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## **REQUEST FOR PROPOSAL (RFP): BANKING SERVICES**

BANKING SERVICES – EFFECTIVE JULY 1, 2019 – JUNE 30, 2024

### NOTICE TO BIDDERS

The Northwest Local School District is soliciting proposals for the specified services pertaining to the District's banking relationship and depository accounts. The District's current contract expires June 30, 2019. The Purpose of this RFP is to obtain high-quality depository and banking services at a competitive price.

### Questions Regarding

RFP Inquiries concerning this RFP should be submitted to Amy M. Wells, awells@nwlsd.org or Elizabeth Whitt, ewhitt@nwlsd.org using the subject line: "Banking RFP Inquiry" no later than 3:00pm on 03/22/2019.

### Submission of Proposals

Signed proposals should be submitted to the attention of Amy M. Wells, CFO/Treasurer, at the mailing address or email address listed above no later than 1:00pm, March 29, 2019.

### Award of Contract

The District intends to review all proposals during the month of April 2019 and award the contract at the May 23, 2019 Board of Education meeting. Full account functionality by July 1, 2019 for a period of 5 years ending June 30, 2024. All candidates will be informed by May 1, 2019 of the CFO's recommendation to the Board.

### Note

All costs related to the submission of this RFP must be assumed by the submitting contractor/firm. No expenses will be reimbursed.

## GENERAL INFORMATION

Northwest Local School District is located in southwestern Ohio, in a suburb of Cincinnati, in the northwest part of Hamilton County, approximately 12 miles from downtown Cincinnati. The District is comprised of three Townships (Colerain, Green and Springfield) and covers an area of 56 square miles.

### Eligibility Requirements:

A proposer must be either a national bank located in the State of Ohio, or any State-chartered bank subject to inspection by the Superintendent of Banks, or a savings and loan association having its home office in the State of Ohio.

No institution may receive or have on deposit at any time public monies in an aggregate amount in excess of thirty percent of its total assets as shown on the latest report to the appropriate governmental entity.

### Mandatory Requirements

- Banks shall answer ALL questions in this RFP. Failure to respond to each of the requirements in this RFP may be the basis for rejecting a response.
- Failure to comply with any term and condition outlined in this RFP by the bank may disqualify the bank during the designation period.
- Banks shall submit the name, address, email address and telephone number of an individual with the authority to answer questions or provide clarification regarding their responses.
- Exceptions to any of the RFP specifications and requirements shall be listed separately.
- Exceptions not included in a comprehensive listing of exceptions shall be deemed invalid.
- Online Access is required – The district requires a robust online banking tool. Online banking services are used to process Vendor and payroll ACH payments, Wires and interfund bank transfers, positive pay management, daily transaction reconciliation, monthly bank reconciliation. The ability to upload bulk Ach files for Accounts Payable and Payroll processing is required. Dual control is required to eliminate the risk for fraud.
- The Treasurer's Department continually seeks to improve efficiency with alternative systems through acceptance of web-based payments and expanded use of payment cards and will look to its bank for creativity and flexibility.
- The Ohio Uniform Depository Act requires that the depository institution collateralize deposits in excess of FDIC coverage, or participate in the statewide collateralization program.
- Although the amount of collateralization required to cover School District funds will vary during the year, the School District estimates that approximately \$20 million in collateralization is adequate most of the time.
- The School District currently has approximately 1300 employees, all of whom receive their payroll distribution via ACH direct deposit. Little to no payroll checks are issued to School District employees.
- A designated relationship manager is required
- The bank must have a branch facility within physical proximity to District offices and school buildings for deposits, lockable deposit bags and night depository services. Preferably more than one location throughout the large District boundaries.
- Investment Policy Acknowledgement – Once the contract for services is awarded, the financial institution is required to sign the Northwest Local School District investment policy (po6144) acknowledging receipt, comprehension and willingness to abide by the policy. The policy is available on the Districts website.

## Banking Service Proposal Instructions

Your response to the District's RFP must follow the enclosed Proposal Response Format, in the exact order listed. The banking services identified for inclusion in the RFP include: (A) Required Banking Services and (B) Desired/Optional Banking Services.

Any proposal that does not address or cannot provide all of the required banking services elements or conditions qualifying a bank to propose, or does not provide the information requested in "other instructions," may be excluded from consideration.

Should there be any changes made to the RFP, a written addendum will be provided to all parties and will include any required adjustments in schedule dates.

### **SELECTION PROCESS**

The CFO/Treasurer will evaluate all submitted proposals. A written recommendation will be made to the Board of Education, however, the Board has final say in the selection process, and their decision may not conform with the CFO's formal recommendation.

