



# City of Leander

**Request for Proposal # 2015 -014  
BANK DEPOSITORY SERVICES**

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## I. INTRODUCTION

The City of Leander (the "City") is requesting proposals for a three (3) year bank depository services contract with option to renew for two successive one-year terms. Anticipated contract start date is July 1, 2015.

Through this contract the City intends to minimize banking costs, improve operational efficiency and information flow, and maximize its investment capabilities. The banking services provided should allow the City to conduct business operations effectively and economically. This Request for Proposal (RFP) represents the City's cash management goals, specifies all required qualifications, the banking services required, the estimated activity volumes on all accounts, the method and terms of compensation, submission instructions and contract award provisions. All qualified institutions, as defined below, are invited to submit a proposal.

Institutions responding to this Request for Proposal (RFP) must be insured through the Federal Deposit Insurance Corporation (FDIC) and must be able to demonstrate a capacity to meet the City's requirements as stated in the RFP.

## II. PROPOSER QUALIFICATIONS AND SUBMISSION INSTRUCTIONS

**By submitting a proposal in response to this RFP, depositories 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.**

### 1. Local Presence Not Required

The City Council will consider proposals not only from banks doing business within the city limits, but also from banks not doing business within the city limits. However, the City reserves its right to award a contract based upon its determination of the best interests of the City in accordance with the RFP selection criteria.

### 2. Proposal Format

In order to equitably evaluate each bank's ability to meet the banking service needs of the City, a standard format for all proposals is required.

A response must be given to each item in Sections V - VII of this RFP along with completion of Attachments A and B. Responses must be in the same order as the questions presented, stating acceptance of, modifications or additions to, or a statement of the inability to provide said service. Only proposals submitted in the prescribed format and using the provided Attachments will be considered and evaluated for contract award. Additional explanatory information may be included as part of a proposal.

An electronic copy of this RFP, its exhibits and attachments, will be made available upon request. Proposers are solely responsible for any inadvertent alteration to the RFP, its exhibits and attachments. Submission of the Proposal must be in written form; no electronic submissions are acceptable.

### 3. Schedule for Proposal Submission

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

02/12/15	Release of Request for Proposal
02/24/15	Questions due to City regarding RFP from any proposer
02/27/15	Responses to any questions submitted to be provided to all known proposers
03/12/15	Deadline for proposal submission
04/16/15	City Council award of contract (subject to change)
07/01/15	Anticipated Contract commencement

Award announcement will appear on the City's website at <http://www.leandertx.gov/rfps>.

### 4. Proposal Submission

One (1) original, two (2) complete copies, and one (1) electronic copy of the proposal shall be submitted by 2:00 pm CST on **March 12, 2015** to the addresses listed below. **Proposals received after that time at City Hall will not be accepted or considered. Late submittals will not be returned. The proposal must be submitted in a sealed envelope or packet marked "RFP# 2015-014 Bank Depository Services."** Electronically submitted proposals are not acceptable.

**A cover letter must be signed by an individual authorized to bind the institution, state that the proposal is valid for 180 days from the submission date, and give full contact information regarding the proposal.**

The electronic copy required shall contain a complete copy of Respondent's submission in an acceptable electronic format (PDF, RTF, TXT, DOC, XLS). The copy shall include all documents required by this RFP and shall be titled: **"RFP 2015-014- Complete copy of [Name of Respondent]'s submission."** Failure to provide a CD may result in disqualification for award.

The Response and accompanying documentation are the property of the City and will not be returned.

The original, one (1) electronic copy, and one (1) printed copy proposal must be delivered by mail, express mail, or in person to:

Ms. Joy Simonton  
Purchasing Agent  
City of Leander  
PO Box 319  
200 West Willis  
Leander, Texas 78646

512-528-2730  
[jsimonton@leandertx.gov](mailto:jsimonton@leandertx.gov)

A second copy must be delivered by mail, express mail or in person to:

Linda Patterson  
Patterson & Associates  
Barton Oaks Plaza II  
901 South Mopac – Ste 195  
Austin, TX 78746

512-320-5042  
[linda@patterson.net](mailto:linda@patterson.net)

On the date of submission, proposals will be opened and identified by proposer name. Proposals will not be read aloud.

### **Restrictions on Communications with City Staff**

All questions, prior to award, must be in writing and directed to Joy Simonton, Purchasing Agent, at the address above.

### **5. Proposal Question Submission**

There will be no pre-proposal conference. All questions regarding the RFP must be submitted via e-mail to [jsimonton@leandertx.gov](mailto:jsimonton@leandertx.gov) by 3:00pm February 24, 2015. All questions will be answered and provided to all known proposers by 3:00pm, February 27, 2015.

### **6. Selection Criteria**

The following criteria will be used as the weighting basis for evaluation of the proposals and the award recommendation.

- 35 % -ability to provide, and convenience of,all services required,
- 20 % - banking services costs,
- 20% - earnings potential,
- 10 % - experience, references, and continuity of bank and bank officials,
- 10 % - creditworthiness and stability of the bank, and
- 05 % - acceptable collateral.

