fraud control paper check stock?

7. Wires and Internal Transfer Services

The City has an average of _____incoming and _____outgoing wires each month. Incoming wire transfers must receive same day credit. Wire initiation must be available online. The City will require compensation for delays caused by bank errors at that day's Fed Funds rate.

- a. Can outgoing wires be initiated and monitored online?
- b. Can repetitive templates be created?
- c. Is dual authorization required for repetitive and non-repetitive wires?
- d. Is future dating of wires available? How far in the future?
- e. State the bank's policy on the use of ledger balances for outgoing wires.
- f. Is the ability to do internal transfers available online? Is there a fee for transfers?

8. ACH Services

ACH services are required for _____ bi-weekly payroll direct deposit, direct debits for utility payments, transfers to pools, and for semi-annual debt service payments. On average there are ___ electronic credits posted monthly with ___ one-day and _____ two-day transactions monthly. The City requires pre-notification.

- a. Is ACH service fully available online for individual transactions as well as by transmission for batched files? What are the cut-off times.
- b. Does the bank have same day, one day and two day ACH?
- c. Can ACH items be future dated? How far in advance?
- d. Describe specific filters and blocks available? Define and describe all your fraud filter options.
- e. Are ACH addenda shown in their entirety online and on reports and statements? Describe.

9. Safekeeping Services

All City investments are made in accordance with the City's Investment Policy and will be made by the City or its investment adviser and instructions for safekeeping will be given to the bank by an authorized staff member or the adviser. The bank will be required to provide book-entry safekeeping services through the bank or an approved correspondent. All securities must be cleared on a delivery versus payment (DVP) basis and ownership documented by original safe-keeping receipts to the City. All interest payments and maturities shall be given immediate credit. The City wants the safekeeping fees to be applied to and paid through account analysis.

The City anticipates a current average of _____ securities in FRB (Federal Reserve) or DTC (Depository Trust) safekeeping. Ownership of the securities must be perfected and evidenced by an original safekeeping receipt sent directly to the City within one business day. The bank's brokerage services will not be used in order to perfect delivery versus payment (DVP) as required by statute and the City's Policy.

- a. Is online initiation and release available for securities?
- b. Describe bank safekeeping arrangements proposed internally or with a correspondent.
- c. If the bank is using a correspondent bank, identify the bank and describe the process to be used.
- d. The bank apply the safekeeping charges to the account analysis? Confirm.

The City may choose to purchase time deposits from the bank but all time deposits will be competitively bid. The bank may provide a set basis for establishment of CD rates if desired.

10. Collateral Requirements

The City requires a bank that is fiscally strong and able to provide the services described on an uninterrupted basis. City funds are public funds and fall under provisions of the Public Funds Collateral Act (Texas Government Code Chapter 2257) with additional restrictive City requirements. All time and demand funds above FDIC insurance coverage must be collateralized to **102%** market value with securities authorized by the City. Authorized collateral will include only:

- Obligations of the U.S. Treasury
- Obligations of U.S. Agencies and Instrumentalities (excluding letters of credit) to include mortgage backed securities which pass the *bank test*
- Obligations of any US state, their agencies and instrumentalities, and municipalities rated A or better by two nationally recognized rating agencies.
- FHLB Letters of Credit

Preference will be given to pledged securities.

All securities pledged to the City will be held by an approved independent third party institution outside the bank's holding company. The bank will be responsible for the pricing of securities and monitoring and maintenance of margin levels. The custodian will provide a monthly report directly to the City on the collateral pledged. Preferably the custodian will provide market values on the securities. A collateral agreement shall be executed under the terms of FIRREA¹ and approved by resolution of the bank's Board or Loan Committee.

The following conditions must be met as described and agreed to.

- Collateral must be held in an independent third party bank outside the bank's holding company.
 - All deposits will be collateralized at **102%** market value of principal plus accrued interest daily, excluding FDIC insurance.
 - The bank is responsible for the daily monitoring and maintaining of collateral margin requirements.
 - Pledged collateral will be evidenced by original safekeeping receipts/report sent directly to the City by the custodian.
 - The City will receive a report of collateral pledged including description, par, market value, and cusip monthly from the custodian at least monthly.
 - Substitution rights will be granted if the bank obtains the City's prior approval (or has online access to all collateral held) and if substituting securities are received before previously pledged securities are removed from safekeeping.
 - The bank shall execute a collateral agreement with the City for custody of pledged securities in full compliance with FIRREA not less than five days before commencement of the contract.
- a. Does the bank confirm agreement to the conditions stated above? If not, clearly define any exceptions and what will be substituted to assure City funds' safety.

11. Account Analysis

A monthly account analysis report shall be provided for each account and on a consolidated account basis.

- a. Provide a sample account analysis.
- b. State when the analysis will be available each month online or on paper.
- c. Is the analysis provided online.
- d. How long are analyses maintained online?

12. Monthly Statements

The bank will provide monthly account statements on individual accounts and on a relationship basis. All accounts are on a monthly cycle. Timeliness is critical.

- a. Provide a sample statement.
- b. State when statements are available in paper and online.
- c. How long are statements maintained online?
- d. If the monthly CD contains the statement, will there be an additional fee for a paper statement?

13. Overdrafts

Every effort will be made by the City to eliminate net aggregate daylight and overnight overdraft situations.

- a. State the bank's policy regarding aggregate overdraft charges and the fees, if any.

14. Stop Payments

The City currently averages _____ stop pay a month and requires a minimum six month stop pay period. An automated stop pay process is required.

- a. Describe the stop pay process.
- b. How long will original stop pays remain in effect?
- c. How are stop pays renewed? For what periods? Is it done online?
- d. Will the online system verify if the check was cleared before accepting the stop pay? How far back?

15. Company Banking

Describe any program the bank has in place to benefit the employees of the City including services provided and applicable fees to the City or employee.

- a. Is availability only for employees using direct deposit or on City employment alone?
- b. List the services available to employees.

VI. OPTIONAL SERVICE

The proposal must include a response to each question in this section and all fees associated with the service must be shown on Attachment A. If the service is not available respond as "Not Available".

The City continues to investigate new services for inclusion under its banking services contract. These services are not currently required but will be evaluated in terms of availability, feasibility, service levels, services provided and charges for current, or future, use under the contract. If the service is initiated later in the contract period the services and charges stipulated in this proposal will be applied.

1. Stored Value Cards (Pay Cards)

The City may consider pay cards for payroll. Users must have the ability to use the cards at point-of-sale as a debit card and/or for cash withdrawals at financial institutions and ATMs.

The purchasing ability of the cards must be limited to the stored value of the card. The City must provide an opportunity for card holders to access the total amount of their funds either through ATM withdrawals or counter presentation without incurring a fee at the bank's own facilities.

The City will be responsible for marketing the use of the program and has total discretion on the distribution of the cards.

- a. Does the bank provide pay cards or a comparable service? How long has this process been available?
- b. Provide three comparable references for the service.
- c. Describe the enrollment process. Is enrollment online and does it provide for batched and individual item processing?
- d. Describe your customer servicing. Is multi-lingual customer service staff available?
- e. Will the bank handle the escheatment process for terminated employees?
- f. Describe data transmission requirements and deadlines.
- g. Define all services charged to the card holder and show the associated fees.

2. Check Writing

The City is interested in check writing services.

- a. Describe your check writing service and the fees. List the fees involved.
- b. Where are checks written?
- c. Does the City's check writing volume lend itself to cost effective check writing by the bank?