

## **REQUEST FOR PROPOSAL**

### **BANKING SERVICES**

The City of Kenai is soliciting proposals for banking services beginning August 1, 1997. The enclosed "Request for Proposal" includes information, forms, and exhibits for use in preparing your response to this request.

Proposals are to be received in the office of the Finance Director, 210 Fidalgo Avenue, Suite 200, Kenai, Alaska no later than 2:00 PM, July 8, 1997.

Thank you for your interest in this important project.

Sincerely,

Lawrence A. Semmens  
Finance Director

**CITY OF KENAI  
REQUEST FOR PROPOSAL  
BANKING SERVICES**

**1.0 GENERAL INFORMATION**

**1.1 REVIEW**

Proposers are requested to carefully review this Request for Proposal (RFP), without delay, for defects and questionable or objectionable matter. Inquiries shall be made in writing and received no later than June 23, 1997 so that any necessary amendments can be published and distributed to proposers to prevent the opening of a defective proposal. Proposers' protests based upon any omission, or errors, or the content of the RFP will be disallowed if not made known by June 23, 1997.

Questions, objections, or comments concerning this RFP should be addressed to:

Lawrence A. Semmens  
Finance Director  
City of Kenai  
210 Fidalgo Avenue, Suite 200  
Kenai, Alaska 99611  
Fax No.: 907-283-3014

and may be effected by fax, personal delivery in writing or by registered or certified mail, postage prepaid, and shall be deemed communicated as of actual receipt.

The City of Kenai (City) assumes no responsibility for any interpretation or representations made by any of its officers, agents, or employees unless interpretations or representations are incorporated in a written amendment to the RFP.

**1.2 ACTIVITIES SCHEDULE**

The City of Kenai intends to follow the schedule of activities described below during the procurement process, and reserves the exclusive right to alter the schedule.

<u>Activity</u>	<u>Date</u>
Release of Proposal Request	June 12, 1997
Inquiry Due Date	June 23, 1997
Proposal Due Date	July 8, 1997
Evaluation of Proposals	July 10, 1997
Contract Award	July 16, 1997
Contract Begins	August 1, 1997

**1.3 MINIMUM QUALIFICATIONS**

- Each respondent must be a State of Alaska or federally chartered commercial bank with branch banking facilities within the City of Kenai and providing insurance on accounts through the Federal Deposit Insurance Corporation.
- Each respondent must be willing to provide collateralization of all monies deposited in excess of FDIC limit in accordance with Kenai Municipal Code (KMC), Section 7.22.050 (Exhibit #1). All pledged collateral must be held in the collateral custodial account of the City of Kenai under a formal tri-party agreement (Exhibit #2).
- Each respondent must be willing to provide an overnight repurchase agreement on the daily remaining balance of the concentration account. The securities purchased shall be pledged to the City of Kenai but held in safekeeping in accordance with KMC, Section 7.22.030 (Exhibit #1). Margin requirements may be established by the City if collateral securities fluctuate significantly in market value. The respondent must be willing to enter into a repurchase agreement contract as specified in Exhibit #3.
- Each respondent, or the bank of which the respondent is a wholly owned subsidiary, must have a minimum equity capital of \$30 million, a minimum equity capital to total assets ratio of 6.0%, a maximum net charge-off to average loans ratio of 3.5%, and a loan loss reserve to total loans ratio of at least 1%. This criteria will be established using the most recent quarterly "Consolidated Report of Condition and Income" submitted to the Federal Reserve Bank Board.

## **2.0 PROPOSAL SUBMISSION**

### **2.1 REQUIREMENTS**

Three copies of the proposal shall be furnished in accordance with the terms of this RFP. Proposals will be accepted no later than 2:00 PM prevailing time, July 8, 1997 and must be submitted to the office of the Finance Director as follows:

City of Kenai  
Finance Director  
210 Fidalgo Avenue, Suite 200  
Kenai, Alaska 99611

Delivery may be by hand or by mail but must be received by no later than the deadline. No proposals will be accepted after that date and time. Time of receipt will be determined by a time stamp. It is the responsibility of the proposer to ensure that the proposal and acknowledgment of any subsequent amendments are at the above location prior to the scheduled proposal opening time.