The City will consider the availability of services and the cost of those services as well as the earnings potential under the contract. The proposer's understanding of the scope of services required includes demonstrated abilities to coordinate delivery of the services and an understanding of the needs and operational requirements of the City.

Award may not necessarily be made to the Institution submitting the lowest price proposal. The City will choose the institution submitting the most responsive overall proposal to satisfy its needs.

### **7. City Reservation of Rights**

The City reserves the right to:

- waive any defect, irregularity or informality in the proposal or proposal procedures,
- reject any and all proposals,

- modify, without notice, the evaluation structure and weighted criteria to accommodate additional considerations or information revealed through the evaluation process,
- accept or reject any proposal or portion thereof in whole or in part,
- request additional information or require a meeting with bank representatives for clarification,
- cancel, revise, and/or reissue this request for proposal,
- negotiate with proposers,
- to enter into an Agreement or a single award or split award.
- modify deadlines, and
- select any proposal deemed to be in its best interest as determined by the City.

If any provision of this proposal or resulting contract is deemed invalid, the City reserves the right to retain all other provisions.

### **8. 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 restricted information.

### **9. Fees and Charges**

The City reserves the right to utilize either a fee basis or compensating balance basis (or a combination of each) for payment of services under the contract. The City reserves the right to change the payment methodology during the contract period upon no less than 30 days written notice to the bank with the change commencing the first of the following month. This will enable the City to take advantage of changing interest rate environments.

- When a compensating balance payment basis and a sweep are used, all accounts will be swept to their compensating balance.
- When a fee basis and a sweep are used, all accounts will be swept to zero. Within five (5) business days after receipt of the monthly account analysis and approval of those fees by the City, the bank may direct debit the designated account for fees due.

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

All item and account charges will remain at the proposal price quoted for the duration of the entire contract period regardless of changes in service volumes during the period. Should new services be required during the contract period not contemplated by this RFP, those services will be provided at fees not more than the bank's then-current published rate and approved by the City.

### III. CITYOVERVIEW

The City currently maintains two(2) bank accounts.

<u>Description</u>	<u>Type</u>	<u>Average Collected Balance</u>
Operating	DDA	5,815,801
Flexible Spending Account	DDA	20,250

The Flexible Spending Account is used to pay health claims from employees.

- Most bank activity will occur in the Operating Account.
- Monthly accounts payable balance averages approximately \$2.4 million, with an average of 265 checks per month.
- The City's average bi-weekly payroll for 200 employees is approximately \$300,000.
- All payroll payments are made as direct deposit transactions.
- Attachment A includes estimated service volumes for all services currently used.

Remote deposit is used in two areas: utility collections and Building Permits. Problems with scanners in the past have resulted in checks being delivered to the bank physically. Deposits containing checks, coin and currency are couriered to the bank by an armored car service under separate contract. Approximately 1,500 checks are deposited monthly by courier. An additional 1,750 are deposited electronically using remote deposit technology on average each month. Administration handles all reconciliation on the accounts and only one set of statements will be required.

This relationship will include safekeeping services for City owned securities. Any or all City funds may be maintained and invested by the City outside this contract. All investment and balance decisions will be made by the City. The City will be under no obligation to maintain funds in the bank except under a compensating balance situation.

Primary responsibility for administration of the banking services agreement within the City organization resides with the Finance Director who will monitor the bank's performance against provisions of the agreement, including the bank's proposal submitted in the response to this RFP. The Finance Director will be responsible for administering the agreement with respect to day-to-day activities.

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 complete response to each question in Section V.***

1. In order to fulfill the City's fiduciary responsibility to protect public funds, each bank submitting a proposal shall provide:
  - a. an audited annual financial statement for the most recent fiscal period
  - b. the bank's current CRA rating (noting the specific rating agency)
2. Describe the bank's approach to satisfying the City's banking and customer service requirements.
  - a. What, if anything, is distinctive about the bank's approach to customer service?
  - b. How does the bank keep up with changes in automation?
  - c. Is the bank offering any transition or retention incentive?
3. List references from at least three of the bank's current, comparable governmental clients. Include the length of time under contract, a client contact, title, and telephone number.
4. Provide the bank's current senior and subordinate debt ratings. If debt ratings are not issued, provide the bank's most recent bank rating from an independent rating service. The bank will be responsible for notifying the City within thirty (30) days of any change in these ratings throughout the entire contract period. Confirm agreement to this condition.
5. Provide a proposed timeline for implementation of the contract including the timeline on specific activities and direct responsibilities of the City and the Bank during implementation. The timeline should contain sufficient time for any customization and training necessary on automated systems in particular.
6. This relationship will be executed under a Master Depository Agreement and Pledge Agreement with the RFP, the bank's proposal and bank service agreements subordinate to it. A copy of the proposed Master Depository Agreement and Pledge Agreement are found in Exhibit II. The bank must provide a copy of **all** agreements applicable to services proposed which will be required to be executed for services under the contract. Any changes and negotiation required on the agreements will be made and agreed upon before award of the contract.
  - a. Make any comments or suggested changes to the Master and Pledge Agreement referring to the specific item in the Agreement.
7. The City will use its Master Banking Agreement as the controlling agreement for this relationship. A copy of the proposed Master Banking agreement is found in Exhibit II. Other agreements tied to the

Master will be made part of the Master in the following priority order: Master Banking Agreement, this RFP and the conditions stated herein, the proposal submitted by the bank, the bank's service agreements for specific services (as applicable). Confirm agreement to this and list any changes the bank desires in the Master Banking Agreement.

