

Request for Qualifications

The City of Bastrop, Texas has authorized sealed proposals to be received for:

Depository and Banking Services



SEALED PROPOSALS DUE: JAN. 8, 2025, 1:00 P.M. CDT

DEPOSITORY AND BANKING SERVICES

CITY OF BASTROP
1311 Chestnut Street
Bastrop, TX 78602

RFP Issue Date: December 11, 2024
Proposal Deadline: January 8, 2025

PROPOSAL FORM

- I. Introduction**
- II. Proposal Qualifications and Submission Instructions**
- III. City Financial Overview**
- IV. Financial Institution Qualifications**
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- VI. Optional Services**

Attachment A: Schedule of Banking Proposed Fees

I. Introduction

The City of Bastrop (the “City”) is soliciting proposals from Bastrop financial institutions, in accordance with the Texas Local Government Code Chapter 105¹, to serve as its primary banking services depository for the deposit of certain City funds and provision of banking functions for designated funds of the City. The depository services are to commence February 1, 2025 and extend through December 31, 2029, pending City Council approval.

The objective of this Request for Proposal (“RFP”) is to identify the financial institution (the “Depository”) most capable of providing the highest level of service at the lowest cost to the City. Through this contract the City intends to minimize banking costs, improve operational efficiency, and maximize earnings. This RFP includes the City's cash management goals and specifies all required qualifications, banking services required, estimated activity volumes on all accounts. It also specifies the method and terms of compensation, proposal submission instructions and contract award provisions. All qualified institutions, as defined below, are invited to submit a proposal.

Institutions responding to this RFP must be insured through the Federal Deposit Insurance Corporation (FDIC), must be located inside the City limits, and must demonstrate the capacity to meet the City's requirements as stated in the RFP.

The RFP process is in accordance with Texas Local Government Code Chapter 105. Investments will be governed by the Government Code, Chapter 2256; the Public Funds Investment Act. Securities pledged as collateral to secure City deposits will be governed by the Local Government Code, Chapter 2257, the Public Funds Collateral Act as well as the more restrictive City Investment Policy and this RFP.

Depository RFP Questions

Any communication with City staff or City Council members regarding this RFP is strictly prohibited. All questions will be addressed through the process outlined below. Disregard of this provision could result in rejection of the proposal.

¹ Local Government Code <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.105.htm>

II. Proposals Qualifications and Submission Instructions

By submitting a proposal in response to this RFP, each depository will be deemed to agree to the mandatory contract and service provisions contained herein. This RFP and the proposal submitted will be incorporated into and form the basis of the bank depository services contract.

Proposal Format

In order to equitably evaluate each institution's ability to meet the service needs of the City, a standard format for all proposals is required. A response must be given to each item in Sections IV through VI in the order given along with completion of Attachment A. Only proposals submitted in the prescribed format and using the provided Attachment will be considered and evaluated for contract award. The City anticipates and appreciates concise and complete proposals. However, additional explanatory information or materials may be included in the proposal submission

The City reserves the right to reject any and/or all proposals and if any portion or provision of this proposal and/or any contract between Depository and City entered into is invalid, the remainder, at the option of the City, shall remain in full force and effect and not be affected.

Selection Criteria

The following general criteria will be used by the City for evaluation of the proposal.

- Cost of required banking services
- Automated and banking services offered and available
- Funds availability schedule
- Financial strength of the institution
- Earnings potential in differing account structures
- Terms and capabilities for required services
- Internal controls
- Collateralization
- Customer service

The City reserves the right to accept the proposal the City considers most advantageous. Acceptance of a proposal will be based on the total package of services offered by the banking institution.

Questions Regarding the RFP

There will be no pre-proposal conference. Questions regarding this proposal request, or the services requested, will be accepted in e-mail form only.

- Submit all questions to vpsencik@cityofbastrop.org by 3:00 pm, December 18, 2024.
- Responses to all questions submitted will be emailed to all known proposers by 1:00 pm on December 20, 2024.

Contact with any City staff or Council member in regard to this RFP is strictly forbidden and could result in rejection of the proposal. Oral explanations or instructions given before the award of the contract are not binding. All questions are to be addressed through the written electronic process outlined above.

