

Town of Warrenton, Virginia
Request for Proposal – Banking Services

RFP Number: #07-010

Closing Date: May 25, 2007 at 2:00 PM

All proposals must be received by the closing date and time to be considered.

One (1) original and (2) copies of each proposal shall be mailed or delivered to:

*Town of Warrenton
Purchasing Agent
18 Court Street
P.O. Drawer 341
Warrenton, Virginia 20188*

All inquiries for information regarding procurement procedures, selection criteria, proposal submission requirements, or other fiscal/administrative concerns shall be directed to:

Purchasing Agent
P.O. Drawer 341
18 Court Street
Warrenton, VA 20188

Phone: 540-347-1102
Fax: 540-349-2414
e-mail staff@warrentonva.gov

For technical information relating to this RFP, please contact:

Richard M Heartley
Director of Finance & Human Resource
P.O. Drawer 341
18 Court Street
Warrenton, VA 20188

Phone: 540-347-1102
Fax: 540-349-2414
e-mail rheartle@warrentonva.gov

In compliance with this Request for Proposal and all the conditions imposed herein, the undersigned offers and agrees to furnish the goods in accordance with the signed proposal or as mutually agreed upon by subsequent negotiations.

Name and Address: _____

Phone #: _____

Fax #: _____

Submitted by: _____

Date: _____

Printed name

FEIN/SSN: _____

Signature

CERTIFICATION PAGE
RETURN THIS PAGE WITH PROPOSAL SUBMISSION

TOWN OF WARRENTON
REQUEST FOR PROPOSAL

RFP NUMBER: 07-010
DATE OF THIS REQUEST: April 20, 2007
DESCRIPTION: Banking Services
PROPOSAL DEADLINE: May 25, 2007, 2:00 P.M.

1.0 **PURPOSE**

The intent of this Request for Proposal is to contract with a single banking institution to provide a wide range of banking and financial services to the Town of Warrenton. The banking services shall be provided for an initial period of three years beginning approximately July 1, 2007.

2.0 **SCOPE OF SERVICES**

The Town Of Warrenton is interested in procuring the following services from a single financial institution. The decision of which of the following services to purchase will be solely that of the Town based upon value added to the enterprise.

- 2.1 The Town of Warrenton will, at a minimum, deposit daily with the selected financial institution, all monies received by the Town into the concentration account.
- 2.2 The selected financial institution shall provide the Town with the ability to originate both incoming and outgoing Automated Clearing House (ACH) transactions either in a web based or dial-up environment. These transactions shall consist of weekly, bi-weekly, and monthly payroll as well as a variety of pre-authorized web-originated and non-web-based transactions.
- 2.3 Wire transfers shall be made between the concentration account and investment sources. The selected financial institution shall provide the Town with written advises showing the details of the transaction.
- 2.4 The Town will maintain two (2) zero balance accounts (ZBA) as listed below:
 - a. Regular Disbursement
 - b. Payroll Disbursement

The concentration (depository) account will fund disbursements in the ZBA's as checks are presented for payment.

- 2.5 After minimum compensating balance requirements are met, if applicable, the selected financial institution will automatically invest all excess cash balances remaining in the concentration account. Excess cash balances would exist on a temporary basis as the Town will continue to competitively place all investments.
- 2.6 The selected financial institution shall provide the Town on a daily basis all balance and transaction information on all accounts maintained.

The preferred method of this area of service is to receive up-to-the-minute balance and transaction information for all Town accounts to assist the Town in managing its cash flow.

- 2.7 The Town will seek investment advice and investment services from the selected financial institution. The Town will not be bound or restricted regarding its investment program. The Town desires to establish a dealer/broker account/relationship that would provide access to qualified investment opportunities with regards to investments. Any fees for this dealer/broker relationship shall be included in the net yield of an investment offered/purchased and shall not be subject to any additional fee.

The selected financial institution shall become familiar with the Town's adopted Investment Policy in an effort to assist Town officials in making investment decisions. It shall be the fiduciary responsibility of the financial institution to ensure that any investment sold or placed by said institution shall be considered an "allowed" investment as outlined in the Town's adopted Investment Policy.