8. The bank awarded the contract will be required to review the City's then-current Investment Policy and certify in writing to that review in accordance with the Texas Public Funds Investment Act certifying that the bank has sufficient controls in place to avoid transactions not authorized by the Policy. A copy of the current Investment Policy can be found online at <https://www.leandertx.gov/finance/page/investment-policy>. Confirm agreement to this condition.

## VI. REQUIRED BANKING SERVICES

***To be considered, the proposal must include a response to each of the questions in Section VI and all associated fees must be detailed on Attachment A. All fees for all services anticipated must be detailed on the Attachment. Add any level of detail necessary for complete explanations.***

### 1. Account Structure

The City is interested in assuring that idle funds are earning at the best, then-current interest rates available at all times. The City may choose to employ either ECR or sweep mechanism in order to capture the best rates available when rates are favorable to the structure. A government, or enhanced government, money market fund would be anticipated for the sweep if used if it strives to maintain a \$1 NAV. If the bank has a valid alternative to a SEC money market fund it should be presented.

**A repurchase agreement and off-shore accounts are not acceptable as sweep investment vehicles.**

The bank shall clearly stipulate the best structure for a sweep. The proposal should describe the bank's most cost effective methodology for creating the sweep when/if used. Distribution of interest to the individual accounts is preferred. A history of net rates for any vehicle proposed will be required on Attachment B.

The City may be required or may desire to open additional accounts, or change account types during the contract period. If this occurs, the new accounts and their services shall be charged at the same contracted amount.

The City is aware that sweeps are not currently effective or feasible.

- a. Describe your recommended account structure for the City currently. If the bank is proposing an alternative to sweeps detail fully.
- d. Can the bank provide a sweep structure. Fully describe the sweep mechanism(s). If a SEC fund is not to be used, describe the type of account to be used in lieu of a sweep and fully

- describe the interest rate calculation as well as any restrictions on the accounts such as number of withdrawals.
- b. Identify the sweep from a master account with ZBAs or directly swept from the individual accounts.
  - e. Are balances swept at close of the business day or on the next business day? If swept next day, how are balances collateralized? If swept next day, how is interest calculated and applied for the lost day?
  - f. Describe how sweep activity will be reported on a daily basis on City reports, i.e. will daily activity reports show detailed amounts being swept in and out of the accounts? Does the City have the option not to see this level of detail?
  - g. Describe how sweep interest earned from the sweep will be applied and reported to the City (at the account level or master account level) monthly.
  - h. If an SEC registered money market fund is utilized for the proposal, include the full name and identification (including CUSIP and ticker symbol) of the fund along with a copy of the prospectus. The fund must strive to a \$1 NAV.
  - i. State how and when FDIC assessments will be collected.
  - j. Provide the proposed computation basis for (a) interest bearing and (b) money market accounts if rates are based on a set index or security (such as the 3-month Treasury Bill).
  - k. State whether interest earnings from interest bearing accounts are charged to the account analysis.

## 2. **Automated Cash Management Information Access**

The City requires automated cash management information to support its services and daily balance reporting for timely access to balance information and transactions. Flexibility will be key to the usage.

- a. Fully describe the bank's on-line service capabilities. List the system capabilities (i.e. balance reporting, wires, positive pay, stop pay, etc.).
- b. Describe back-up provisions and procedures to the automated system. What is the bank's back-up process to provide balance reporting and transactions in case of system non-availability. Describe provisions for off-site backup and continuation of services under acts of God or terrorist threats.
- c. State the access times and update times for daily information for balances, detail, wires, and transfers,
- d. Does the basic system provide full trailer information on wires and ACH for identification purposes? Is this information available on a separate EDI module or included as detail descriptions?
- e. Submit samples of major screens and reports available. Provide a website (and sign-on information if required) for an online review of the system, if available.
- f. Describe the security provisions on the system.
- g. Is the system a proprietary system or provided by a third-party?

### 3. Standard Deposit Services

Standard commercial deposit services are required for all accounts. The City uses remote deposit in two locations: utility payments and building permits. Cash and occasional non-cash deposits are made by armored car under a separate contract. Checks are not encoded. The City requires same bank day credit on all cash (coin and currency) deposits and on-us checks.

The City currently allows its utility system customers to authorize the City to draft funds for payment of their monthly utility bills. Continuation of this service will be a requirement in the contract.