Proposal Submission

The RFP is being issued in electronic form only. However, submission of the Original Proposal must be in written form. Notification of the RFP has been made through publication in the Elgin Courier. The RFP can be requested by emailing a request to vpsencik@cityofbastrop.org. The RFP and all Attachments will be provided electronically only.

To ensure a close working relationship and to facilitate services, only depository institutions with full depository service capabilities within the geographic boundaries of the City will be considered.

The proposal must be submitted in a sealed envelope or packet marked **"DEPOSITORY SERVICES PROPOSAL – CITY OF BASTROP; DO NOT OPEN UNTIL 5:00pm JANUARY 8, 2025."** An accompanying **cover letter** must be (a) signed by an individual authorized to bind the institution and negotiate conditions of the contract, (b) state that the proposal is valid for 180 days from the submission date, and (c) give full contact information for information on the proposal. The cover letter may not exceed one (1) page in length.

To be eligible for consideration under this request, one (1) original and one electronic copy on CD or jump drive, shall be submitted by 5:00 pm on January 8, 2025 to the address below. Proposals received after that time in the City will not be accepted and will not be returned. No late bids will be considered.

The original and the electronic copy of the proposal must be delivered by mail, express mail, or in person to:

Victoria Psencik
City of Bastrop
1311 Chestnut Street
Bastrop, TX 78602

emcilwain@cityofbastrop.org
vpsencik@cityofbastrop.org

No information except the names of proposing banks will be released at the opening.

Notification of the RFP will be emailed to the corporate offices of banks within the boundaries of City of Bastrop.

Schedule for Proposal Submission

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

December 11, 2024	Release of Request for Proposal
December 18, 2024	Deadline for questions concerning the RFP or services requested
December 20, 2024	Responses sent to all known interested depositories
January 8, 2025	Deadline for proposal submission
January 14, 2025	City Council first reading of award of contract
January 28, 2025	City Council second reading and award of contract
February 1, 2025	Contract commencement

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;
- accept any proposal or portion thereof most advantageous to City;
- request additional information or require a meeting with Depository representatives for clarification;
- cancel, revise, and/or reissue this request for proposal or any portions thereof,
- negotiate any conditions;
- retain all other provisions even if any provision of the proposal is deemed invalid;
- modify deadlines; and
- select any proposal deemed to be in its best interest as determined by the City.

Other

1. The successful depository will notify the City in writing within ten (10) days of any changes in Federal or State regulations or laws that would thereafter affect the depository agreement throughout the contract period.
2. The bank's records relating to the City's accounts shall be open to review by either the City or its independent auditors during normal business hours.
3. The City reserves the right to pay for Depository services by target balances or by fees.
4. This RFP and the proposal submitted will be incorporated into and form the basis of a master bank depository services and service contracts. Fees will be set for the entire contract period as proposed in the RFP Response.

Bank Compensation

The City reserves the right to pay for banking services on either a fee and/or compensating basis. A decision on the methodology to be used will be made initially only after analysis of the proposals and on an on-going basis as interest rates change. A change of methodology will require a notification from the City no less than twenty days before the first of the month in which the methodology changes on the first day of the next month.

If a fee basis is utilized, the bank may direct debit the designated account five days after City receipt and by the City for the approval of fees each month. The City reserves the right to choose what funds are left in the bank at any time. The decision will include the availability of a sweep mechanism and the interest rates being offered by the bank.

If a compensating balance basis is utilized with a sweep (when rates increase) the sweep will be made to the compensating balance needs. Carry-over settlement is required on a semi-annual basis.

All fees shall be fixed for the entire contract period as proposed on Attachment A. Only fees listed on Attachment A will be accepted. Attachment A should list all charges needed to provide services outlined or submitted as part of this proposal. The AFP number and basis of the charge (per item or per account/month) should be clearly noted for analysis purposes. If services or unbundled charges needed to provide these services are not currently listed on Attachment A, add same by name and AFP number, including applicable fees. If the bank uses its own internal service charge numbering system that can be added to aide reconciliation in the future.