The criteria that will be used to make the selection includes the following items (not necessarily in order of importance):

- Conformity with Chapter 135 of the Ohio Revised Code
- Ability of the financial institution to provide the required banking services at a minimal cost
- Location and credit quality of the financial institution
- Maximization of the District's return of investments through interest and/or earnings credit capability and methodology of rate determination
- Technical ability and customized services of the financial institution as evaluated by the Treasurer's department based on materials submitted in the written proposal, or subsequent written addenda.
- Ability to enter into banking services agreement without exceptions or modifications. Each modification or exception shall be considered in determining the final award.
- New cost of services (required minimum balance, fee structure).
- Type of third-party institution holding collateral.
- Overall financial strength of the institution.
- Experience in providing depository services to similar accounts.
- Online access to daily, monthly and historical information, statements and transactions.
- History of the financial institution in meeting the terms and conditions in prior contracts with the District and other governmental entities.
- Any additional services offered.

The District reserves the right to reject any and all proposals and to accept the proposal the District considers most advantageous. Acceptance of a proposal will be based on the total package of services offered by the banking institution.

## Banking Activity

<i>Transaction Type</i>	<i>Average monthly transactions 2018</i>
Checks Paid	408
Deposits Made	
August – May (school year)	325
June – July (summer break)	62
Deposited Items	
August – May (school year)	398
June – July (summer break)	199
Returned items	2
Wire transfers – incoming	2
Wire transfers – outgoing	2
ACH Debit file transactions	18

- General Operating Accounts - Revenues are approximately \$100M annually, sweeps nightly
- Lunchroom Account – The District houses 10 lunchrooms with annual deposits of \$1M, sweeps nightly
- Payroll Account – All district’s employees are paid via direct deposit through this account, over 1,300 staff paid twice per month. All associated payroll liabilities, such as taxes and fringe benefits, are also paid via this account. The average monthly debit activity \$5.5M, sweeps nightly
- Worker’s Comp Account – This self-funded program has approximately \$1M in assets. The monthly activity consists of approximately 50 monthly checks and inter-fund cash transfers.

### A. REQUIRED BANKING SERVICES

A1. **Account Structure** - The District currently has, and will continue to require, a total of four (4) demand deposit accounts (DDA), and one (1) overnight sweep account.

A2. **Overnight Sweep** - The following will be required of any overnight investment vehicle entered into as part of this proposal:

- a. All securities pledged as collateral will be consistent with the applicable sections of the Ohio Revised Code.
- b. A Customer Advice for each transaction will be provided to the District with the date, amount of purchase or sale, beginning and ending balance in the account, interest rate earned that day, amount of interest, account charged or deposited to.
- c. Interest will be calculated on the daily balance, and deposited to the appropriate account on, at minimum, a monthly basis.
- d. Each depository shall define in detail the rates and formula for calculating any charges resulting from an overdraft of minimum balance required of sweep account.

If any depository wishes to propose an alternative to the use of the overnight investment vehicle described above, those alternatives will be closely examined. Therefore, it is important that the methods of operation, as well as the rates of return of any proposed alternatives be clearly stated in the proposal.

**A3. Funds Availability** - Each proposal shall provide documented examples of its funds availability schedule for electronic and paper transactions, and provide the following information:

- a. Does the institution's funds availability policies differ from the Federal Reserve Bank's availability schedule? If so, please highlight the differences between the schedules.
- b. Describe the bank's policy on receiving same-day credit for deposits and incoming wire transfers.
- c. Does the institution offer the option of expedited funds availability? If so, please provide the details and requirements of such expedited availability.

**A4. Online Banking Services** – The District extensively uses the online capabilities with its' current banking and depository services provider, and expects a similar service offering through this RFP.

Please respond to the following:

- a. Is the institution's online banking system a web-based platform, or is software required to be installed on the District's computer systems?
- b. Describe how online access is restricted, controlled and protected. Does the institution utilize multi-factor authentication (MFA) in order to remotely access an account? If so, does it incorporate a physical aspect (e.g., fob) or an email/text/phone call?
- c. Describe the various formats accepted/preferred by the institution's online banking system for uploading or downloading banking information (e.g., PDF, .CSV, etc.).
- d. Is training on the use of the online banking system provided by the institution? What format does the training take place (e.g., webinar, onsite, etc.)?
- e. Please provide a detailed description of the institution's online services, requirements and costs of the services offered.
- f. Describe the institution's online availability of monthly checking account statements with images of cleared checks. The District prefers that they be available at 8:00 am EST the next business day following month-end.
- g. Is the institution able to provide the images of cleared checks electronically? Can the file be uploaded into the District's financial software, currently eFinancPlus (PowerSchools)? What type of information is provided (metadata) and file format.
- h. Describe the availability of current and/or prior-day transactions via the institution's online banking system including the following:
  - Detailed listing of current/prior-day debits
  - Detailed listing of current/prior-day credits
  - Images of cleared checks
  - Images of deposits
  - Returned NSF information
  - Returned/rejected ACH information
  - If the information is available online on a real-time basis, please indicate what information is available
- i. Does the institution offer an account reconciliation program (ARP)?
  - Describe the type of ARP services available (e.g. full, partial, deposit only)
  - Provide sample reports
  - Provide file transmission deadlines
  - Profile file layout requirements
  - Describe imaging capabilities
  - Describe system requirements

- Daily or monthly process

#### **A5. Stop Payment Services**

Please respond to the following:

- a. Describe the institution's online stop payment services (initiation and renewal).
- b. Describe the institution's confirmation requirements.
- c. What is the institution's duration for an issued stop payment? Is this able to be modified for a specific item?
- d. The District requires that any stop payment expenses shall be charged against the account analysis.

#### **A6. Wire Transfer Services**

The depository must maintain wire transfer facilities through the Federal Reserve Bank System. The District typically sends semi-annual debt payments and semi-monthly annuity payments using wire transfers, the following information must be provided:

- a. Ability of the government to initiate and monitor wire transfers online.
- b. Ability to create and store any recurring/repetitive wire instructions/templates.
- c. Ability to create and store future-dated wire instructions, and any limitations on such scheduling.
- d. Describe the security measures in place for wire initiation and authorization.
- e. The financial institutions deadline for outgoing Wire Transfer item should be no earlier than 4pm. Please indicate the institutions' deadline.

#### **A7. Automated Clearing House (ACH)**

Since 2018, the District has been increasing its use of ACH for issuing vendor payments (see Matrix for volume detail). Currently, approximately 25% of our current vendors have elected payment via ACH over the issuance of a physical check. Our current parent payment portal (PaySchools) receives customer payments via a number of payment platforms.

Please provide the following information regarding the institution's ACH service:

- a. Describe the methods by which the District can submit or initiate ACH transactions.
- b. The financial institutions deadline for ACH items should be no earlier than 6pm. Please indicate the institutions' deadline.
- c. Describe the pre-notification policy, and any cost associated with pre-note items.
- d. Describe the institutions' RDC item representation policy through ACH, and the timing of such transactions.
- e. Describe security measures in place for ACH initiation/origination and reception.
- f. Provide information on any ACH filters and blocks provided by the institution.

#### **A8. Positive Pay**

Describe the institution's positive pay service offerings, including if a 'payee' positive pay service is offered. In addition, describe:

- a. Teller data update schedules
- b. Data transmission methods and time windows
- c. Control options – notification default (e.g., is default to reject or accept)
- d. Internet/online access to positive pay

**A9. Account Analysis/Fees:**

- a. Describe the institution's process for calculating and collecting fees. Identify any compensating balance requirements associated with the fees.
- b. Depository shall provide the District with a detailed monthly account analysis statement for each account. The details should consist of per unit cost, number of transactions and the cost for each banking services. This detailed statement should be available electronically.
- c. Describe other fees for services or products, if applicable, provided by the local branch, such as coin/currency wrappers, change orders, etc.
- d. The monthly summary analysis shall include the total of collected ledger balances, total cost of all banking services, amount and rate of earnings credit (if applicable), and the net service charge credit or amount of fees dues. Credit will be given to adjust daily ledger and collected balances and the amount of the earning credit (if applicable) will be adjusted accordingly if erroneous charges appear.
- e. Provide the formula for determining an earning credit (if applicable) and the index used to produce the monthly rate.

**A10. Collateralization:**

- a. All District funds on deposit with the institution in excess of any FDIC insurance shall be collateralized against the risk of loss due to institutional failure.
- b. The institution may choose to participate in the statewide pooled collateral program. If so, this election would satisfy this requirement of the RFP.
- c. If the institution does not participate in the statewide program, it shall collateralize the deposits equal to 105% of the amount of District funds on deposit with the institution less any FDIC coverage. Eligible collateral instruments permitted would include: (1) US Treasury and fully-guaranteed agency securities; (2) Government sponsored enterprise (GSE) securities; and (3) AAA-rated municipal bonds. The securities held as collateral shall be held by a third-party custodian. The institution shall provide the District with a quarterly report on pledged collateral.