The City accepts credit and debit cards over the Internet, telephone and walk-in. The primary merchant services provider is ETS but certain departments utilize front-end systems tied to a separate provider. Funds are transferred into the City by ACH.

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 wire transfers, US Treasury checks, ACH transactions, on-us items, and U.S. government security maturities and coupon payments. Any expedited availability options should be noted in the proposal. **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 cut-off time to assure same day ledger, and, pending availability, collected credit? Will this vary by bank location (lobby, teller, vault)?
- b) When are credit/debit advices sent to the City? On-line or in paper form?
- c) When are online check images available?
- d) Is deposit location tracking available?
- e) What type deposit bags are used? Are these provided by the bank?
- f) Does the bank have deposit location tracking identifying location and date? What access is there to this information in reporting?
- g) Can credit card deposits be identified by location and date? Is this information available on reports from the automated system on a daily basis?
- h) Is the bank offering expedited availability? Explain. Are any deposits or credits delayed for any reason?
- i) Include a list of all the bank's deposit and vault locations.
- j) Describe the bank's standard NSF process. Are checks automatically re-deposited? How many times?
- k) Does the bank offer Representment of Checks by ACH (RCK), creating an ACH debit for second or third presentment to further the collection effort? If so, how are the re-presentments reported?
- l) Are the resulting re-presentments with RCK and resulting ACHs linked for reconciliation purposes? Are the ACH debits charged as normal to the City?
- m) Is the NSF information or occurrence available on-line?
- n) Price and report the total fees which would apply to the following sample deposit outlined below. (This does not reflect a normal City deposit and is used for cost comparison purposes only.) The cost of the deposit would be \$\_\_\_\_\_.

**SAMPLE DEPOSIT:**

The sample deposit would be made (a) in four (4) tamper-proof deposit bags, (b) with strapped where possible as shown below, (c) with coins that are not rolled, (d) with tapes attached to bundled but not endorsed checks. The breakdown on the deposit is:

Currency 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	<u>\$ 2,514</u>
			\$ 52,999
 Coins			
\$ .25			\$ 427
\$ .10			\$ 114
\$ .05			\$ 10
\$ .01			<u>\$ 2</u>
			\$ 553
 Checks			
	280 checks		\$140,252
			<b><u>\$ 193,794</u></b>

**4. Remote Electronic Check Acceptance and Conversion**

The City currently uses remote deposit at two locations - City Hall and Building Permits.

- a. Describe the bank's process and capabilities for remote capture. Describe equipment needs, capabilities, and limitations.
- b. Does the bank provide remote deposit processing currently?
- c. Can batches be prepared and forwarded at multiple times during the business day? What is the final cut-off time? 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? Currently equipment is leased from the bank.
- e. Is this equipment available through the contract, contract, or lease? List the equipment required along with its approximate cost(s).

**5. Standard Disbursing Services**

Standard disbursing services for all accounts are required to include the payment of all City employee checks without charge upon presentation. The City prints check format and information simultaneously with an automated signature. Information on check printing services is requested in VII. Optional Services.

The City requires positive pay services for all checks. No special signature review requirements are being requested. An average of 265 A/P checks are written per month with a monthly average of \$ 2.4 million.

- a. What constitutes a standard check signature for the bank?
- b. Does the bank offer extended image storage for checks? What time periods?
- c. Does the bank image all checks and return checks?
- d. Will the bank cash free of charge all on-us checks for City employees?

## **6. Positive Pay and Reconciliation**

To safeguard against fraudulent checks, positive pay is required. The City prefers positive pay to be combined with partial reconciliation services.

- a. Does the bank have payee positive pay?
- b. Is input for manual checks and exception handling all done on-line? Does any action require paper backup or additional documentation?
- c. Can individual checks be removed from the positive pay file? How is this accomplished?
- d. Describe transmission requirements for data transfer.
- e. Are all OTC checks verified against the positive pay file before processing? How often is teller information updated? If not, what is the liability, and security on OTC transactions?
- f. At what time is exception information reported to the City? Is there an notification by e-mail or other mechanism? Is notification daily regardless of activity or only as exceptions are identified?
- g. What is the response time deadline for City exception elections?
- h. What options are available on default disposition for exceptions?
- i. Describe the bank's services available under partial and full reconciliation.
- j. When are reconciliation reports available each month?
- k. How much flexibility is there for bank systems to interface with existing in-house systems? Specify the data transferred and data format. (The City's general ledger software is INCODE)
- l. Does the bank currently work with any clients using the Incode system. Please give two public entity references.
- m. Can the bank transfer files directly to Incode? Describe fully.
- n. Currently the City uses the monthly CD to upload cleared checks. Does the bank have any other alternative that might be used? Describe.
- o. Is deposit reconciliation available? Describe fully.
- p. Provide a sample copy of reconciliation reports.
- q. When are reports available from full reconciliation? Are reports on line?

## **7. Funds Transfer and Wire Services**

Incoming wire transfers must receive immediate same day collected credit. Online wire initiation is required. Online monitoring would be preferable. The City will require compensation for delays caused by bank errors at that day's Fed Funds rate.

