

# BEDFORD COUNTY, TENNESSEE

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## Banking Services Request for Proposal

Bid No. 17-3

September 1, 2016

## I. INTRODUCTION

Bedford County invites qualified banking institutions that maintain a full service branch bank in Bedford County to submit proposals to provide depository and banking services to Bedford County for a three (3) year period beginning on or about September 1, 2016 with the option to extend for one (1) additional year. "Banking services for Bedford County" for purposes of RFP specifically references the following accounts:

1. Bedford County Trustee's Main Checking Account
2. Bedford County Trustee's Main Clearing Account
3. Bedford County Schools direct deposit payroll account
4. Bedford County Schools payroll tax ach account
5. Bedford County General Fund direct deposit payroll account
6. Bedford County General Fund payroll tax ach account
7. Bedford County Highway Fund direct deposit payroll account
8. Bedford County Highway Fund payroll tax ach account
9. Bedford County Schools Cafeterias Main Checking Account
10. Bedford County Schools Cafeterias direct deposit payroll account
11. Bedford County Schools Cafeterias payroll tax ach account
12. Bedford County Federal Program direct deposit payroll account
13. Bedford County Federal Program payroll tax ach account

and includes the option to add other similar accounts for other county departments at any time during the duration of any binding agreement.

Written proposals will be received by the Bedford County Finance Department until 2:00 p.m. central time on Thursday, August 18, 2016, at which time they will be publicly opened. Proposals received after the specified time for opening will not be considered.

### A. Intent

The intent of the RFP is to select one or more financial institution(s) that can offer the highest quality of depository and banking services with the best net rate of return on interest income (less fees) for Bedford County's bank accounts for operating capital.

### B. Instructions

1. Submission of completed proposal forms is required of all proposers.  
Supporting material may be submitted; however, the standard forms provided must be completed along with the information requested in the RFP. If the proposing bank is unable to meet or exceed the requirements specified, then the phrase "No Proposal" should be entered for that particular item.
2. Each proposer shall submit two (2) copies of their completed response and the Proposal Forms and one (1) copy of their annual financial report for the past two (2) years. These reports will be used by the County to determine the financial strength of the proposer. The successful proposer shall continue to furnish the County updated annual financial reports.

3. Responses to this request must be identified as BANKING SERVICES PROPOSAL and delivered or mailed to:

Robert Daniel, Director of Finance  
Bedford County Department of Finance  
200 Dover Street, Suite 102  
Shelbyville, TN 37160

4. Requests for clarification or additional information should be in writing and addressed to Robert Daniel, Director of Finance, Bedford County Department of Finance, 200 Dover Street, Suite 102, Shelbyville, TN 37160 or emailed to [robert.daniel@bedfordcountyttn.org](mailto:robert.daniel@bedfordcountyttn.org). Requests for clarification or additional information is due from proposers by August 12, 2016. All questions will be compiled, answered and distributed to all proposers by August 16, 2016.

5. Telephone inquiries will not be accepted. Banks should clearly understand the only official answer or position of the County will be the one stated in writing.

6. Each proposal must give the full name and business address of the respondent. The person signing the proposal must show his/her title and must have authority to bind his or her institution in contract. Typewritten proposals must be signed in ink, otherwise they may not be considered. A contract will be issued only to the institution appearing on the proposal. Sub-contracting of proposed services is not permitted without the prior written approval of the Finance Department unless the awarded banking institution is merged or acquired by an approved banking institution.

C. Proposed Schedule: The following schedule shall be followed:

Questions submitted by proposers	August 12, 2016
Response to questions sent out	August 16, 2016
Proposals Due and Opened	August 18, 2016
Staff Review and Recommendation	August 18 thru August 22, 2016
Recommendation to Finance Committee	August 23, 2016
Contract Period Begins (on or about)	<u>September 1, 2016</u>