Proposals must be signed and placed in a sealed package with a label "Proposal, Banking Services" with the proposer's name and address on the outside of the package. The "Banking

Services Fee Schedule" and the "Optional Services Fee Schedule" **MUST** be in a separate envelope clearly labeled "**Cost Proposal**". All proposals and materials submitted become the property of the City of Kenai.

Late proposals are those received after the submittal deadline. Any late proposal received will not be considered and will be held unopened in the file, unless other disposition is requested or agreed to by the proposer. Other disposition will not take place until after the award.

Fax submittal of proposals is not acceptable.

## 2.2 WITHDRAWAL AND MODIFICATION OF PROPOSAL

### 2.2.1 Withdrawal

- (1) At any time prior to scheduled closing time for receipt of proposals, any proposer may withdraw his proposal, either personally or by written request.
- (2) After scheduled closing time for receipt of proposals, no proposer will be permitted to withdraw his proposal unless Notice of Award is delayed for a period exceeding thirty (30) days.
- (3) A proposal may not be withdrawn after opening without the written consent of the City.

### 2.2.2 Modification

- (1) Proposal modification may only be effected by withdrawal of the original proposal and submission of the revised proposal prior to the scheduled closing time for receipt of proposals.
- (2) Should more than one proposal be received from a proposer, the last proposal received prior to the deadline shall be opened. All earlier proposals shall be returned to the bidder unopened within thirty days after the contract award.

## 2.3 FORMAT

In order for a qualified bank to be considered responsive to this solicitation, three (3) copies of the proposal including the following items shall be submitted:

- 1 Cover Page - Attachment #1.
- 2 Acknowledgment - Attachment #2. One copy must be signed in original ink.
- 3 The bank's, and, if applicable, the bank holding company's, most recent annual audited financial report and most recent quarterly balance sheet and income statement as reported to federal regulatory authorities.

- 4 The most current "Consolidated Reports of Condition and Income" for the bank or its holding institution if applicable.
- 5 A written statement of its capability and experience to administer the City's accounts and services required. Two references from Alaska must be included that demonstrate the bank's ability to perform contracts of a similar nature.
- 6 Acknowledgment by the bank of its willingness to execute the City's standard form Collateral Custodial Agreement (Exhibit #2) and standard form Repurchase Agreement (Exhibit #3).
- 7 Sample monthly bank statements and account analysis.
- 8 Description of optional services available even if not specifically addressed in this RFP.
- 9 A brief resume of those persons who would be responsible for our account.

In addition, the proposer must include the following items in a separate envelope marked "Cost Proposal":

- 1 Banking Services Fee Schedule - Attachment #3. Signed in original ink.
- 2 Optional Services Fee Schedule - Attachment #4. Signed in original ink.

Proposer shall indicate pages or portions of submittal that are proprietary and request that those pages remain sealed in the proposal file. The proprietary information so indicated will be used for evaluation purposes by the evaluation team and will not be public information.

### **3.0 CONTRACT SPECIFICATIONS**

#### **3.1 GENERAL SPECIFICATIONS**

The contract will be awarded for a term of three (3) years beginning August 1, 1997 ending July 31, 2000 and may be extended for up to two annual renewals at the discretion of the City of Kenai. Years subsequent to the first year will be subject to Council appropriation. The per item charges will not change for the first three (3) years of the contract. If these costs remain constant for the renewal periods, then the contract may be extended for up to two annual renewals by mutual agreement, subject to Council approval.

Termination of the agreement may occur by mutual consent, for the convenience of either party; or for cause, where the other party fails in any material way to perform its obligations under this contract. Termination of the agreement by mutual consent requires 120 days notice prior to the effective date of the termination. If just cause for termination arises, this will require at least 60 days notice of termination by either party.

