



Request for Proposal – Depository and Banking Services
June 25, 2021
Solicitation # 415-0721-03

Sealed Proposals, subject to the specifications and conditions contained herein and attached hereto, will be received in the City Manager’s Office, City Hall, until, but no later than **2:00 p.m. CST, July 23, 2021**, and then opened for Depository and Banking Services

If you are an individual with a disability and require a reasonable accommodation or have additional questions regarding this invitation, please notify the Purchasing Agent, Kim Dale at (931) 560-1580.

No proposal may be withdrawn after the scheduled closing time for receipt of proposals for ninety (90) calendar days.

Request for Proposal (RFP) Instructions

To be considered, you must:

1. Submit three copies of your proposal addressing the requested services.
2. Vendors are requested to complete and/or update a vendor application. An application may be completed online at [Purchasing | Columbia, TN \(columbiatn.com\)](http://Purchasing|Columbia.TN(columbiatn.com)) Vendor Registration or a paper application is available by calling the Purchasing Department, City of Columbia 931-560-1580.
3. Proposal documents shall be returned to:
Purchasing Agent, City Hall, 700 North Garden St., Columbia, TN 38401.
4. Mark outside of envelope with **Request for Proposal – Banking Services** and opening date of proposal, July 23, 2021.

Time is of the essence and any proposal received after the announced time and date for submittal, whether by mail or otherwise, will be rejected. The time of receipt shall be determined by the City Manager’s Office. Vendors are responsible for ensuring that their proposals are stamped by City Manager’s Office personnel before the deadline indicated. Late proposals received will be so noted in the proposal file and the proposal will be returned unopened. Faxed or e-mailed proposals shall not be accepted.

Nothing herein is intended to exclude any responsible vendor, their product or service or in any way restrain or restrict competition. On the contrary, all responsible vendors are encouraged to bid and their bids are solicited. The City of Columbia is compliant with Title VI of the 1964 Civil Rights Act and as a result does not discriminate on the bases of race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability, sexual orientation, gender identity or expression, genetic information or any other characteristic protected by law. The City

of Columbia does not exclude from participation in, or deny the benefit of any program or activity receiving federal financial assistance.

Scope of Services

The City of Columbia, Tennessee (City) invites qualified banking institutions (Bank) with a full service branch bank in the city limits of Columbia to submit proposals to provide depository and banking services to the City for a three (3) year period beginning with the date of the award and extending through August 31, 2024. Proposals may only be submitted by a Bank with either a federal or State of Tennessee bank charter. An award will be made to a single financial institution according to the selection criteria as contained herein.

Timeline for the Proposals

Proposed Schedule: The following schedule will be followed.

Distribution of Proposal	June 25, 2021
Deadline for written Questions	July 16, 2021; 3:00 p.m.
Deadline for Addendum to RFP	July 20, 2021; 3:00 p.m.
Proposals Due to Purchasing Agent	July 23, 2021; 2:00 p.m.
Staff Review	July 26 – July 30, 2021
Award Resolution	August 12, 2021
Implementation	On or before September 1, 2021

Selection Criteria: The following criteria will be used by the City to evaluate and to select the Bank:

- a. Complete response to all required items on standard proposal forms.
- b. Lowest required compensating balances.
- c. Ability to meet all mandatory and required banking services.
- d. Best fund availability schedule for deposit items.
- e. Location and convenience of banking locations to City offices.
- f. Earnings Allowance (interest rates) offered on City accounts.
- g. Best overall advantage to the City based on types and level of services provided.
- h. Financial strength and capacity of the banking institution.

Subsequent to the opening of proposals, a selection committee composed of the Finance Director, Assistant Finance Director, City Recorder and other City staff as may be deemed appropriate will review the proposals and formulate a recommendation to be made to the City Council. A conference with proposing entities may be requested to formulate plans in greater detail and clarify any items prior to the formal award.