#### D. Terms and Conditions

1. Bedford County reserves the right to reject any and 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. Selection will be to the bank or banks whose proposal is the best, taking into consideration all aspects of the proposal including total net cost to the County. It is the intent of the County to award a contract to a single bank for all banking services; however, the County will analyze the banking services separately and reserves the right to award separate contracts for different banking services if it is in the best interest of the County.
2. In cases of errors in the extension of process in the proposal, the unit price will govern. No proposal shall be altered or amended after the specified time for opening proposals. After proposal opening, a respondent will be permitted to withdraw a proposal only where there is an obvious clerical error in the proposal such as a misplaced decimal point, or where enforcement of the proposal would impose unconscionable hardship due to an error in the proposal resulting in a quotation substantially below the other proposals received. Withdrawals will be considered only upon written request from the banking institution.
3. In the event that the Bank to whom the service is awarded cannot fulfill the proposal, the County may give notice to such Bank of intent to award the services to the next most qualified Bank or to call for new proposals.
4. Response Form 2 (attached) indicates the estimated number of transactions during the last fiscal year. The number is the County's best estimate of average volume and the County in no way represents or warrants these to be minimum or maximum volumes.
5. Failure to comply with any of the terms and conditions of the RFP will be cause for termination of service.
6. These specifications constitute the complete set of specification requirements. The standard forms are to be filled in, signed, sealed in an envelope, and mailed or delivered to the Director of Finance's Office on or before the specified time and date of the opening of proposals. Timely delivery is solely and strictly the responsibility of the bank. The County will in no way be responsible for delays caused by the United States Post Office or delays caused by any other occurrence. Offers by telephone or facsimile will not be accepted. Under no circumstances will a proposal delivered after the time specified be considered. Such proposals will be returned to the Bank unopened.

7. 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.
8. Changes to the RFP may be made by, and at the sole discretion of the County at any time prior to consummating the contract with the Bank that submits the acceptable RFP.
9. The Bank must have access to the Fed Wire system and have the ability to process large, repetitive wire transactions both incoming and outgoing (typically ranging from \$500,000.00 to \$4,000,000.00).
10. The Bank must be insured by the Federal Deposit Insurance Corporation (FDIC). Proposed accounts must be secured in accordance with existing Tennessee Statutes governing the collateralization of Public Funds, along with applicable FDIC regulations, in the amount of 110% in excess of the dollar amount covered by the FDIC, or be a member of the State of Tennessee Collateral Pool. Banks not currently members in good standing of the State of Tennessee Collateral Pool will be required to sign a collateral agreement with Bedford County and provide monthly statements reflecting the aggregate total and specific securities held in escrow for Bedford County in a third party bank.
11. Each Bank submitting a proposal assures that it is in compliance with Title VI of the 1964 Civil Rights Act, as amended and shall complete the "Acknowledgment of Title VI Compliance" form with the completed proposal.
12. Each Bank submitting a proposal assures that it is in compliance with Title VII of the 1964 Civil Rights Act, as amended, in that the Bank does not, on the grounds of race, color, national origins, religion, sex, age, handicap, or marital status, 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.
13. Bank will verify, in writing, that all accounts are properly identified as "Public Funds".
14. Upon awarding of this bid for services, County Attorney, John T. Bobo will draft a binding agreement between Bedford County and the successful Bank(s) based upon the agreed RFP and bid requirements.

## **II. QUALIFICATIONS REQUIRED FOR RESPONDING INSTITUTIONS**

Responding institutions must be a bank association or financial institution organized and operating under the laws of the State of Tennessee or the United States of America whose deposits are insured by the Federal Deposit Insurance Corporation; and have either its principal office or a full-service branch office located within Bedford County.

Collateral requirements will be directed under State of Tennessee laws and will be in the form of a written agreement. Because of the convenience and effectiveness of the Tennessee State Collateral Pool Program, banks are encouraged to satisfy the collateral requirement by being a member of the State of Tennessee Collateral Pool Program.

Responding institution must have adequate data processing facilities to handle all services required by the County.

## **III. DESCRIPTION AND SCOPE OF SERVICES REQUESTED**

Bedford County solicits proposals to provide services for the following:

### **A. Accounts**

The majority of the County's operating accounts are included in this RFP (List of accounts referenced in "Introduction").

The Trustee's Main Checking Account will be funded through daily deposits and wire transfers from the county's Investment accounts.

The Trustee's clearing account will be funded by checks issued from the Trustee's Main Checking account (normally one check for deposit per day). On an operational basis, most disbursements will flow through the clearing account. Checks issued by the County must bear the facsimile or actual signatures of any two (2) or four (4) authorized individuals.

The direct deposit payroll accounts and payroll tax accounts will be funded by checks issued by the respective county departments.

Cafeterias – multiple daily deposits from all cafeterias and ACH electronic deposits from Heartland Payment System for online lunch payments.