- 2.8 The selected financial institution shall provide immediate credit for all checks deposited in the Town's concentration account. If the financial institution is unable to provide this service, it should clearly state in its proposal which guidelines it follows and provide a detailed description of these rules.
- 2.9 The selected financial institution shall accept utility and tax payments from Town citizens. These payments shall be deposited in the Town's concentration account. The bank shall immediately deliver or mail the required transaction information to the proper Town department.

3.0

ACCOUNT STRUCTURE

3.1 Concentration Account

On an operational basis, all deposits of the Town will flow through the concentration (depository) account. Incoming and outgoing wire transfers will be made to and from this account principally for investment purchases and sales.

It is the Town's intent to either maintain a single compensating balance in the concentration account to support account activity costs or pay for services on a unit cost basis. If the compensating balance method is selected, the concentration account will operate on a "Target Balance" basis, whereby the required compensating balance needed to support all activity charges would become the "Target Balance". On a daily basis, the Town would be notified of the balance in the concentration account and the aggregate float or available balance. The Town would have the option to invest any funds over the designated "Target Balance". If the balance in the concentration account drops below the "Target Balance", the Town will adjust the balance the following day. The objective is to maintain the "Target Balance" to fully support activity charges based on an average balance over a 30-day period.

3.2 Zero Balance Accounts

The Town will maintain two zero balance accounts. These accounts will always have a zero balance at the end of the banking day.

3.3 Account Breakdown

The accounts will be broken down as follows:

- A. Concentration Account:
 - 1. Depository
- B. Zero Balance Accounts:
 - 1. General Operating
 - 2. Payroll

The concentration account and zero balance accounts will have different account numbers, however, each type of check within an account type will have the same account number with a different check sequence.

4.0

REPURCHASE AGREEMENTS

The Town will utilize a "Repurchase Agreement" system for the short-term investment of its idle funds. The bank will automatically handle the overnight and weekend investment of the Town's excess cash above the minimum compensating balance requirements, if

applicable, through the use of "overnight" or "open" repurchase agreements. The responding bank shall indicate how the interest rate is to be established for repurchase agreements, including the spread earned by the bank. **All repurchase agreements purchased by the Town of Warrenton shall be fully guaranteed by U.S. Treasury or government agency obligations.**

- 4.1 Each day all excess Town cash balances shall be automatically invested in securities (defined above) under an agreement with the bank to repurchase these securities from the Town at a specified future date. The interest rate to be paid on these repurchase agreements is to be specified by the bank.
- 4.2 All interest earned on repurchase agreements shall be automatically credited to the concentration account.
- 4.3 A "Repurchase Agreement" form shall be issued and delivered to the Town on the day the account is charged to begin each transaction. On the maturity date of the agreement, the bank shall repurchase the securities from the Town for the amount originally invested plus interest earned for the period. The principal and interest amount shall be credited to the concentration account.

The form shall show the following information:

- A. The description of the securities purchased including amount, interest rate, maturity, etc.
 - B. The maturity of the repurchase agreement.
 - C. The settlement date for the purchase.
 - D. The principal amount of funds invested by the Town.
 - E. Safekeeping receipt information.
 - F. The Town's name and address as buyers of the securities.
 - G. The investment income earned for the transaction.
- 4.4 All repurchase agreements shall be exempt from bankruptcy proceedings. The bank shall complete **all** repurchase agreements with the Town.

5.0

COST OF SERVICE

- 5.1 It is the intent of the Town to pay for all services specified on the proposal pricing form. The Town requests pricing for two options:
- A. Unit Cost
 - B. Compensating Balance

5.2 Other banking services and documents not detailed on the proposal pricing form shall be provided to the Town at no cost. Such services include the availability of bank staff to consult with Town staff concerning bank service procedures and performance. Such items shall include, but are not limited too:

- A. Night depository bags
- B. Sorting and wrapping of coins.
- C. Safe deposit box
- D. Zippered money bags

All responding banks are encouraged to list any other free or fee based service available to the Town.

6.0 **BANK LOCATION**

The selected bank, if located outside of Town corporate limits shall designate a bank within its limits as its authorized agent to accept all deposits made to the credit of the Town. All balances in these accounts shall be deemed balances in the Town's accounts for the purpose of analysis charges and compensating balance requirements.