At anytime before consideration by the City Council, the City may choose to modify its recommendation if the City, in its discretion, determines that such a change is in the best interest of the City.

Deviations to RFP Requirements

Proposals must clearly and specifically detail all deviations to the exact requirements imposed upon the Bank by this RFP. Such deviations should be listed in detail; otherwise

the proposal must be considered as being made in strict compliance with and subject to the RFP instructions and specifications.

Any services for which the proposing entity intends to charge must be listed along with the price per item on the proposal form or on the back thereof. Any services not listed thereon will be assumed to be free of charge.

In instances in which a deviation is listed, the proposal may be subject to rejection by the City for failure to meet exact requirements; except, however, said proposal may not be subject to rejection where, in the sole discretion of the City, the stated deviation is considered to be equal to, or better than, the imposed requirement and/or where such deviation does not destroy the competitive character of the proposal or the proposal process.

Special Terms and Conditions:

- a. The City reserves the right to accept or to reject any or all proposals, to waive any irregularities or informalities in any proposal or in the process, and to accept or reject any item or combination of items.
- b. In the event that the Bank to whom the service is awarded cannot fulfill the proposal, the City may give notice to such Bank of intent to award the service to the next most qualified Bank or to call for new proposals.
- c. The Proposal form (Exhibit A) indicates the estimated number of transactions during the current fiscal year. The values are the City's best estimate of average volume and the City in no way represents or warrants these to be minimum or maximum volumes.
- d. The Bank shall thoroughly examine and be familiar with these specifications. The failure or omission of any proposing entity to examine this document shall in no way relieve such entity of obligations with respect to this proposal.
- e. Services may be terminated by the City or by the Bank by giving written notice to the other party no later than ninety (90) days before the proposed termination date. This provision may be exercised only after the service has been in effect for three (3) calendar months. The Bank shall be entitled to just and equitable compensation for any satisfactory work completed to the termination date based on fee schedules provided.
- f. Failure to comply with any of the terms and conditions of this RFP will be cause for termination of the service.
- h. The Bank will not be allowed to withdraw or modify its proposals after the opening time and date noted above.
- i. The City reserves the right to reject the proposal of any Bank who has previously failed in the proper maintenance of an award or to deliver on time services of a similar nature or who is not in a position to perform properly under this award.
- j. The City reserves the right to inspect all facilities of proposing entities in order to make a determination as to their capabilities.

- k. Federal, State, County, and City laws, ordinances, rules, and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the Bank will in no way be a cause for relief from responsibility.
- l. No Bank may make any assignment of the resulting service between the parties without prior written authorization by the City.

Mandatory Requirements

- a. Banking institution must either be a federally chartered national bank or chartered by the State of Tennessee.
- b. Bank must be insured by the Federal Deposit Insurance Corporation
- c. Bank must be compliance with the Community Reinvestment Act
- d. Bank must have access to the FedWire system
- e. Each Bank submitting a proposal must assure the City that it is in compliance with Title VII of the 1964 Civil Rights Act, as amended, in that the Bank does not, on the bases of race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability, sexual orientation, gender identity or expression, genetic information or any other characteristic, discriminate in any form or manner against its employees. The Bank understands and agrees that this service is conditioned upon the veracity of this Statement of Assurance.
- f. Must have full service banking location within the City limits of Columbia.

Required Banking Services

- a. Serve as depository for all operating accounts as listed herein or may be required during the term of the award.
- b. Accrue and pay interest on all operating accounts monthly net of bank charges.
- c. Provide some form of checking account/debit card for employees for direct deposit of payroll in the event the employee does not have a bank account to which payroll may be directed. These accounts will be furnished at no charge to the City or the employee.
- d. Provide deposit slip books and transfer slips as needed by the City at no cost to the City.
- e. Provide fraud detection tools, including but not limited to Positive Pay services
- f. Provide availability of deposited funds as follows:
 - i. Items on depository, wire transfers, cash and ACH deposits – same day
 - ii. Local items deposited prior to bank cutoff – same day
 - iii. Local items deposited after bank cutoff – next day
 - iv. All others per bank availability schedule
- g. Automatic redeposit of checks returned due to insufficient funds for first occurrence. Subsequently returned checks will be picked up by the City upon telephone notification by the Bank.