### 3.2 COMPENSATION FOR BANKING SERVICES

The City of Kenai would like the compensation to be expressed by the compensating balance method. It is the City's intent to establish a non-interest bearing certificate of deposit or time open account in the amount to be determined by the method listed below. The compensating balance will be in lieu of payment of fees.

The amount of the compensating balance will initially be computed as follows:

$$\text{Compensating Balance} = \frac{\text{Total Annual Service Charge}}{\text{Rate}}$$

Total Annual Service Charge = Bid Amount from Attachment #3.

Rate = Bond equivalent yield on the 13-week Treasury bill sale of June 30, 1997  
+/- any basis points bid in this proposal.

Every three months (quarter) the amount of the compensating balance will be adjusted at the end of the month following the quarter end by the difference between the interest renounced by the City and the transaction fees as shown on the monthly account analysis. Example: For the quarter August, September, and October, the compensating balance will be adjusted at December 1. The adjustment will be calculated as follows:

$$\text{Compensating Balance Adjustment} = \frac{\text{Actual Costs} - \text{Interest Renounced}}{\text{Latest Rate}} \times 4$$

Interest Renounced = Interest which would have been earned on the compensating balance during the calendar quarter if the repo rate was applied.

Actual costs = Total costs as shown on the monthly account analysis during the calendar quarter.

Latest Rate = Bond equivalent yield on the most recent 13-week Treasury bill +/- any basis points bid in this proposal.

### 3.3 OVERNIGHT REPURCHASE AGREEMENT

Please state the rate to be paid for the overnight repurchase agreement as a spread to the bond equivalent yield of the 13 week treasury bill sale. This spread will be the same spread that is used to calculate the rate in section 3.2 above.

### 3.4 ACCOUNT SPECIFICATIONS

The City of Kenai needs one checking account.

The bank shall maintain the account as follows:

- All City banking transactions will be reflected in this account.
- There shall be a daily sweep of the available balance and investment in an overnight repurchase agreement as long as the balance is in excess of \$100,000. Please state the rate to be paid for the overnight repurchase agreement in relation to the 13-week Treasury Bill.
- A deposit, with the exception of wire transfers, shall be considered "collected funds" based on a float availability. Please attach a float availability statement. Wire transfers into the general account will be considered collected immediately upon receipt.

Other services to be included are:

- Endorsement stamps for deposited checks. Self-inking stamps are preferred. Initial stock of 10 required. Replacements as necessary.
- Locking deposit bags. 10 in total.
- Coin wrappers.
- Periodic safekeeping of documents on an as-needed basis.

### 3.5 REPORTING REQUIREMENTS

- Daily balance reporting shall be provided by the bank before 8:45 AM. The reporting shall include the opening ledger and collected balances, prior day's account transfers, deposits credited, wire transfer in/out information, stop payments, and checks cleared, on each account. If this information may be accessed via on-line modem communications please provide information on the hardware and software required and the data available.
- Confirmations of the repurchase agreement transactions must be received within three business days.
- Written notification of all debit/credit for NSF checks, check reversals, deposit errors or account corrections must be received within three business days after the adjustment has been posted to the account.
- A monthly statement of the prior month's activity for all accounts shall be delivered to the City of Kenai by the 10th of the month. The statement shall include details of account transfers, deposits, checks paid, check reversals, NSF's, wire transfers, and transfers to and from the open repurchase agreement.
- All debits and credits to the account must be posted even if they net to zero on a daily

basis. There shall be descriptive differentiation between the wire transfers and transfers to and from the open repurchase agreement. All cleared checks shall be returned with the monthly statement and shall be sorted numerically by check number.

- A monthly account analysis is required so that the City may monitor the account performance. The analysis shall compare the compensation with the fees that would have been charged on the actual monthly activity.

### 3.6 OPTIONAL SERVICES

A description of the following optional services should be provided for future consideration by the City of Kenai. An estimated cost associated for each should be included in the description.

- Electronic direct payroll deposit via ACH semi-monthly for the City of Kenai. Estimated number of participating employees is 75 in 5 financial institutions within the State of Alaska. Specify the method of data transfer.
- Microfilming or imaging of checks cleared. Checks must be filmed front and back in numerical order.
- Any other services your bank provides which you would like to present for future City consideration.
- Online computer access to account data for inquiry, downloading of cleared items, and other statement information and wire transfer initiation. Please provide a complete description of services available and associated costs.

### 4.0 **PROPOSAL EVALUATIONS AND SELECTION PROCESS**

Proposals will be evaluated by a committee comprised of City of Kenai staff. Initial review will be based on qualification criteria established in Section 1.3, Minimum Qualifications. Selection criteria will be based on a 100 point rating system with each criteria assigned a weight establishing the importance of that criteria. Bidders scoring more than 30 points in items 1 through 3 below shall be deemed to have met the minimum qualifications. If fewer than 30 points are earned, the proposal will be rejected.

- 1 Ability to provide the Account Specifications, Other Banking Services, and Reporting Requirements. 25 points maximum.

This will be based on the explanation provided regarding how the required services will be provided and how the account reporting information will be provided. The explanation that best suits the City's needs will receive the highest rating.

- 2 Optional services. 10 points maximum.

The optional services that are most advantageous to the City will receive the highest

rating.

3 References. 5 points maximum.

THE COST PROPOSAL MUST BE SUBMITTED IN A SEPARATE ENVELOPE CLEARLY MARKED AS "COST PROPOSAL". The cost proposal will be evaluated after the previous review has been completed and will be added to the points accumulated from above. Cost proposals will not be considered or opened if the bidder does not score 30 points in categories 1 through 3 above.

4 Compensation for banking services.

5 Overnight repurchase rate.

Cost proposals will be evaluated as follows:

$$\frac{\text{Lowest compensating balance}}{\text{This bank's compensating balance}} \times 20$$

$$\frac{\text{This bank's overnight repurchase rate}}{\text{Highest repurchase rate}} \times 40$$

## 5.0 **OTHER**

The bidder with the highest point score will be recommended to the City Council to receive the contract. The recommendation does not bind the Council.

Offers made in accordance with this RFP must be good and firm for a period of (60) days from the date of submittal deadline.

The City of Kenai reserves the right to reject any and all proposals. The City of Kenai reserves the right to not award the proposed agreement, if it is in the City of Kenai's best interest. The City of Kenai is an Affirmative Action/Equal Opportunity Employer. The City of Kenai, all contractors, vendors and suppliers, agree and certify that they shall comply with the requirement of all pertinent Federal and State laws relating to equal opportunity in contracting and procurement activities.

COVER PAGE

PROPOSAL FOR BANKING SERVICES  
FOR THE  
CITY OF KENAI

Proposal Submitted By:

Bank: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

This proposal contains all the following information requested in the Request for Proposal:

\_\_\_\_\_ Acknowledgment (Attachment #2) One copy must be manually signed in original ink.

\_\_\_\_\_ Banking Services Fee Schedule (Attachment #3) and Optional Services fee schedule (Attachment #4)  
(THESE ATTACHMENTS MUST BE IN A SEPARATE ENVELOPE CLEARLY LABELED "COST PROPOSAL" AND MUST BE MANUALLY SIGNED IN INK)

\_\_\_\_\_ Most recent audited financial statement and most recent quarterly balance sheet and income statement as reported to federal regulatory authorities

\_\_\_\_\_ Current Consolidated Reports of Condition and Income

\_\_\_\_\_ Written statement of capability and experience with two Alaska references

\_\_\_\_\_ Acknowledgment by the bank of its willingness to execute the City's standard form Collateral Custodial Agreement and Repurchase Agreement.

\_\_\_\_\_ Sample of the Monthly Statement format and Account Analysis report

\_\_\_\_\_ Description of optional services

\_\_\_\_\_ Brief resume of those persons responsible for our account

\_\_\_\_\_ Float availability schedule



ACKNOWLEDGMENT

I certify that I am a duly authorized representative for the firm listed below and that information and materials enclosed with this proposal accurately represent the capabilities of the office listed below for providing the services indicated. The City is hereby authorized to request any owner identified in this proposal to furnish any pertinent information deemed necessary to verify information provided or regarding reputation and capabilities of the firm.