- a. List the methods of wire initiation and monitoring available. Provide a screen print or web link of input and monitoring screens.
- b. Is any paper transaction required on wire/transfer on-line transactions?
- c. How will the bank notify the City of incoming wires? When? What is the specific notification mechanism?
- d. Describe security provisions. Is dual authorization required?
- e. Is future dating of repetitive and non-repetitive wires available? How far in advance? Can transfers be future dated?
- f. State wire cut-off times.
- g. State the bank's policy on the use of ledger balances for outgoing wires in anticipation of daily security activity or incoming wires.

## **8. Optical Imaging**

- a. What items are imaged?
- b. Are all images available and downloadable online?
- c. Is a CD routinely issued? List all contents on the CD.
- d. What is the process for retrieving the images online?
- e. When and how long are images retained on line? Does the bank provide optional extended availability? Is there an additional charge for extended on line availability?
- f. Describe any City software or hardware requirements.

## **9. ACH Services**

ACH services are required. ACH is currently used for payroll and some vendor payments and transfers.

- a. Is the ACH service fully on-line as well as file transmission? Is the City able to initiate individual ACH transactions on line? Describe.
- b. What filters and blocks are available on the ACH transactions?
- c. Are ACH addenda shown in their entirety on-line and on reports? Is an additional EDI module required for viewing?
- d. State data transfer requirements and limitations.
- e. How are ACH transactions reported?
- f. What is the deadline for transmission for a payroll to credit employee accounts on Friday?

## **10. Investments and Safekeeping Services**

The bank will be required 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 given to the bank in writing. The City may choose to purchase time deposits from the bank, but all time deposits will be competitively bid at the time of purchase.

Custody must be in the bank and not a brokerage subsidiary of the bank. All securities must be cleared on a **delivery versus payment** (DVP) basis and ownership documented by confirmations and safekeeping receipts provided within one business day of the transaction. Funds for investments will be

drawn from a designated City DDA account. All income distributions must receive same day collected credit on the City designated account without City action.

All City investments are made on a competitive basis. The depository will not be eligible to become an authorized broker/dealer to City in order to perfect DVP.

If the bank utilizes a correspondent bank for safekeeping of City securities, the transactions will be handled through the depository bank's systems and shall not require additional manual or online interaction by the City with the correspondent bank. No delay in transactions, wires, or flow of funds will be acceptable under a correspondent relationship.

- a. Is the bank a member of the Federal Reserve and DTC?
- b. Will the bank be the safekeeping bank for City-owned securities? If not, name the correspondent bank to be used for clearing and safekeeping. Describe any correspondent transactions if applicable.
- c. Are security transactions available on-line (origination and monitoring)? Can positions and/or transactions be monitored on-line?

## **11. Collateral Requirements**

Authorized collateral shall be pledged against the total time and demand deposits net of FDIC insurance with a 102% margin on the collateral maintained at all times by the bank. Requirements beyond the Public Funds Collateral Act must be met.

The City reserves the right to review any collateral pooling arrangements which may be established during the contract period by the bank. No assumption of its use should be made by the bank.

The acceptable investment securities for collateral are:

- i. Obligations of the US Government, its agencies and instrumentalities including mortgage backed securities and CMOs passing the bank test.
- ii. Obligations of any state or local government rated AA or better by at least two national recognized rating agencies.

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 tri-party safekeeping agreement shall be executed between the City, the depository, and the safekeeping bank for custody of pledged securities 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 will be collateralized at a minimum of 102% of principal plus accrued interest at all times, net of FDIC insurance.
- The bank will be contractually liable for the daily monitoring and maintaining of collateral at the City's required margin levels.
- Pledged collateral will be evidenced by original safekeeping receipts/report sent directly to the City by the custodian within one business day.

- The City shall receive a monthly report of collateral pledged including description, par, market value and CUSIP.
  - Substitution rights will 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.
  - Authorized collateral shall comply with the City's then-current Investment Policy.
- a. State the bank's acceptance of the collateral conditions above. Any exceptions to any condition must be detailed.
  - b. Will there be a charge for collateral?
  - c. Will collateral reports come directly from the bank or the custodian?
  - d. Will the custodian send the monthly collateral report directly to the City?

## **12. Imaging**

In an effort to reduce paper handling and storage, the City is focused on imaging of documents but requires a monthly CD.

- a. Describe the bank's optical imaging process and list all the items captured along with their retention schedules.
- b. What images are available on-line? When? How long are images available on line?
- c. Are all images downloadable? Describe.
- d. Is a monthly CD provided? When is it available? What is on the CD?
- e. What other archiving facilities are available through the bank?

## **13. Account Analysis**

A monthly account analysis is required for each account and on a relationship basis each month. Within five (5) business days after receipt of the monthly account analysis and approval of those fees by the City, the bank may direct debit the designated account for fees due if payment is by fees.