III. City Financial Overview

The City's Finance Department handles all banking, treasury, and investment activities as well as accounts payable, receivables, payroll, and financial reporting functions. The Chief Financial Officer (CFO) is responsible for these areas and reports to the City Manager. The City has multiple locations at which funds are collected but only small library and court deposits are made directly. The deposits are approximately 93% checks and 7% cash and average \$4,500. All deposits are made to the local branch bank from Finance by City personnel OTC or through the drive-through. The City makes an average of 80-100 separate deposits monthly (or approximately four bagged deposits per business day). The Accounting Department handles all reconciliations. A breakdown of deposits is found on Attachment A.

The City has an average of 190 employees and the payroll is paid on a biweekly basis. Approximately 90% of employees utilize direct deposit. No pay cards are currently used.

The City wants to automate banking services whenever efficient and cost effective. This proposal should address automation potential on any services.

The City currently maintains three (3) bank accounts. The average month-end ledger balance for all accounts is \$ 925,000.

<u>Title</u>	<u>Avg Month-end Combined Ledger Balance</u>	<u>Type</u>
Pooled Cash Account	\$ 500,000	Stand-alone
EDC Operating Account	\$ 175,000	Stand-alone
Wells Escrow MM Account	\$ 250,000	Stand-alone

The EDC Account is under a different tax identification number, separate from the City, and as a public corporation, are not eligible for collateralization. This account will be maintained below the FDIC insurance level. The escrow account is stable funds being held for specific purposes/reimbursement.

An additional insurance trust account may be added from which insurance company direct debits will be funded from a transfer from the Operating account. The City may also consider changes to the account structure under new contract including use of a ZBA structure.

- Most daily activity will occur in the Pooled Cash Account.
- Most disbursements, excluding payroll, are made from the Pooled Cash Account. are required on an as-needed basis (usually several in a year)
- ACH transactions occur primarily in the Pooled Cash and EDC Accounts.
- The city doesn't currently use Positive Pay but will want this option available. - optional
- Reconciliation services are not currently used.
- City downloads checks for bank reconciliation

- Approximately \$2.5M is processed in payables monthly with payable runs weekly.
- The City has a \$950,000 a month total payroll with approximately 90% direct deposit.
- The City has an average 190 employees. Payroll is paid on a biweekly basis.
- The City uses Incode for its financial reporting.

Sweep Structure

When the interest rates increase, the City may evaluate the use of a sweep account into a money market mutual fund or an internal bank account. Every proposer should be able to provide a sweep mechanism. The City will utilize interest bearing or money market accounts dependent upon interest rate opportunities and will decide on the use of the account as interest rates and conditions vary. All decisions will be made by the City. Any or all City funds may be maintained and invested by the City outside this contract. The City will be under no obligation to maintain funds in the bank except under a compensating balance situation.

The City will continuously monitor the bank's performance against provisions of the agreement, including the bank's proposal submitted in the response to this RFP. The Finance Department will also be responsible for administering the agreement with respect to day-to-day activities, including deposits and withdrawals, ACH transactions, maintenance of account balances, daily reporting, etc. A list of City personnel authorized to deal directly with the bank will be provided following award of contract. The bank shall provide the City with a similar list of authorized personnel.

IV. Financial Institution Qualifications

To be considered, the proposal must include a response to each question in this Section.

1. Creditworthiness

In order to fulfill the City's fiduciary responsibility and to protect public funds, each bank submitting proposals shall provide the following:

- Provide an audited annual financial statement for the most recent fiscal period. The financial statements may be submitted in electronic form or provided as a reference link on the internet. 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.
- Provide certification of the bank's Community Reinvestment Act (CRA) rating by its rating agency.
- Provide the bank's credit rating on senior and subordinate debt. If debt ratings are not available submit the bank's most recent rating from a bank rating agency.
- The bank will be contractually liable for notifying the City within thirty (30) days of any change in any of these ratings during the contract period. Confirm agreement to this requirement.

2. Customer Service

Service is important to the City on a continuing basis. Describe the bank's philosophy and approach to satisfying this need through the following responses.

- What is distinctive about the bank's approach to customer service? How does the bank anticipate satisfying the City's need for superior customer service?
- How many service individuals does the bank have in the local bank? How will the bank provide the City with relationship support for its services?

- c. What structure does the bank use to coordinate communication between the City, the local representatives and necessary holding company departments when assisting with problems, new services or implementation of new products?
- d. Is there a formal process for escalation of issues that are unresolved? How will service and overall contract performance be monitored?
- e. How does the bank intend to support the new and ongoing automation needs of the City?
- f. Is the bank offering any transition or retention incentives? Describe fully and quantify completely.
- g. What support will the bank be able to offer the City in a disaster situation to maintain stable banking functions? Focus on systems, telecommunications and power, operational facilities, and transportation.
- h. The City requires the right to use a third party auditor to review the City's accounts, collateral, transactions, and bank records at any reasonable time. Confirm agreement with this condition.
- i. Under state law the depository will be required to review the City's Investment Policy and certify to that review in accordance with Texas Local Government Code 2256. The City's investment policy can be found on the City website. Confirm agreement with this requirement.
- j. How often do ban officials intend to meet with the City?

3. References.

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

4. Depository Agreement and Service Agreements

Provide a copy of all depository and service agreements which will be required to be executed under the contract for services rendered (including depository and collateral agreements). Any changes required on the agreements will be discussed and agreed upon before award of the contract is made by the City.

- a. Provide all the agreements required.

5. Implementation timeline.

The contract period will commence February 1, 2025. The City recognizes that not all services and funds will be transferred by this date but expects that all services should be available by that date and that all services should be transferred by April 30, 2025. Collateral should be in place three days before any funds are transferred.

- a. Provide a proposed, detailed timeline for implementation of the contract. Include each activity required defined by its responsible party and assigned responsibilities. Denote any limitations or potential delay points.

Default in promised delivery of services, without acceptable reasons, or failure to meet the terms or conditions of the depository contract without remedy, shall result in the City having the right to terminate the contract, but the exercising of such right to terminate the contract does not limit any other remedies the City may have for damages or other relief under law.

V. Required Services

To be considered, the proposal must include a response to each of the questions in this Section and all its associated fees must be detailed on Attachment A. Add any level of detail as necessary for complete disclosure.

It is the City's intent that the contract negotiated between the City and the depository selected through this process will encompass all the services and conditions required here. Additional services offered by the Respondent may be included in an appropriate section or separately. In addition, Section VII requires supplemental information on "Optional Services" that the City does not require but may review for potential use during the contract period.

The Required Services are minimum requirements, and any respondent refusing or failing to provide such minimal services will not be considered for selection as the City's depository.

1. Account Structure

The City is interested in assuring that all funds are earning at the best, then-current interest rates at all times. The City has not used a sweep and because of the current low rates does not anticipate immediate use of an automated daily sweep but when rates rise (as they are expected to do during the contract period) a sweep mechanism should be available. The sweep should be to a SEC-registered money market mutual fund or a bank internal account alternative if applicable and competitive.

The money market fund would preferably AAA-rated. The fund will be structured as a *government* or *enhanced government* fund (not a prime fund). If the bank has a valid alternative to a SEC money market fund which is in compliance with the City's Investment Policy, it may be presented in the proposal.

Neither a repurchase agreement nor off-shore accounts are acceptable as sweep investment vehicles.

In the responses to the questions below the bank should clearly describe the bank's most cost effective account structure for both low and higher interest rates. Automated distribution of interest to the individual accounts on a sweep is preferred but not required and will be decided upon on the basis of cost.

- a. Describe the most efficient and cost effective proposed account structure for the City based on information provided.
- b. Describe the bank's ability to provide a ZBA structure and indicate whether the individual accounts would be swept first to a master account or be swept directly from individual accounts.
- c. Describe alternatives to a sweep to be used during this low interest rate environment before MMMF sweeps again provide a viable alternative. Is the bank offering an internal interest bearing account for investment? Describe the account structure proposed including the type of accounts.
- d. If the bank's interest bearing accounts are indexed, what are the index bases?
- e. Will sweep activity, when used, be reported on a daily detail basis (each debit and credit) or summarized on a monthly basis in reporting?
- f. Can interest from sweeps be applied at the individual account level?
- g. Provide the prospectus for any sweep fund alternatives being offered. A AAA-rated, SEC registered fund is preferred for the sweep.
- h. Is the sweep processed as and End of Day (EOD) transaction? If not, describe how funds are collateralized overnight and at what interest rate are they earning.
- i. The City may be required or may desire to open additional accounts or close/change accounts during the contract period. Any new accounts and service fees shall be charged at the same contracted amount. Confirm agreement to this condition.