- h. Use of the Tennessee State Collateral Pool Program.
- i. Online/Internet treasury management services - balance inquiry, internal transfer between funds, external wire transfers, stop payment, account reconciliation
- j. Wire Transfers - Incoming
 - a. The Bank will be notified by a telephone call to a person designated by the Bank prior to noon of any wire transfers that the City expects to receive on a particular day. The City intends to consider these incoming wire transfers as “available for investment”. Should a wire transfer not be received by the Bank before 2:00 p.m., the wire transfer will be traced from origin to destination to ascertain the party responsible for delaying the transfer. If necessary, adjustments will be made by the Bank for any lost interest or charges.
 - b. Wire transfers received after 2:00 p.m. for which the Bank was notified by the City prior to noon will be considered part of the next day’s business transactions and no adjustments will be made. The City intends to monitor the time of receipt for all wire transfers. Continued delay in the receipt of wire transfers may constitute sufficient cause for termination of the banking service.
- k. Provide electronic images of canceled checks
- l. Electronic account reconciliation
- m. Schedule of Current Accounts

Activity & Avg. Book Balances based on fiscal year 2020-2021

Acct. Name	# Checks Issued	Avg. Balance
General Fund – Accts. Payable	2,502	\$22,627,400
General Fund – Payroll	416	\$200,000
Wastewater – Operating Acct.	815	\$17,639,900
Sanitation – Operating Acct.	452	\$2,029,000
Drug Fund – Operating Acct.	45	\$187,900
Debt Service – Operating Acct.	10	\$1,275,700
State Street Aid – Operating Acct.	66	\$870,200
Capital Projects – Operating Acct.	54	\$1,618,900
Insurance – Operating Acct.	51	\$1,831,600
Additional accts from time to time for escrow money held by the City on construction projects		

Investments

The City will, in general, follow the practice of separately bidding investments; however, the Bank may be requested to provide investment information and assistance in the management of the City's investment portfolio as permitted by Federal and State laws and regulations.

Miscellaneous Important Items

- a. Banks submitting proposals are requested to list any other services that will be provided to the City at no cost.
- b. All proposals will be available for review only after the City's evaluation process of all proposals have been completed.
- c. The City is using direct deposit of payroll checks through ACH processing. The Bank should describe its process and per item costs associated with this process.

Adjustment to Per Item Charges

- a. It is the intention of the City that all per item charges remain fixed over the life of the three-year service period. However, the City recognizes that an adjustment in per item charges may be necessary based on price changes by the Federal Reserve System. Adjustments in per item charges will only be allowed after complying with the conditions listed in items b - d below.
- b. The per item charge (or portion thereof) will change only for corresponding adjustments in the Federal Reserve System's Fee Schedules, on or after the effective date of the adjustment.
- c. Changes in the Federal Reserve Fee Schedule must be final and not proposed, and
- d. The Bank will provide the City a copy of the Federal Reserve System's notification supporting the adjustment, with the "Monthly Service Charge Report".

Standard Proposal Forms:

Proposal responses shall include:

- a. Transmittal Letter signed by personnel authorized to bind the proposing entity.
- b. Conversion Plan – Brief explanation and copies of all documents needed or required, and other considerations in order to change depository.
- c. Description of the ACH process for handling payroll checks.
- d. Explanation of bank's policy and methodology used in setting earning rates on deposit accounts and example of most recent applicable rate. Please explain if rates will be applied to ledger balance or collected balance.
- e. Explanation of service charges for checks, deposits, wire transfers, direct deposits and other charges as may be applicable.
- f. Location of branches within the City including hours of operation

- g. Name and title of Bank representatives to be assigned to City accounts
- h. Bank's Availability Schedule
- i. Proposed Annual Service Fee based on Anticipated Volume – Exhibit A
- j. Calculation of Supporting Balance – Exhibit B

Completion of Proposal Form

The Bank is to provide an annualized total for all service charges. This total is to be divided by twelve (12) to arrive at an average monthly amount for service charges.