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

- a. Provide a sample account analysis including calculation bases.
- b. State when the analysis will be available each month. Is it on the CD?
- c. Is there an analysis charge for FDIC assessments? At what percent?
- d. Describe the ability of the bank to provide account analysis reports on-line. If on-line, how long are they accessible?

## **14. Monthly Statements**

A monthly statement is required on all accounts with complete supporting documentation. All accounts must be on a calendar monthly cycle. Timeliness of statements is critical and non-performance will be grounds for termination of contract. The City requires one printed statement.

- a. When are statements made available online? On paper?
- b. Provide a sample statement.
- c. How long are statements available online?
- d. Are statements on a monthly CD?

#### **15. Account Executive**

To insure smooth contract implementation and continuation of services, a specific local account executive and a back-up 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 and title of the proposed account executive and backup with short bios.
- b. How often does the representative plan to meet with the City?

#### **16. Overdrafts**

Every effort will be made to eliminate intra-day and inter-day overdrafts. However, should this situation arise, state the bank's policy regarding account and total account overdraft policy and detail rates and fees, if any, to be charged on a per event or per account basis.

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

#### **17. Stop Payments**

The City rarely has stop pays. An automated stop pay process is required.

- a. What stop pay periods are offered? What options are available for extended stop pay periods?
- b. What is the deadline for same day action on stop pays?
- c. Can stop pay orders be initiated on-line? Is a paper follow-up document required?
- d. Are all clearings including OTC verify against the stop pay file?
- e. What information on current and expiring stop pays is available on-line? When? How long?

## VII. OPTIONAL BANKING SERVICES

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

The City continually investigates new services for use and possible inclusion under its banking services contract. The following 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.

The City will make its determination during the contract period as to whether a particular service will be used. If the service is initiated later in the contract period the services and charges stipulated in this proposal will be applied. If the bank currently does not offer the service but is planning to offer the service during the projected contract period, it should so stipulate along with the anticipated date of activation.

### 1. Check Printing

Outsourced check writing is currently being considered by the City.

- 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 fully.
- b. What time frames and turn-around are available? How often are checks processed?

### 2. Image Lockbox

The City currently does not use any lockbox service for receipt and collection of utility bills or other receivables. A lockbox service would be used to collect payments and transmit daily files with detail for downloading to City customer files. The current utility remittance document is shown below. The account number is 8 numeric digits separated by hypens (xx-xxxx-xx). The utility currently processes 1,400 physical check payments mailed throughout the month with a weekly billing cycle. A sample copy of the remittance document is attached as Exhibit III.

- a. Describe the lockbox service to be provided. Describe the work flow and processing of payments at your facilities.
- b. When and how is information available daily?
- c. Describe the potential implementation timeline. When could the lockbox be implemented?
- d. What level of technical assistance would be given to the City to implement the lockbox and design or redesign the remittance document?

- e. Where is the lockbox facility located? In what city is the processing located? What city would be used for the remittance address?
- a. When is mail collected and delivered to the facility? How many times daily? How many hours of operation each day?
- b. Can the lockbox handle remittances paid by credit card?
- c. Describe the major components of your quality control checkpoints.
- d. Is image processing currently in place? Are there imaging costs for each item (check and remittance document)? Is there a separate fee assigned for the transmission of images? Describe the fee structure.
- e. Will mail be processed on all shifts including weekends?
- f. Do you process wholesale and retail lockbox on the same equipment? If so, how are payments prioritized?
- g. How are returned checks handled and what information does the City receive on that account information for posting to the City systems?
- h. Is there a formal procedure for responding to and correcting errors and problems? What is the average response time.
- i. Provide the names, contact names and telephone numbers of at least three comparable public lockbox clients.
- j. In the case of system failure, what are the back-up arrangements for processing? Are any delays expected in this situation?
- k. Describe the data transmission process (BAI, 823, 820, or other) and provide all sample reports to be received. What transmission protocol is used? What options are available? Is their full MICR capture?
- l. What is the earliest transmission time that information is available on the daily deposit(s)? Intra-day? Is this information available on-line?
- m. Who is responsible for handling adjustments and error resolution? How?

### **VIII. Alternative Services**

This section should be used to describe any services, not addressed in the RFP, which the bank chooses to highlight for possible use by the City. Any additional service should be described and costs delineated.

**Exhibit I:**

**GENERAL CONTRACT TERMS AND CONDITIONS**

Any contract entered into as a result of this Request for Proposal will contain the following standard terms and conditions in addition to those incorporated into the Request for Proposal.

**1.0 Applicability**

The Request for Proposal, the Proposer's Response to the Request for Proposal, specific service agreements and these terms and conditions are applicable to and shall form a part of any contract executed.

**2.0 Term of Contract and Option to Renew**

This contract shall have a term of three (3) years with two successive one-year options to renew provided both parties agree to said renewal in writing.

**3.0 Terms of Payment**

Payment for services in connection with this contract shall be made on either a compensating balance or fee basis determined by the City. All fees and compensating required balances are to appear on the account analysis. The City has five (5) days to review the charges. If the City makes no changes or objections to the charges after this period the fees may be made as an account analysis debit to the indicated account.