All monies deposited by 2:00 PM each day will count toward that days compensating balance.

7.0 **COLLATERAL**

All public funds on deposit shall be fully collateralized as described in the Virginia Security for Public Deposits Act. At no time shall the amount of deposit exceed the par value of securities pledged less maximum insurance coverage provided by the Federal Deposit Insurance Corporation. Acceptable security and specific regulation regarding collateral requirements are outlined in the Virginia Security for Public Deposits Act as set forth by the Commonwealth of Virginia Treasury Board.

8.0 **FULL ACCOUNT RECONCILIATION**

The Town currently reconciles all accounts manually. Indicate as part of this proposal your banks ability to provide complete account reconciliation identifying any documents the Town would be required to provide.

9.0 **RETURNED CHECKS**

The bank shall automatically present a check for payment two times before returning it to the Town. In the event an item is returned and charged back to the Town's account, a debit advice indicating the reason for the return shall be attached to the check and delivered to the Town.

10.0 **MONTHLY SERVICE CHARGE CALCULATIONS**

10.1 Unit Cost Method

If this option is chosen, the selected bank will prepare a monthly billing for services rendered. The billing must be presented in a format similar to the proposal form with the total for all service charges for the month.

10.2 Compensating Balance Method

If this method is chosen, the selected bank shall clearly state the monthly "Target Balance" which the Town is to maintain in the concentration account the following month.

11.0

SPECIAL CONTRACT TERMS AND CONDITIONS

11.1 Competition Intended

It is the Town's intent that this request for proposal encourage competition. It shall be the offeror's responsibility to advise the Town of any language restricting or limiting the contract award to a single source. Such notification must be submitted in writing to the Town no later than fifteen (15) days prior to the submission deadline.

11.2 Inconsistencies

In the event of an inconsistency between the General Terms and Conditions and the Special Contract Terms and Conditions, the latter shall take precedence.

11.3 Hold Harmless Clause

Proposals shall provide for the bank holding harmless the Town and Town representatives from all suits, actions or claims of any kind brought on account of any act or omission by the bank or its employees, or from any claims or amounts arising from violations of any law, bylaw, ordinance, regulation or decree.

11.4 Proprietary Information

It is the responsibility of each offeror to clearly identify any part of their proposal considered proprietary or confidential in nature.

11.5 Procedures

The extent and character of the services to be performed by the bank shall be subject to the general control and approval of the Finance Director or her duly authorized representative.

11.6 The contract shall cover the period of approximately July 1, 2007 to June 12, 2010.

The contract may be renewed at the expiration of its term by mutual agreement of all parties for two additional one-year terms.

Notice of intent to renew will be given to the bank in writing within 120 days of the contract expiration date.

11.7 Termination

Subject to the provisions below, the contract may be terminated by either party upon ninety (90) days advance written notice to the other party.

A. Termination for Convenience

If the contract is terminated for the convenience of the Town, without the required ninety days advance written notice, the Town will negotiate reasonable termination costs, if applicable.

B. Termination for Cause

Termination by the Town for cause, default or negligence by the bank shall not require advance written notice or payment of any termination costs by the Town.

C. Termination for non-appropriation

If funds are not appropriated to support banking services in a subsequent fiscal year, the contract shall be terminated and the Town will negotiate reasonable termination costs.

11.8 Invoicing and Payment

If the unit cost method is selected, the bank shall submit a monthly invoice that includes a detailed analysis of all charges for the period.

Billings under the unit cost method shall be based on actual services rendered. All invoices will be paid promptly unless an item is questioned, in which case payment will be withheld pending verification of the amount claimed.

11.9 Town Furnished Items/Support

The Town Of Warrenton shall furnish the bank with all necessary information considered reasonable and necessary for the bank to provide the requested services.

12.0 **EVALUATION OF PROPOSALS**

All proposals will be reviewed and evaluated by a committee based on the proposal evaluation criteria outlined below and such other criteria deemed necessary:

- Proven banking services capabilities
- Comparable experience in small government banking relationships
- Ability to offer solutions/services depicted in RFP
- Cost of services
- References
- Bank location
- Overall completeness and quality of proposal

13.0

INSTRUCTIONS FOR SUBMITTING PROPOSALS

13.1 Addendum and/or Supplemental Information:

All recipients of the original RFP will receive notification if it becomes necessary to revise or clarify any part of this RFP or if it is determined additional information is necessary to submit a proposal.