The City prefers the above approach in lieu of an annual compensating balance requirement since it allows for variations in transaction costs and activities, average yields and any changes in the reserve requirement or earnings allowance. The cost per item can be adjusted in accordance with the provisions of the Adjustment of Per Item Charges as listed above. The Proposal Form requires the Bank to calculate a monthly compensating balance amount to insure an understanding of the calculations by both parties.

The City is primarily interested in the total annual charges, the reserve requirement, the earnings allowance and overall understanding of the calculations involved. Improper calculation of the "Required Monthly Compensating Balance" may render the proposal invalid. The selection criteria as outlined previously remains as the overall criteria to be used.

Monthly Service Charge Calculations

The Bank will prepare a monthly billing for services rendered by account.

Total service charges will be calculated based on the actual number of transactions for the month multiplied by the fixed charge per item.

The "Balance Required to Support \$1.00 of Services" will be calculated according to the formula used in Exhibit B. The variables in the formula may change monthly during the period. The monthly variables are identified as follows:

1. actual number of days in a month (28-31 days);
2. actual reserve requirement (periodically); and
3. method used to calculate earnings allowance

Exhibit A

**PROPOSAL FOR BANKING SERVICES
CITY OF COLUMBIA, TENNESSEE**

BANK SUBMITTING _____

<u>BANK DEPOSITORY SERVICES</u>	<u>ESTIMATED ANNUAL VOLUME</u>	<u>BID CHARGE PER ITEM</u>	<u>ANNUAL SERVICE CHARGES</u>
Account Maintenance/Fixed			
Service Charge:			
Interest-bearing accounts (11)	132	_____	_____
Checks Posted:			
Account Payable	5000	_____	_____
Payroll	400	_____	_____
Account Reconciliation			
Checks Sorted	5000	_____	_____
Items Deposited	27,000	_____	_____
Returned Checks	20	_____	_____
Research Charges (Est. # of calls)	15	_____	_____
Stop Payments	5	_____	_____
Wire Transfer:			
Incoming	10	_____	_____
Outgoing	12	_____	_____
Bank Transfers between	100	_____	_____
Accounts via Telephone, Facsimile or online			
NSF Charges/Overdraft Charges	1	_____	_____
Monthly Service Charge Rpt	12	_____	_____
ACH Transactions Payroll	11,500	_____	_____
Any Additional Charges (Please List):			
_____		_____	_____
_____		_____	_____
Total Estimated Annual Service Charges			\$ _____
Average Monthly Service Charge Amount (Total Estimated Charge / 12)			\$ _____
Balance Required Monthly to Support \$1.00 of Services (Exhibit B)			\$ _____
Required Monthly Compensating Balance			\$ _____

**THIS FORM MAY BE DUPLICATED BUT MUST BE IN SAME FORMAT AND
ORDER AS PRESENTED ABOVE**

Exhibit B

**PROPOSAL FOR BANKING SERVICES
CITY OF COLUMBIA, TENNESSEE**

**CALCULATION SUPPORTING
BALANCE REQUIRED MONTHLY TO SUPPORT \$1.00 OF SERVICES**

Reserve Requirement Percentage _____

Earnings Allowance (Bank Cost of Funds) Percentage _____

Notes:

1. The Bank should use their reserve rate as of July 1, 2021.
2. Complete the following supporting the Earnings Allowance:

Calculation of Balance Required

- a. $365/30 = 12.167$
- b. a. / reserve requirement percentage = _____
- c. b. / Earning Allowance percentage = _____

The resulting value of c. is the monthly balance required to support \$1.00 of services and will be used in calculation in Exhibit A