**4.0 Extra-Contractual Services**

Additional or new services may be added during the contract period with express written permission of City; provided, however, that any such services shall be charged at not more than the then current published fee schedule of the bank, or upon rates and charges, to be negotiated between the City and Bank.

**5.0 Laws, Statutes, and Other Governmental Requirements**

5.1 The contractor shall procure all necessary permits and licenses and abide by all applicable laws, regulations and ordinances of all federal, state, and local governments in which work under this contract is performed.

5.2 The contractor shall pay any sales, use, personal property and other taxes arising out of this contract and the transaction contemplated hereby. Any other taxes levied upon this contract, the transaction, or the equipment or services delivered pursuant hereto, shall be the responsibility of the contractor.

## **6.0 Taxes**

The City is exempt from all federal excise, state, and local taxes unless otherwise stated in this document.

## **7.0 Indemnification**

The contractor shall save and hold harmless and indemnify City against any and all liability, claims and costs of whatsoever kind and nature for injury to or death of any person or persons and for loss or damage to any property occurring in connection with or in any incident to or arising out of the occupancy, use, service, operations or performance of work in connection with this contract, resulting in whole or in part from the negligent acts or omissions of the contractor. Contractor hereby assumes full responsibility for the character, acts and conduct of all persons employed by contractor.

This clause shall survive the cancellation of any Request for Proposal, the award of a contract to the contractor as result of such Request for Proposal, and the termination of any such contract, until the period for which the contractor is determined to be liable in accordance with local, state or federal statutes or regulations.

## **8.0 Contract Not a Guarantee of Purchase**

Purchases shall be made subject to fund availability, budgetary concerns, and other matters affecting, or which may affect, the procurement of services hereunder. The volumes and quantities shown in the solicitation are based on historical information. No guarantee of any minimum or maximum is made or implied.

## **9.0 Non-Appropriation**

This contract shall be subject to cancellation without damages or further obligation when funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period or appropriated year. In the event that funds are not appropriated, the contractor shall not prohibit or otherwise limit the City's right to pursue and contract for alternative solutions and/or remedies as deemed necessary by the City for the conduct of its affairs.

## **10.0 Bankruptcy**

In the event that a voluntary petition is filed by the contractor under the bankruptcy laws of the United States or a default occurs on any action required by the bank under this contract, or if an involuntary petition is filed against the contractor and is not discharged within a reasonable period of time, or if the contractor makes a general assignment for the benefit of creditors, the City may terminate this contract and utilize the collateral conditions of the depository agreement.

## **11.0 Attorney's Fees**

In the event that either party deems it necessary to take legal action to enforce any provision of the contract, and in the event the City prevails, the contractor agrees to pay all expenses of such action, including attorneys' fees and costs at all stages of litigation.

## **12.0 Termination**

### **12.1 Termination for Default**

The City, by written notice, may terminate this contract, in whole or in part, for failure of the Contractor to perform any of the provisions of this contract. In case of default, the City reserves the right to purchase any or all items or services on the open market, charging the contractor with any excess cost. Should such charges be assessed, no subsequent proposals of the defaulting contractor shall be considered until the assessed charge has been satisfied. In such event, the contractor shall be liable for damages including the excess cost of re-procuring similar items provided that if (1) it is determined for any reason that the contractor was not in default, or (2) failure to perform was beyond contractor's control, fault or negligence, the termination shall be considered a termination for convenience.

### **12.2 Termination for Convenience**

Either party may terminate this contract by providing the other party with a thirty (30) day written notice. In the event of such termination by the City, the City shall be liable for the payment of all approved work performed prior to the termination. In the event of such termination by the contractor, the contractor shall either perform all approved work or shall reimburse the City for payments already made to the contractor by the City; such reimbursement shall be acceptable to the City and shall be made within thirty (30) days of contractor's notice to terminate.

## **13.0 Severability**

If any section, subsection, paragraph, sentence, clause, phrase or word of these requirements or the specifications shall be held invalid, such holding shall not affect the remaining portions of these requirements and the specifications and it is hereby declared that such remaining portions would have been included in these requirements and specifications as though the invalid portion had been omitted.

## **14.0 Assignment**

This contract nor any duties or obligations herein shall be assignable without the prior written approval of the City.

## **15.0 Contract Changes**

No modification or change of any provision in the resulting contract shall be made, unless such modification is mutually agreed to in writing by the contractor and the City and incorporated as a written amendment to the contract. Memoranda of understanding and correspondence shall not be interpreted as amendments to the contract.

**16.0 Governing Law**

All contracts shall be governed by and all dispute between the parties construed under the laws of the State of Texas. Any actions or remedies pursued by either party shall be pursued in the state and federal courts of Williamson County, Texas.