**A11. Management**

It is in the District's best interest that it enters into an agreement with an institution that is well-run, stable and able to provide banking and depository services over the entire term of the contract. Please respond to the following:

- a. If the depository is a bank, the institution or any of its directors, officers, employees or controlling shareholders, please confirm that the above captioned representatives of the institution are not currently a party to an active final, or temporary cease and-desist order issued under Ohio Revised Code §1125.08.
- b. Each depository shall indicate the primary resource personnel and location of such personnel who will service the District within the scope of this agreement. Brief bios of those key personnel will be provided with the RFP submission. In addition, the bank shall identify liaison staff members as well, on

the basis of "primary" contact personnel and "backup" personnel in the event the primary staff would be unavailable.

- c. The bank shall provide their disaster recovery and backup procedures that are in place to protect the District and the bank in the event of disaster to either entity or both.
- d. If the institution utilizes the services of a third-party vendor, such relationships must be identified. Please describe the role of such third-party processors to be used in providing the services listed within this RFP.
- e. The organization shall provide a copy of the most recent quarterly Consolidated Report of Condition and the Consolidated Report of Income, known as Call Reports, for the preceding four (4) quarters.
- f. Please provide the name and the most recent rating received by an appropriate ratings agency (e.g., Veribanc, Highline, etc.).
- g. Include references for similar banking services for similar clients or depositors. Include a comprehensive list of all school districts and other local governmental customers, listing the names of the agency, a contact person, and the agency address and telephone number.
- h. Describe briefly your proposed implementation plan and timetable for conversion, including any required training. The plan should provide the District with sufficient detail to allow for a reasonable estimate of the complexity and costs.

#### **A12. Other/Miscellaneous:**

- a. If the District develops a need for additional accounts or services during the term of the depository agreement, those new accounts or services shall be provided with the same conditions as apply to existing accounts.
- b. The financial institution shall pay for all banking supplies including deposit tickets with deposit reconciliation identifiers (unique deposit identifiers for each building and/or fund), locked money bags, money straps and coin wrappers and endorsement stamps. The District will provide all checks utilized.
- c. Automatic redeposit of returned checks a second time, if the instruments are initially dishonored due to "NSF" notations. NSF fees are to be assessed against the monthly analysis. The District has partnered with Envision Payment Solutions for the collection of NSF items.
- d. The District's current records retention schedule requires that bank statements be retained for five years post-audit, which would generally mean that the documents must be retained for six (6) years. Please confirm that the institution would be able to, and agrees to, retain access to statement and check images for the six-year period. If not, please describe rationale and any alternative to this request.
- e. Failure of the parties to enter into an agreement within 10 days from the notice of award, may render the institution's response invalid.
- f. Exceptions to any of the RFP specifications and requirements listed in Section A above shall be listed separately. Exceptions not included in a comprehensive listing of exceptions shall be deemed invalid.
- g. Any contract or subsequent agreement between the parties may be terminated by the bank with 180 days written notice, or by the government with 90 days' notice.

#### **B. DESIRED/OPTIONAL BANKING SERVICES**

The Finance department continually seeks to improve efficiency available with alternative systems and technology. Separate from the aforementioned required banking services, the District invites the depository to separately provide information on the following services. The price of these services and their impact on the compensating balance should be listed separately and NOT included in the compensating balance requirement.



- B1. Describe any web-based payment services offered, including the costs of initial implementation and any ongoing monthly fees for the service.
- B2. Please provide information on the availability of 'smart safe' or similar equipment, program details, requirements and costs.
- B3. Please provide information on any ancillary banking-related benefits available to District employees, and any costs or requirements to qualify for such benefits.
- B4. Additional services offered (including pricing) of other services the depository believes would be of benefit to the District with efficiencies that could enhance and improve our current banking, cash management and customer service capabilities.
  
- B5. **Remote Deposit Capture (RDC)** – The District is interested in the option of RDC to scan and deposit checks at multiple locations (2 High Schools, 3 Middle Schools, Early Learning Center & Board Offices).

Describe the institution's RDC services, including:

- a. Scanning equipment (lease options), software, transfer procedures, batching and security
- b. Portal entry, or stand-alone service
- c. Deadlines for same-day credit of deposits
- d. Document retention policy for checks processed via RDC or converted to ACH
- e. Liability for fraudulent deposit items

**DISCLAIMER**

We will make every effort to administer the proposal process in accordance with the terms and dates described within the RFP; however, we reserve the right to modify the proposal process and dates as deemed necessary.