- j. Will the bank assess a direct, hard dollar FDIC charge on the account analysis? At what rate is it currently charged?
- k. Is the bank a member of the Federal Reserve? If not what bank acts as its correspondent?
- l. Describe your analysis carry-over policy. (The City prefers a semi-annual carry-over.)
- m. Does the bank have any program to use excess earnings credits for additional or alternative services outside of banking services such as printing? Describe fully.

2. Cash Management and Treasury Automated Information

The City requires web-based, automated cash management services and daily balance reporting (inter- and intra-day information) with a minimum of 60 day retention, for timely access to balance information and transactions. It requires user friendly automation in all service areas. 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.

The City does currently download bank information to City files and desires timely access to downloadable information for downloads to the City's accounting software. Minimum on-line services should include online balance reporting, stop pays, ACH, account transfers, and wire transfers. Daily balance reporting should include detail on all transactions with summary reporting on closing ledger and collected balances along with one-day float, at a minimum.

- a. Fully describe the bank's on-line service capabilities and systems. List system's online capabilities by function (i.e. balance reporting, wires, positive pay, stop pay, etc.). Describe any differentiation on transaction and summary account types.
- b. Describe fully the ability to search on historical transactions and reports as well as the ability to retrieve and download historical images. Can the City create customized reports?
- c. Address the down load capabilities to the City's systems. What information can be formatted and downloaded. Denote any formatting limitations. The City prefers a .csv file format.
- d. Detail the availability of prior day and intra-day detail and summary reporting. Is intra-day information real-time? Detail the level of information available on both prior and intra-day reporting.
- e. Define the retention/archiving features available.
- f. Describe the security protocol for online services. How is authentication and authorization provided? How and by whom is the administration of the security module established and maintained?
- g. What are the hours of available technical support? How is support provided?
- h. Submit samples of major screens and reports available or provide a website and sign-on information for an on-line review of all the City functions, if available. If not available, submit screen prints.

Optical Imaging

The City currently retrieves optical check images on-line. No physical checks are to be returned. In an effort to reduce paper handling and storage, the City is focused on imaging of documents as much as possible.

- a. Describe the bank's optical imaging process and list the items captured (checks, statements, deposit slips, deposited items, etc.).
- b. What images are available on-line? When? How long are images maintained on line?
- c. Is there a fee for creation, use and retention of images? Describe.
- d. Are all images downloadable?

3. Standard Deposit Services

Standard commercial deposit services are required. No checks are encoded and the City is not using remote deposit. Coins are not rolled and may be in partially filled bags. Currency is not strapped. On average the City makes an average of 80-100 separate deposits per month in four bags by City personnel. Deposits are batched with tapes attached. Deposits are made to the local branch and drive-through. The City currently accepts payments through their depository's Bill Pay services.

The City expects all deposited checks to clear based on the bank's current published availability schedule, but, any expedited availability options should be noted in the proposal. All cleared deposits received by the bank's established deadline must be processed for same day credit. The bank shall guarantee immediate credit on all incoming wires, ACH transactions, on-us items, and U.S. government security maturities and coupon payments. Failure to credit City accounts in a timely fashion will require interest payment reimbursement to the City at the then-current daily Fed Funds rate.