**17.0 Entire Agreement**

This contract and all terms and conditions of service for individual services hereunder contain the entire agreement between the parties hereto. All prior negotiations or representations, whether written or verbal, not incorporated herein are superseded. No changes in or additions to this contract will be recognized unless made in writing and signed by both parties.

Exhibit III



City of Leander Utilities  
P.O. Box 317  
Leander, TX 78646-0317

**WATER UTILITIES OFFICE: 512-259-1142**  
Office Hours: 8 a.m. to 5 p.m. M-F

After Hours Emergencies Call: 512-528-2800

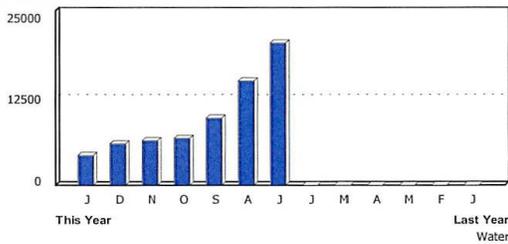
\*\*\*AUTO\*\*5-DIGIT 78646 4 PS5 91073AA30-A-3  
1014 1 AV 0-376



LEANDER TX 78641-2756

**ALL PAYMENTS RECEIVED AFTER 5:00 PM WILL BE  
APPLIED TO THE FOLLOWING BUSINESS DAY**

**YOUR MONTHLY USAGE**



**SPECIAL MESSAGE**

\*\*Pay your bill online now at [www.leandertx.gov](http://www.leandertx.gov)\*\* MANDATORY STAGE 3 CONSERVATION - ONCE A WEEK WATERING ONLY\* Please visit the following link for detailed information <http://www.leandertx.gov/publicworks/page/mandatory-stage-3-once-week-outdoor-watering>. City offices will be closed January 19, 2015. Payments can be made online, mail or the night drop located at the drive-thru. ANNUAL WINTER QUARTER AVERAGING in progress for new Sewer rates.

**ACCOUNT INFORMATION**

ACCOUNT: \_\_\_\_\_  
CYCLE: \_\_\_\_\_ 01  
SERVICE ADDRESS: \_\_\_\_\_  
LAST PAYMENT: 01/23/2015 -121.19  
SERVICE PERIOD: 12/19/2014 TO: 01/22/2015  
BILLING DATE: 02/01/2015  
**DUE DATE FOR CURRENT CHARGES: February 28, 2015**

**CURRENT CHARGES (WATER)**

Meter	Previous	Current	Usage	Amount
	81756	86006	4250	58.22

**CURRENT CHARGES (OTHER)**

Description	Amount
WTR RES CH	5.00
SEWER	31.62
GARBAGE	16.66
TOTAL TAX	1.37

**AMOUNT DUE**

TOTAL CURRENT CHARGES	112.87
<b>TOTAL AMOUNT DUE</b>	<b>112.87</b>
TOTAL DUE IF PAID AFTER 02/28/2015	112.87
<input type="checkbox"/> FIRE CONTRIBUTION	2.00
<input type="checkbox"/> VETERANS MEMORIAL PARK CONTRIBUTION	5.00
<input type="checkbox"/> LIBRARY FOUNDATION	1.00
<input type="checkbox"/> PUBLIC ARTS FUND	1.00

**PAYMENTS NOT MADE BY THE DUE DATE MAY  
BE SUBJECT TO INTERRUPTION OF SERVICE**

PLEASE RETURN THIS PORTION ALONG WITH YOUR PAYMENT AND MAKE YOUR CHECK PAYABLE TO CITY OF LEANDER UTILITIES.

**Payment Coupon**

**ACCOUNT INFORMATION**

ACCOUNT: \_\_\_\_\_  
SERVICE ADDRESS: \_\_\_\_\_  
SERVICE PERIOD: 12/19/2014 TO: 01/22/2015  
BILLING DATE: 02/01/2015  
**DUE DATE FOR CURRENT CHARGES: February 28, 2015**

LEANDER TX 78641-2756

Pay Online: [www.leandertx.gov](http://www.leandertx.gov)

COMPLETE THE FOLLOWING ONLY IF PAYING BY CREDIT CARD  
(Check One)  MasterCard  Visa  Discover  American Express

ACCOUNT NUMBER \_\_\_\_\_ EXP. DATE \_\_\_\_\_  
NAME ON CARD \_\_\_\_\_ SECURITY CODE \_\_\_\_\_  
SIGNATURE \_\_\_\_\_  
There will be a \$2.00 credit card processing fee per transaction.

<b>TOTAL AMOUNT DUE</b>	<b>112.87</b>
TOTAL DUE IF PAID AFTER 02/28/2015	112.87
<input type="checkbox"/> FIRE CONTRIBUTION	2.00
<input type="checkbox"/> VETERANS MEMORIAL PARK CONTRIBUTION	5.00
<input type="checkbox"/> LIBRARY FOUNDATION	1.00
<input type="checkbox"/> PUBLIC ARTS FUND	1.00

**AMOUNT ENCLOSED**



CITY OF LEANDER  
PO BOX 317  
LEANDER, TX 78646-0317