The Proposer represents to the City that it has relied upon no oral representations from the City or its consultants in the preparation of this proposal and acknowledges receipt of the following amendments:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Name of Representative

\_\_\_\_\_  
Signature of Representative

Title: \_\_\_\_\_ Date: \_\_\_\_\_

Office Address for which this proposal is made:

Firm: \_\_\_\_\_

Street Address: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Alaska Business License No.: \_\_\_\_\_

Type of Firm (Check One): Individual \_\_\_\_\_

Partnership \_\_\_\_\_

Corporation \_\_\_\_\_ in the state of \_\_\_\_\_

Other \_\_\_\_\_ (Specify) \_\_\_\_\_

BANKING SERVICES FEE SCHEDULE

Bank Name: \_\_\_\_\_

	<u>Annual Volume</u>	<u>Charge Per Item</u>	<u>Annual Service Charge</u>
Account Maintenance	1	_____	_____
Number of Deposits	657	_____	_____
Deposit Items - Transit	1,361	_____	_____
Deposited Items - On Us	6,554	_____	_____
Deposit Items - Local	13,613	_____	_____
Items Paid	6,799	_____	_____
Outgoing Wire Transfers	10	_____	_____
Stop Payments	5	_____	_____
Returned Items	88	_____	_____
Fine Sort Checks	6,799	_____	_____
Research Items	5	_____	_____
Locking Bank Bags	10	_____	_____
Endorsement Stamps	10	_____	_____
Other - Specify:		_____	_____
Total Annual Service Charge			_____

Attachment #3 (Continued)

BANKING SERVICES FEE SCHEDULE

Compensating Balance Calculation: See Section 3.2.

Overnight Repurchase Agreement Rate: State the spread, i.e. +/- basis points from the bond equivalent yield of the 13-week Treasury bill. See Section 3.3.

Attach additional sheets as necessary to completely describe calculations.

NOTE: Be sure to include all anticipated fees, even if they do not specifically appear on this list.

CERTIFICATION

\_\_\_\_\_  
Name of Representative

\_\_\_\_\_  
Signature of Representative

Title: \_\_\_\_\_

Date: \_\_\_\_\_

OPTIONAL SERVICES FEE SCHEDULE

Please show the incremental cost for adding the additional services.

- Electronic direct payroll deposit via ACH for the City of Kenai.
- Microfilming or imaging of checks.
- Computer access to accounts.
- Other services.

CERTIFICATION

\_\_\_\_\_  
Name of Representative

\_\_\_\_\_  
Signature of Representative

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# **EXHIBIT #1**

BOROUGH INVESTMENT POLICY

# **EXHIBIT #2**

COLLATERAL CUSTODIAL AGREEMENT

# **EXHIBIT #3**

MASTER REPURCHASE AGREEMENT

# **EXHIBIT #4**

SAMPLE DEPOSIT SLIP

March 31, 1997 - Proposal packages sent to:

- **First National Bank of Anchorage** Alan Dablemont, Soldotna Branch  
44501 Sterling Highway 262-9070  
Soldotna, AK 99669  
  
    Josie Johnson, Anchorage 907-265-3042 (Fax)
  
- **National Bank of Alaska**  
44552 Sterling Highway  
Soldotna, AK 99669 262-4435  
  
    Mary Perez, NBA Anchorage  
    P. O. Box 100600  
    Anchorage, AK 99510-0600 907-265-2141 (Fax)
  
- **Key Bank**  
11311 Frontage Road  
Kenai, AK 99611 283-7542  
  
    Kerri Geppert, Anchorage  
    101 W. Benson Boulevard  
    Anchorage, AK 99510-0420 907-564-0200 (Fax)
  
- **Bank of America**  
P. O. Box 107007  
Anchorage, AK 99510 1-800-774-7776