Banks submitting proposals must have the ability to provide the account holder with a monthly statement reflecting specific identifying information, listing securities held in third party escrow as collateral, based on State of Tennessee requirements, if they are not a member of the State of Tennessee Collateral Pool. Bank members of the State of Tennessee Collateral Pool must have the ability to provide the account holder with quarterly written verification of said membership.

All accounts affected by this proposal will be transferred as soon as practical after the effective date of this contract.

Banks submitting proposals are requested to list any other services that will be provided to the County at no cost and other services available for purchase by the County.

The County is presently utilizing the direct deposit of payroll checks through ACH processing. The Bank should describe its process and per item costs associated with this process. The Bank should also provide a description of any encryption process available and the related costs. (Attach information to the end of proposal).

B. Account Requirements

The successful bank must:

1. Provide an easy to reach local contact person(s) whose work place is located in Bedford County and who has decision-making authority for Bedford County accounts.
2. Furnish all accounts with duplicating deposit slips at no cost to the County, with the County providing all checks.
3. Provide cashier's checks at no cost to the County.
4. Adjust errors with debit or credit memos at no charge to the County.
5. List any other services that will be provided at no cost to the County.

The County reserves the right to open additional accounts in the future with the same conditions as apply to existing accounts at the time.

C. Availability of Funds

1. Deposits will be made periodically during the business day (9:00a.m. to 2:00 p.m. or later) by the County. As a basis for determining collected balances for all deposits before bank's cut-off time, all checks included in the deposit will be considered as collected funds.
2. The Bank agrees to credit the County's Accounts for selected items according to the following schedule:
  - I. Items on the depository-wire transfers, ACH deposits, cash Same Day.
  - II. Items of local institutions NEXT DAY.
  - III. All other items will be based on the Bank's availability schedule. The Bank is required to attach a copy of its availability schedule to the proposal. The Bank agrees to notify the county in writing of any changes to the schedule. The County reserves the right to periodically audit the Bank's compliance.

### Specific Account Structure (Trustee's Main Checking Account)

The County desires to maximize its operating cash through the use of an interest bearing Trustee's main checking account with the following criteria:

- The ability to handle ACH debits and credits.
- The ability to provide monthly statements with a cut-off date each month of the last business day of each month within 6 days of the cut-off date.
- The ability to provide cancelled checks, both front and back, listing each check on the statement in numeric order. Physical copies of checks to be in ascending numeric order.
- The ability to handle large outgoing and incoming wire transfers on any given business day (estimate of \$500,000 to \$4,000,000.00), coupled with the ability to adjust security collateral pledged.
- Any debits to Trustee's account resulting from a returned check/ for any reason, shall be accompanied by a copy of the item showing reason for non-payment. Return checks will be returned to Trustee promptly after the first run. Bank will not run item through for payment a second time unless the second run is at no cost charge to the County.
- The ability to pay interest on daily balances/ and to post payment of interest to the account on the last day of the month coinciding with the monthly cut-off date.
- The ability to provide a monthly analysis of interest earned calculation and any account charges for services incurred for the same period.
- As a basis for determining collected balances for Trustee's deposits before Bank's cut-off time, all checks included in the deposit will be considered as collected funds.
- The ability to post any charges accrued on the last day of the month coinciding with the monthly cut-off date.
- The Trustee or Trustee's designee will have immediate access to all deposits.
- The ability to complete all "Stop payment requests" in the manner and at times as directed by the Trustee at no cost to the County.

### Trustee's Clearing Account

The County desires to maximize its operating cash through the use of an interest bearing clearing account for expense checks with the following criteria:

- The ability to provide weekly statements. To provide an end of the month statement with a cut-off date of the last business day of each month, within 6 days of the cut-off date.
- The ability to set up this account with multiple check number sequences for multiple departments.
- The ability to provide cancelled checks (front and back) listing each check on the statement in ascending numeric order. Physical copies of checks to be in ascending numeric order.



- The ability to pay interest on daily balances, and to post payment of interest to the Trustee's Main Checking Account on the last day of the month coinciding with the monthly cut-off date.
- The ability to provide an analysis of interest earned calculation and charges for services for each month.
- The ability to post any charges that accrue on this clearing account to the Trustee's Main Checking Account by the last day of the month coinciding with the monthly cut-off date.
- As a basis for determining collected balances for Trustee's deposits before Bank's cut-off time, all checks included in the deposit will be considered as collected funds.
- The Trustee or Trustee's designee will have immediate access to all deposits.
- The ability to complete all "Stop payment requests" in the manner and at times as directed by the Trustee at no cost to the County.