- a. What is the bank's daily branch cut-off time to assure same day ledger credit and, pending availability, collected credit at the branch?
- b. Must deposits of any kind be made to a vault? Explain fully.
- c. Does the bank provide for location tracking on deposits?
- d. Does the bank require or prefer strapping and rolling? What are the cost options/benefits/requirements for separating cash and checks?
- e. Is there any limit to the number of deposits in one bag? Are the advices by deposit?
- f. When are credit/debit advices sent to the City? What delivery options are available for advices? (Preference will be given to electronic delivery.) Are images of originals created and available on each advice?
- g. Does the bank have any program to actively assist the City in collection through ACH?
- h. Are all deposits designated by location and tracked as such through the reporting?
- i. How does the bank handle discrepancies in deposit amounts? What dollar limits are used for decisioning? What settlement process is followed?
- j. How and when does notification of return items take place? Describe process.
- k. What type deposit bags are used or required? Are these available from the bank?
- l. How much advance notice is required on coin and currency orders? Can orders be placed on line? What is the turn-around time on orders?
- m. Describe any program available for immediate credit on coin/currency such as a **smart safe**.
- n. Include a list of all the bank's deposit locations within the City's limits (excluding ATM deposits).
- o. Price and report the total fees which would apply to the following sample deposit outlined below i.e., *the total cost of the deposit handling would be: \$ _____*. (This does not reflect a normal City deposit and is used for cost comparison purposes only.)

Remote Deposit Services

The City does not currently use remote deposit. The City processes an average of 1,575 checks for deposit a month. The City plans to possibly use remote deposit in its central utility cashing area. A web-based system is required.

- A. Describe the bank's capabilities for remote capture. Describe equipment needs, capabilities, and limitations.
- B. What is the final deposit cut-off time with remote?
- C. Are there any limitations on batch size or number of transmissions per day?
- D. What options does the City have in scanners for use with the process in various volume locations? Is this equipment available through the contract: purchase or lease? List the equipment required.

4. Standard Disbursing Services

Standard disbursing services for the operating account is required to include the payment of all City payroll checks without charge upon presentation. The City's current account structure is described above in the Financial Overview Section.

The City does not currently utilize positive pay services on all accounts but will require it for all check writing accounts under the proposed contract. DISCUSS

- a. When is daily check clearing information available online through intra-day reporting? How long are transaction details maintained online?
- b. Does the bank image all checks? When are images available?
- c. The City requires that the bank shall cash free of charge all payroll checks for City employees regardless of the individual's account status with the bank. Confirm agreement with this condition.
- d. Describe any payment consolidation services available. What data transfer options are available for payment consolidation systems?

5. Account Reconciliation and Positive Pay – DISCUSS POSITIVE PAY AS OPTIONAL

The City is not now utilizing but will require positive pay services with complete indemnification for fraudulent checks on check-writing accounts. Payee verification is desired but not required. The proposal must provide a fully automated, web compatible transmission process for positive pay. Transmissions of the check registers will be made as part of each check run. Manual check information must be able to be input online.

- a. Describe data transmission file and timing requirements for check registers. Are transmissions charged by file and by detail item?
- b. Is positive pay input for manual checks available on-line?
- c. Is exception reporting and handling managed totally online?
- d. At what specific time is positive pay exception information reported to the City? At what specific time are decisions required on exceptions?
- e. Is e-mail notification available for exceptions or must the City take an action to check for exceptions? Describe.
- f. Describe your payee verification process.
- g. Does the bank review exceptions errors for possible repair before creating a City exception item? Describe process.

- h. Are all checks, including those received over-the-counter by the tellers, verified against the positive pay file before processing? How often is teller information updated? If not verified, what are the process, liability, and security on OTC transactions?
- i. Are positive pay services provided without charge when provided in tandem with reconciliation services? Describe alternatives and pricing structures available.
- j. What are the available default dispositions for payment or return? (pay, hold, do not pay)
- k. Describe your partial reconciliation services. Specify data transmission requirements.

6. Funds Transfer and Wire Services

The City currently uses very few wire transfers with possibly only one per month and has only a few repetitive templates in place.

Incoming wire transfers must receive immediate same day collected credit. Wire initiation must be available online and online monitoring is preferred. The City requires that wires be released the same business day if information is provided by the established deadline.

- a. Can all wire and transfer transactions be initiated online? Monitored online?
- b. Can repetitive templates be created and stored? Is there a limit to the number of templates? Is there a fee for template storage?
- c. What level of authorization/release do repetitive or non-repetitive wires require? Is authorization for repetitive and non-repetitive the same?
- d. Is future dating of wires and transfers available? How far in advance?
- e. Describe the processing on book debits/credits and transfers.
- f. Are advices provided electronically or shown only as details on reports?
- g. State the bank's policy on the use of ledger balances for outgoing wires in anticipation of scheduled activity or incoming wires.