13.2 Questions and Inquiries:

Questions and inquiries will be accepted from all offerors in writing. Questions will be answered in writing and answers will be distributed to all recipients of the original RFP provided questions are received at least 15 (fifteen) days in advance of proposal deadline. If necessary, at the Town's sole discretion, a pre-bid meeting with all offerors may be necessary.

13.3 Preparation and Submission of Proposals:

All proposals shall be signed by a representative with the authority to legally bind the bank.

All attachments to the RFP that require a response by the offeror shall be returned with the proposal to be considered responsive.

The original and two copies of the proposal, inclusive of all attachments, bound in a single volume shall be submitted in a sealed envelope no later than the date and time referenced herein to:

Purchasing Agent
Town of Warrenton
P.O. Drawer 341
18 Court Street
Warrenton, VA 20188

13.4 Withdrawal of Proposals:

All proposals submitted shall be valid for a period of 90 days following the date of submission. It is the Town's intent to formulate a banking services agreement to become effective approximately July 1, 2007.

13.5 Miscellaneous Requirements:

The Town will not be responsible for any expenses incurred by a bank in preparing and submitting a proposal. All proposals should be straight-forward and shall include a detailed outline of its ability to provide all required services and therefore satisfy the requirements of this RFP. Emphasis should be placed on completeness and clarity.

Offerors may be required to make an oral presentation in response to the RFP.

The entire content of this RFP and the accepted proposal shall become an integral part of any formal contract between the parties.

The Town reserves the right to reject any and all proposals received in response to this request or to negotiate separately in any manner necessary to serve the best interest of the Town. Offerors whose proposals not accepted will be notified in writing.

The successful offeror is prohibited from assigning, transferring, conveying, subletting, or otherwise disposing of this agreement or its rights, title or interest therein or its power to execute such agreement to any other person, company or corporation without the written consent of the Town.

All proposals submitted for consideration become the property of the Town of Warrenton.

14.0 **INSTRUCTIONS FOR COMPLETING PROPOSAL FORM**

Use of the Proposal Form is required by all offerors. No proposal will be considered without price amounts placed on the form. If the financial institution is unable to meet or exceed the requirements of this request, the words "NO PROPOSAL" should be placed prominently on the form for any service it is unable to provide.

The proposal shall be based on the variable cost basis. Under the variable cost basis, actual monthly services will be priced and the volume of transactions will be calculated to determine the actual "banking service cost" or "compensated balance" required to support activity.

The Town in its sole discretion, may eliminate any service contained in the proposal if, on analysis, the associated fee is deemed prohibitive.

Each offeror shall review the Proposal Form and price each service specified. Per item charges should be extended to the "Estimated Annual Charges" column. The "Estimated Annual Charges" column should be totaled.

The totaled amount is then divided by 12 (twelve) to arrive at an average monthly cost. This amount shall serve as the cost per month for pricing purposes. This amount is then multiplied by the "Collected Balance Required to Support \$1.00 of Service"

The following formula is to be used to calculate the "Collected Balance Required to Support \$1.00 of Service":

$$\frac{365}{\text{-----} / (1.0 - \text{Reserve Requirement})} \\ \text{\# Days in Current Month} \\ \text{-----} \\ \text{Earning Allowance}$$

This formula provides for consideration of the bank's reserve requirement and an earnings allowance in the pricing calculations. Individual bank reserve requirements should be entered in the applicable space. The earning allowance shall be the average 13-week Treasury Bill rate for the latest monthly period published by the Wall Street Journal .

For example, given the following:

Bank reserve requirement	10.0
Average 13-week T Bill rate (latest month)	4.80
Number of days in month	28
Average monthly cost	\$1,000

The compensating balance required to support services could be computed as follows:

$$\frac{365}{\text{-----} / (1.0 - .10)} \\ 29 \\ \text{-----} \\ 0.057 \\ = 245.35 * 1000 = \$ 245,350.00$$

This amount should be placed in the appropriate space on the proposal form. The financial institution is required to show computations of the proposal form.