Payroll Direct Deposit Accounts (Specific Requirements)

Ability to make automatic payroll deposits

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#### **IV. OTHER BANKING SERVICES OF INTEREST AND RELATED COSTS**

##### Low Cost or No Cost Demand Deposit Accounts for County Employees

The County desires all of its employees to have access to a low cost or no cost checking account.

##### Online Banking

The Bank should provide a detailed description of the online banking services or other services that are available. If possible a CD-ROM demo or online demo would be helpful.

#### **V. PROPOSAL FORMAT AND CONTENT REQUIREMENTS**

The proposal submitted should address the following content. (Items C and D are forms included with this request to be completed and returned). The evaluation of proposals will consider:

- A. Policy and Legal Conditions. This section requires positive certification of the qualification requirements as listed in Section II above. Documentation of compliance will be required of the selected bank(s) before a contract is executed.
- B. Organization, Size, Structure, and Financial Condition. This section shall contain all pertinent information that would substantiate the banking institution's qualifications and capabilities to perform the required services described herein. The information presented should include:
  1. The most recent audited financial statements and the most recent 10-Q statement.
  2. The location of the main office and the location of the branch in Shelbyville.
  3. A description of data processing facilities.
  4. Affiliated banking institutions
- C. The Proposed Interest Earnings on Average Collected Balances on Response Form 1.
- D. The Proposed Estimated Fees on Response Form 2.
- E. Other. Please submit any additional information or alternatives for consideration with the proposal, such as any specialized services and staff availability, i.e. those officers/staff that would be responsible for managing this relationship.
- F. Locations of branches in Bedford County.
- G. Demonstration of online banking services. Online or on CD-ROM.

## **VI. COMPENSATION FOR SERVICES**

It is the goal of Bedford County to maximize interest earnings on balances. Therefore, the County plans to compensate the bank for services on a fee basis. This can be accomplished by direct fees, compensating balances, and interest earnings. If an alternative method of compensating for banking services is proposed, please outline any benefits in detail.

**RESPONSE FORM 1**  
**Interest Earnings**

This section should contain the interest earnings rate(s) on the deposit account(s) for which proposals are being submitted. Rates may be proposed in different manners. The County will consider any rate that is easily verifiable. Examples may be: Fed Funds Rate plus or minus xx basis points, Percent of Fed Funds Rate, Percent of Prime Rate, Percent of 90-day T-Bill, etc. Also, floors or caps may be proposed.

**Calculation Method for Rate(s) Quoted:**

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## RESPONSE FORM 2

### Estimated Fees

This section provides a listing of itemized charges for estimating the fees of the general services for which proposals are being submitted. Where applicable, the County has entered its current estimate of annual items to assist in proposing per item charges. If your institution charges a fee based on a per-month or one-time basis, please complete the annual field instead of the per item field. In addition, space is provided after the list for other services the banking institution offers/recommends and the related costs. At the end of Response Form 2 is the Total Estimated Annual Costs that provides an overall total for purposes of comparing proposals.

It is the intention of the County that all per item charges remain fixed over the life of the three-year service. However, the County recognizes that an adjustment in a per-item charge 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 following conditions.

- a. 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.
- b. Changes in the Federal Reserve Fee Schedule must be final and not proposed, and
- c. The Bank will provide the County a copy of the Federal Reserve System's notification supporting the adjustment, with the "Monthly Service Charge Report."

#### Schedule of Fees

Any services for which the proposer 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.

See attached *Trustee's Account History* form.

See attached *Vendor Expenditures* form.

See attached *Payroll Direct Deposit Account Activity* form.



TRUSTEE MAIN ACCOUNT HISTORY

MONTH	TOTAL DEPOSIT	HIGH BALANCE	TOTAL DEBITS	#CKS PD	ACH DEBITS	ACH CREDITS	# DEPOSITS
15-Jul	2,625,456.41	\$25,565,810.32	\$5,456,731.34	32	2	79	125
15-Aug	6,617,210.80	\$22,561,044.86	\$16,624,792.20	33	2	69	116
15-Sep	7,819,120.05	\$14,950,951.59	\$7,600,539.66	28	2	84	137
15-Oct	7,872,389.97	\$15,261,938.08	\$8,544,303.61	32	2	90	144
15-Nov	8,060,875.94	\$15,219,489.86	\$7,151,178.34	29	2	84	132
15-Dec	12,447,179.65	\$19,763,516.20	\$7,003,920.46	40	2	98	149
16-Jan	8,869,645.55	\$19,225,553.78	\$16,718,388.75	49	2	87	136
16-Feb	14,518,728.91	\$17,965,545.25	\$7,155,157.67	45	2	95	148
16-Mar	9,822,047.68	\$19,477,586.28	\$22,698,905.33	51	2	119	167
16-Apr	7,748,592.30	\$8,402,523.56	\$7,590,583.28	43	2	97	146
16-May	6,481,971.67	\$5,831,259.73	\$8,139,996.74	26	2	109	165
16-Jun	10,959,255.62	\$7,401,351.51	\$12,350,943.26	37	2	109	171
TOTALS	103,842,474.55	\$191,626,571.02	\$127,035,440.64	445	24	1120	1736

TRUSTEE CLEARING ACCOUNT HISTORY

MONTH	TOTAL MONTHLY DEPOSITS	TOTAL MONTHLY CKS PAID	CANCELLED CKS PER MONTH
15-Jul	\$4,505,570.36	\$4,908,414.99	1095
15-Aug	\$5,669,548.60	\$5,349,815.14	857
15-Sep	\$6,971,520.62	\$6,096,701.59	1051
15-Oct	\$7,279,554.17	\$8,344,543.29	1010
15-Nov	\$6,198,849.28	\$6,260,735.81	977
15-Dec	\$6,046,675.96	\$5,864,115.85	911
16-Jan	\$5,759,870.75	\$5,783,519.78	842
16-Feb	\$6,115,568.37	\$6,184,622.48	957
16-Mar	\$10,740,360.22	\$9,217,524.87	1245
16-Apr	\$6,626,439.84	\$8,078,538.09	996
16-May	\$7,141,605.07	\$6,750,174.07	1059
16-Jun	\$11,385,768.65	\$10,723,055.66	1092
<b>TOTALS</b>	<b>\$84,441,331.89</b>	<b>\$83,561,761.62</b>	<b>12092</b>



**VENDOR EXPENDITURES**

(Approximated Amounts)

Bedford County General Fund	\$26,445,000.00
Bedford County Schools General Fund	\$61,221,000.00
Bedford Co Highway Department Fund	\$3,462,000.00
Bedford Co Schools Cafeterias	\$5,247,000.00
Bedford Co Schools Federal Projects	\$4,261,000.00

**PAYROLL DIRECT DEPOSIT**

(Approximated Amounts)

Bedford County General Fund	\$8,187,878.00
Bedford County Schools General Fund	\$29,336,652.00
Bedford Co Highway Department Fund	\$571,145.00
Bedford Co Schools Cafeterias	\$958,888.00
Bedford Co Schools Federal Projects	\$2,035,750.00

**PAYROLL TAX ACH**

(Approximated Amounts)

Bedford County General Fund	\$2,457,412.00
Bedford County Schools General Fund	\$8,064,909.00
Bedford Co Highway Department Fund	\$218,375.00
Bedford Co Schools Cafeterias	\$184,324.00
Bedford Co Schools Federal Projects	\$495,387.00

**BEDFORD COUNTY SCHOOL CAFETERIAS**

	Number of Transactions		
January, 2016	16 ACH deposits	171 deposits	1 check
February, 2016	18 ACH deposits	202 deposits	1 check
March, 2016	20 ACH deposits	215 deposits	1 check
April, 2016	19 ACH deposits	226 deposits	1 check
May, 2016	10 ACH deposits	184 deposits	1 check
June, 2016	0 ACH deposits	1 deposit	1 check

**BEDFORD COUNTY,  
TENNESSEE**

**REQUEST FOR PROPOSAL FOR BANKING SERVICES**

Proposal Submitted By:

Bank \_\_\_\_\_

Bank Officer \_\_\_\_\_

Title \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

Date of Proposal \_\_\_\_\_

Bank officer signing RFP will be required to verify through transcript of Bank Board Minutes that he or she is fully authorized by the institution to pledge, on the institution's behalf, to enter into the proposed binding agreement for banking services with Bedford County.