7. ACH Services

The City encourages ACH transactions for vendor transactions as much as possible. Originating ACH is from the Pooled Cash and EDC Accounts for major payments with an average of 140 per month.

- a. Is online ACH service available for individual transactions as well as by transmission for batched files? Describe.
- b. What is the policy and process for handling of ACH returned items?
- c. Can ACH items and files be future dated? What is the maximum warehouse time?
- d. What specific filters and blocks are available?
- e. What policy and process is used for file and item reversals and deletions?
- f. Are ACH addenda shown in their entirety on-line and on detail reporting, reports and statements? Does access to this information require access to additional, additional specific EDI modules?
- g. Will the City incur a transmission and/or file processing fees for on-line individual ACH transactions?
- h. What protective measures has the bank taken to prevent or recover from electronic fraud?

8. Safekeeping Services

The City has not used safekeeping services but may do so in the future. The bank would be used to provide book-entry safekeeping services for securities owned by the City. All City investments will be made by the City and instructions for clearing and safekeeping will be transmitted on a trade ticket to the bank. The bank will not be used

for brokerage services to assure settlement on a DVP basis. The City may choose to purchase time deposits from the depository but all time deposits will be competitively bid at the time of purchase.

All securities must be cleared on a delivery versus payment (DVP) basis and ownership documented by original confirmations/receipts provided within one business day of the transaction. Funds for investments will be drawn from the designated operating account. All coupon payments and maturities must receive automated same day collected credit on the City designated account without requiring any additional City action.

If the bank is not a member of the Federal Reserve and utilizes a correspondent bank for safekeeping the process shall not require additional interaction by the City. No delay in transactions, wires, or flow of funds will be acceptable under a correspondent relationship.

- a. Does the bank currently provide safekeeping services?
- b. Can settlement information be input online?
- c. Is online information available for securities in safe-keeping?
- d. Describe bank safekeeping arrangements proposed. Identify any correspondent bank used for custody. If a correspondent is to be used, define the process and confirm same-day crediting/debiting on all transactions.
- e. Are services bundled under safekeeping by cusip or Par amount or are charges made for individual clearing, safekeeping and income distribution?
- f. Are safekeeping fees hard charged or charged through the account analysis?
- g. Are notifications sent on all transactions? When and how?
- h. What time are delivery instructions required? Is there a fee charged for late instructions.

9. Collateral Requirements

Authorized collateral, as defined below, must be pledged against the total of time and demand deposits net of FDIC insurance with a 102% margin on the collateral maintained daily by the bank. All the requirements, including those beyond the Public Funds Collateral Act, must be met by the bank.

The proposal must state agreement to the following terms and conditions.

- All collateral pledged to the City must be held in an independent, third party bank outside the bank's holding company.
- A collateral agreement shall be executed or incorporated in the depository agreement in full compliance with FIRREA requiring a bank resolution. (Or completion of Circular 7 if the Federal Reserve is acting as custodian.)
- All time and demand deposits above FDIC coverage shall be collateralized at a minimum of 102% of principal plus accrued interest daily.
- The bank shall be contractually liable for the daily monitoring and maintaining of collateral at the City's required margin levels.
- Pledged collateral shall be evidenced by original safekeeping receipts/report sent directly to the City by the custodian within one business day of receipt.
- The City shall receive a monthly report of collateral pledged including description, par, market value and cusip directly from the custodian.
- Substitution rights shall be granted if the bank obtains the City's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.
- Collateral must be in place before any original deposits are made.
- Authorized collateral includes only:
 - Obligations of the US Treasury.

- Obligations of US Government agencies and instrumentalities including mortgage backed securities and CMO which pass the bank test.
 - US state and local obligations rated A or better.
- a. State the bank's acceptance of the collateral conditions above. Note clearly any exceptions.
 - b. What institution will the bank use for the Custodian?
 - c. Are there collateral fees? What are they? How are they charged?

10. Account Analysis

Monthly account analysis reports must be provided for each account and on a consolidated account basis. Within five business days of receipt of the monthly account analysis, and subsequent approval of the fees by City, the bank may direct debit the designated account for fees due if compensation is being calculated on a fee basis.

A complete account analysis will be required monthly regardless of the payment basis.

- a. Provide a sample account analysis.
- b. When is the analysis available each month? Is it on-line and/or paper
- c. Are paper statements also sent to the City if provided online?

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11. Monthly Statements

The bank must provide monthly account statements on all accounts with complete supporting documentation. All accounts must be on a calendar monthly cycle. Timeliness of statements is critical.

- a. Provide a sample monthly statement.
- b. When and how are monthly statements available each month: online and/or paper form? How long is it on-line?
- c. Are the statements on the monthly imaged CD-Rom?
- d. Are paper statements also sent to the City if available online? Is there a fee for paper statements?

12. Account Executive

To insure smooth contract implementation and continuation of service levels, a specific account executive and a back-up for banking and automated services must be assigned to the City account to coordinate services and expedite the solution of any problem encountered. The account executive should be available to meet with City staff on banking matters as needed and at a minimum semi-annually.

- a. Provide the name, title and location of the proposed account executives. What level of support is provided by the local representative?
- b. How are technical or operational problems, questions, or changes to be handled?

13. Overdrafts

Every effort will be made to eliminate daylight and inter-day overdrafts. However, because this situation may arise, state the bank's policy regarding overdraft policies detailing rates and fees to be charged on a per event basis. The City prefers aggregation of accounts for overdraft purposes.

- a. Are all accounts aggregated for overdraft calculation purposes or do accounts stand-alone?
- b. State the rate basis and any fees for intra-day and inter-day overdrafts.

14. Stop Payments

The City averages two stop pays per month. An automated stop pay process is required.

- a. What are the time periods available for stop pays? What are the time periods for extended stop pay periods? Is there a fee for renewals?
- b. Can stop pays be initiated and renewed online? Is there any paper follow-up required?
- c. Can positive pay files be used for stop pays?
- d. What is the deadline for same day action on stop pays?
- e. What information on current and expiring stop pays is available on-line?
- f. Will the on-line system verify if the check was cleared before accepting the stop pay?

17. Company Banking

The City is interested in giving its employees the opportunity for enhanced banking services.

- a. Does the bank have a banking services program available for City employees?
- b. List services provided under this program with applicable discounts or fees to the City or employee.
- c. Is availability of the program based on use of direct deposit or City employment?

VII. Optional Services

The City continues to investigate and evaluate new services for inclusion under its banking services contract. These services in this Section are not currently required but will be evaluated in terms of availability, feasibility, service levels, services provided, and charges for potential current, or future, use under the District banking contract. Availability of the service and level and cost of the service will be a secondary consideration in the evaluation of the primary proposal since the services are not required.

The District reserves the right to accept optional services offered. If an optional service is initiated later in the contract period, the services and charges stipulated in the bank's proposal in response to this RFP will be applied.

If the bank currently does not offer the service identified, but is planning to make it available during the contract period, the bank should so stipulate in its proposal and should state the anticipated date of activation.

a. Stored Value Cards

The City does not currently utilize stored value cards (as pay cards or for other uses) but may consider their use. Users would have to 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 City would not want the employee using a pay card to pay fees monthly.

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 account information either through ATM or counter presentation without incurring a fee at the bank's own facilities.

The City will have total discretion on the distribution of the cards. The banking institution is required to provide card holders with all processing and transaction information. Services expected from the bank would include at a minimum:

- embossing, encoding and distributing cards as directed by City
 - provision of electronic statements to cardholders via on-line web access
 - administration of accounts: maintenance of accounts, proposal of funds, authorization of transactions, related tracking
 - customer service functions
- a. Does the bank currently provide stored value cards or a comparable service? How long has this process been available?
 - b. How many customers use the service? Provide three public references.
 - c. Which program (authorization mark) does your program use? (Visa, MasterCard, etc.)
 - d. Detail the charges which be incurred by the holder of the card.

b. Smart Safes

The City is interested in more information and the possible use of smart safes for coin and currency deposits.

- a. Does the bank have any arrangement with the courier services to provide smart safes? Describe.

c. Check Printing

- a. Does the bank have any program for check printing, i.e. utilizing a file from the City for generation and mailing of City checks? Describe.

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