**TOWN OF WARRENTON
RFP 07-010 BANKING SERVICES
PROPOSAL FORM**

Closing Date: May 25, 2007 at 2:00 PM

All proposals must be received by the closing date and time to be considered.

This Proposal is being submitted by:

Financial Institution _____

Prepared by: _____

Address _____

City/State/Zip _____

Phone Number _____

Fax Number _____

**TOWN OF WARRENTON
RFP 07-010 BANKING SERVICES
PROPOSAL FORM
OPTION 1 - UNIT COST METHOD**

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Banking Service	Concentration Account	ZBA - Operate Account	ZBA - Payroll Account	Estimated Volume	Item Cost	Estimated Annual Cost
Account Maintenance	1	1	1	3	\$	\$
Checks Deposited	10,000	0	0	10,000		
Checks Paid	0	8,000	1,000	9,000		
Deposit Items Returned	150	0	0	150		
Stop Payments Orders	0	50	5	55		
Wire Transfers - Incoming	250	0	0	250		
Wire Transfers- Outgoing	100	0	0	100		
Full Account Reconciliation	12	12	12	36		
Lock Box Program Set-Up	1	0	0	1		
Lock Box Transaction	40,000	0	0	40,000		
Repurchase Agreements	250	0	0	250		
Check Sorting (100)	0	75	20	95		
ACH Transactions	0	0	2,500	2,500		
Statements, checks and deposit ticket on CD media	12	12	12	36		
On-Line Banking – Web based	1	0	0	1		
TOTAL						\$

**TOWN OF WARRENTON
RFP 07-010 BANKING SERVICES
PROPOSAL FORM
OPTION 2 - COMPENSATING BALANCE METHOD
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Compensating balances shall be related to the cost of bank services according to the following formula:

$$\frac{365}{\text{-----} / (1.0 - \text{Reserve Requirement})} \times \text{Earning Allowance} = \text{Collected Balance Required to Support } \$1.00 \text{ of Service}$$

Monthly Service Charge X Collected Balances Required to Support \$1.00 of Service = Compensating Balance

TO BE COMPLETED BY THE BANK

$$\frac{365}{\text{-----} / (1.0 - \text{-----}^*)} \times \text{-----}^{**} = \$\text{-----};$$

THEREFORE, \$_____ X \$_____ = \$_____

Monthly Service Charge (Option I / 12 months) X Collected Balances Required to Support \$1.00 of Service. = Compensating Balance "TARGET BALANCE"

* The Bank should use the Reserve Requirement as of January 1, 2007.

** The earnings allowance shall be defined as the average 13 week Treasury Bill rate for month of January 2007 as published in the Wall Street Journal.

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RFP 07-010 BANKING SERVICES
PROPOSAL FORM
Other Proposal Requests
Page 4

Repurchase Agreements

The interest rate that would be paid on invested balances (Overnight or Term Repurchase Agreements as of April 25, 2007 was _____.

The minimum dollar amount the bank will sweep into overnight or term repurchase agreements is \$_____.

Direct (On-Line) Access to Account Information

It is expected that the successful financial institution has the capability to offer account access via a secure web based environment. Please provide details of the financial institution's on-line banking capabilities.

Bank Credit Cards

Service charges for the Town to accept bank credit card drafts (electronically) as payments for taxes, fees and services will be _____% of net transactions. This rate is guaranteed until _____. The Town Of Warrenton currently accepts credit card payments and ACH transactions on its website in a secure environment in payment of a variety of town taxes and bills.

Annual fee for individual bank credit cards to be used by Town staff (approximately 5 cards) is _____.

TOWN OF WARRENTON
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Credit Terms

Please provide the bank's loan interest rates in effect for the loan type on April 25, 2003:

Unsecured Letter of Credit (30 day term) Index + = %

Unsecured Letter of Credit (1 year term) Index + = %

Tax-Exempt Lease Purchase Financing (36 months) Index + = %

Identify Index to be used in the development of lending rates

_____.

Miscellaneous Requirements

Please attach a copy of your banks financial statements for the previous two years.

Name of officer/title to be assigned to this account:

Name of assistant/title to be assigned to this account:

Individual (including phone number) to contact regarding this proposal:
