



**CITY OF PATASKALA, OHIO  
REQUEST FOR PROPOSAL**

**DEPOSITORY & BANKING SERVICES  
FOR ACTIVE DEPOSITS**

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The City of Pataskala's current contract with the Park National Bank for banking and cash management services will expire on December 31, 2018. Because of the contract expiration, the City is currently soliciting **SEALED** proposals for banking and cash management services for a period of not less than three (3) years, and no more than five (5) years. The City's intent is to award all services to the successful bidder; however, the City retains the right to award a contract for partial services. The purpose of this RFP process is to obtain high-quality requisite depository and banking services at a competitive price.

The selected institution shall be designated as the City's depository for an initial three-year term commencing January 1, 2019. The depository agreement shall contain an automatic annual renewal clause that may be used in the two (2) following years, thereby providing for five (5) years of depository and banking services. The agreement may be cancelled prior to the end of each contract period upon 180 days written notice from the institution, or with 60 days written notice from the City prior to the close of the specific contract period.

Copies of the RFP document can be obtained at City Hall or on the City's website ([www.cityofpataskalaohio.gov](http://www.cityofpataskalaohio.gov)) beginning on or about July 2, 2018. Signed proposals should be submitted to the attention of the Director of Finance, City of Pataskala in a sealed envelope. **PROPOSALS ARE DUE BY 3:00 P.M. on Thursday, August 2, 2018.**

Please include one original and two copies. Questions or requests for clarification may be directed to Mr. James M. Nicholson, Director of Finance, at (740) 964-6274 or via email at [jnicholson@ci.pataskala.oh.us](mailto:jnicholson@ci.pataskala.oh.us).

Any exceptions to the specifications of this request for proposal must be clearly stated in writing in the proposal. The City reserves the rights to reject any and all proposals, to waive irregularities, to retain all proposals submitted, and to use any idea in a proposal regardless of whether that proposal is selected, and to cancel this proposal if doing so would be in the public interest.

**RFP PROCEDURES & PROCESS**

**RFP Schedule & Key Dates**

July 1 & 8, 2018	Advertisement listed in The Columbus Dispatch
July 2, 2018	Release of RFP document
July 10, 2018	Non-mandatory bank pre-bid meeting (10:00 a.m.)

July 20, 2018	Cut-off for inquiries (2:00 p.m.)
August 2, 2018	Due date for sealed responses to RFP (3:00 p.m.)
Aug-Sep, 2018	Proposal evaluations completed, Resolution passed, agreements executed
January 1, 2018	Effective date of new Bank agreement

**Verbal Communication**

Verbal communication from any City of Pataskala employee or official concerning this RFP is nonbinding on the City, and shall, in no way, alter a specification, term or condition of this RFP.

**Pre-Bid Meeting**

The City shall conduct a non-mandatory, bank pre-bid meeting on Tuesday, July 10, 2018 at 10:00 a.m. in the Administrator’s Conference Room in City Hall, located at 621 West Broad Street, Suite 2B, Pataskala Ohio. Information discussed at the meeting pertaining to the RFP will be summarized and sent to bidders who have requested an RFP.

**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.
- Responses shall be submitted in a SEALED envelope or package bearing the title ‘**Bid for City Depository**’, and include the bank’s name and address. The package must contain three (3) copies of the responses in the specified format and other supporting documents.
- Submissions shall be sent to:

**Mr. James M. Nicholson, Director of Finance**  
**City of Pataskala**  
**621 W. Broad St, Suite 2F**  
**Pataskala, Ohio 43062**

**COMMUNITY BACKGROUND & BANKING NEEDS**

The City of Pataskala is a community located in western Licking county, approximately 20 miles east of Columbus. The current population estimate for the community is approximately 17,200 residents. Although the community was founded as a village in 1891, it has grown dramatically

since its' merger with the surrounding Lima township in 1996. It now encompasses an area of approximately 28 square miles.

The City of Pataskala uses a pooled cash method of accounting, whereby cash from all governmental and fiduciary funds is combined to maximize its earnings potential. Utility funds are segregated and maintained in separate, commingled accounts. An adequate cash balance is maintained in STAR Ohio, overnight/ICS sweep and/or in an institutional money market fund to meet short-term requirements. Other funds are invested in U.S. Treasury securities, U.S. agency securities, and in other authorized investments as defined in the City Code, Section 157, Investment Policy.

The City uses separate checking accounts for the deposits of governmental and utility monies collected from customers and departments, as well as other intergovernmental ACH receipts. In addition to the two primary checking accounts, separate depository accounts are also maintained for the City's municipal court, payroll, builder's escrow and other agency functions, as well as two overnight ICS sweep accounts for active funds.

Daily deposits of cash and checks are prepared by the Finance Department, which are then deposited via either remote deposit capture (RDC) or transported daily to the branch or night depository. 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 City funds will vary during the year, the City estimates that approximately \$6-7 million in collateralization is adequate most of the time.

The City currently has approximately 55 employees, all of whom receive their payroll distribution via ACH direct deposit. No payroll checks are issued to City employees, board/commission members or elected officials.

The City uses online banking services for: (1) viewing daily account activity; (2) processing vendor ACH payments; (3) submitting remote deposit capture (RDC) items for deposit; (4) transmitting positive pay information; (5) processing interfund bank transfers; (6) downloading monthly bank reconciliation data; and (7) paying certain vendors using the Federal Reserve wire system.

The Finance Department continually seeks to improve efficiency available 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.

**AVERAGE MONTHLY VOLUME OF TRANSACTIONS**

<b>Transaction Description/Type</b>	<b>Average Activity Volume</b>
Checks paid	160
Deposits made	44
Deposited items	291

Transit items	1,318
Returned items	2
Wire transfers – incoming	1
Wire transfers - outgoing	1
ACH debit transactions	45
ACH credit transactions	135
Merchant bankcard stations	3

## **BANKING SERVICES PROPOSAL INSTRUCTIONS**

Your response to the City’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; (B) Desired/Optional Banking Services; and (C) Other Instructions.

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.

### **A. REQUIRED BANKING SERVICES**

- A1. **Account Structure** - The City currently has, and will continue to require, a total of seven (7) demand deposit accounts (DDA), and two (2) overnight sweep accounts.
1. *Governmental Funds Account* – DDA account maintained for regular and ACH deposits, merchant card receipts, wires, and sweep activity. (Indicate minimum balance required for sweep account).
  2. *Utility Funds Account* – DDA account maintained for regular and ACH deposits, merchant card receipts, wires, and sweep activity for utility-related (i.e., non-governmental) funds.
  3. *Payroll Funds Account* – A zero-balance DDA account maintained for funding employee payroll, payroll tax remittances and employee benefit deductions.
  4. *Mayor’s Court Account* – DDA account maintained for regular deposits of cash, checks, merchant card receipts and check disbursements of the court.
  5. *Builder’s Escrow Account* – DDA account maintained for regular escrow deposits (i.e., noninterest bearing) of cash and checks associated with residential and commercial construction projects and related plan reviews/inspections in the City.
  6. *Vendor Escrow/Security Deposit* – DDA account maintained for receiving and holding non-city funds due to other parties such as park facility security deposits

and vendor funds held in escrow in lieu of a performance or maintenance bond.

7. *Police Evidence/Cash Seizure* – DDA account maintained for receiving and holding non-city cash seized by the Pataskala Police department, subject to final disposition by the various courts of jurisdiction.
8. *ICS/Overnight sweep account* – Overnight sweep account for nightly investment of interim deposits of funds in excess of compensating balance. Funds are only to be swept from the primary accounts (e.g. governmental and utility).

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

1. All securities pledged as collateral will be consistent with the applicable sections of the Ohio Revised Code.
2. A Customer Advice for each transaction will be provided to the City with the following information:
  - a. Date
  - b. Amount of purchase or sale
  - c. Beginning and ending balance in the account
  - d. Interest rate earned that day
  - e. Amount of interest
  - f. Account charged or deposited to
3. Interest will be calculated on the daily balance, and deposited to the appropriate account on, at minimum, a monthly basis.
4. 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:

1. 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.
2. Describe the bank's policy on receiving same-day credit for deposits. The City shall receive same-day credit for any on-us checks and incoming wire transfers.
3. 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 City 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:

1. Is the institution's online banking system a web-based platform, or is software required to be installed on the City's computer systems?
2. 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?
3. Describe the various formats accepted/preferred by the institution's online banking system for uploading or downloading banking information (e.g., PDF, .CSV, etc.).
4. 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.)?
5. Please provide a detailed description of the institution's online services, requirements and costs of the services offered.
6. Describe the institution's online availability of monthly checking account statements with images of cleared checks. The City prefers that they be available at 8:00 am EST the next business day following month-end.
7. Online access to prior-day transactions shall be available via the institution's online banking system on the next day by 8:00 a.m. including the following:
  - a. Previous day's ending ledger balance
  - b. Previous day's ending collected balance
  - c. One- and two-day float
  - d. Total debits – detailed debit listing
  - e. Total credits – detailed credit listing
  - f. Zero-balance account transfer amounts
  - g. Interest earned monthly
  - h. Previous day's book transfers

If the information is available online on a real-time basis, please indicate what information is available

A5. **Remote Deposit Capture (RDC)** – The City currently uses RDC to scan and deposit checks at two locations (Finance and Utility billing). We would require this capability to be continued under the new agreement. Please provide the following:

1. 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

A6. **Collateralization:**

1. All City funds on deposit with the institution in excess of any FDIC insurance shall be collateralized against the risk of loss due to institutional failure.
2. The institution may choose to participate in the statewide pooled collateral program. If so, this election would satisfy this requirement of the RFP.
3. If the institution does not participate in the statewide program, it shall collateralize the deposits equal to 105% of the amount of City 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 City with a quarterly report on pledged collateral.

A7. **Stop Payment Services** – Please respond to the following:

1. Describe the institution’s online stop payment services (initiation and renewal)
2. Describe the institution’s confirmation requirements
3. What is the institution’s duration for an issued stop payment? Is this able to be modified for a specific item?
4. The City requires that any stop payment expenses shall be charged against the account analysis.

A8. **Wire Transfer Services** - The depository must maintain wire transfer facilities through the Federal Reserve Bank System. While the City does not generally send or receive a large volume of wire transfers, the following information must be provided:

1. Ability of the government to initiate and monitor wire transfers online.
2. Ability to create and store any recurring/repetitive wire instructions/templates.
3. Ability to create and store future-dated wire instructions, and any limitations on such scheduling.
4. Describe the security measures in place for wire initiation and authorization.

A9. **Automated Clearing House (ACH)** – Since 2014, the City has been increasing its use of ACH for issuing vendor payments (see Matrix for volume detail). Currently, approximately 40% of our current vendors have elected payment via ACH over the issuance of a physical check. Our current Utility billing department receives customer payments via a number of payment platforms (e.g., Official Payments, iPay, etc.). Please provide the following information regarding the institution’s ACH service:

1. Describe the methods by which the City can submit or initiate ACH transactions.
2. Describe the pre-notification policy, and any cost associated with pre-note items.

3. Describe the institutions' RDC item representation policy through ACH, and the timing of such transactions.
  4. Describe security measures in place for ACH initiation/origination and reception. Provide information on any ACH filters and blocks provided by the institution.
- A10. **Positive Pay** – The City currently utilizes positive pay to protect our accounts, and is a required component of this RFP. Our current accounts payable system generates the required file with each check run, which is electronically transferred to our current institution. Please provide the following information:
1. 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
- A11. **Account Analysis/Fees:**
1. Describe the institution's process for calculating and collecting fees. Identify any compensating balance requirements associated with the fees.
  2. Depository shall provide the City with a monthly account analysis statement combining, at a minimum, the Governmental, Utility, Payroll, Mayor's Court and Sweep Accounts, clearly defining services, ledger and collected balances, credits for balances in excess of uncollected funds, and costs incurred by the City. The monthly account analysis statements shall be provided to the City no later than fifteen (15) days after the end of each month.
  3. Unless otherwise agreed to by the City, all fees and charges are to be charged against the account analysis.
- A12. **Merchant Services** – The City currently accepts credit card payments at the following locations: (1) Mayor's Court, (2) Utility billing; and (3) Parks & Recreation. Please respond to the following:
1. Describe the merchant bankcard services offered, as well as the costs, including the discount charged, and the type of equipment used. Please provide a comprehensive fee schedule, including any annual fees
  2. What one-time charges would be associated with changing over bankcard machines to your institution?
  3. Please confirm that the City will have: (1) online activity access, (2) mailed hard copy of monthly statements (even if a zero balance); and (3) online authorization process for adding or deleting credit card accounts.
- A13. **Management** – It is in the City'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:

1. 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.
2. Each depository shall indicate the primary resource personnel and location of such personnel who will service the City 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.
3. The bank shall describe their disaster recovery and backup procedures that are in place to protect the City and the bank in the event of disaster to either entity or both.
4. 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.

A14.

**Other/Miscellaneous:**

1. If the City 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.
2. The bank will have a branch facility within a 3-mile radius of City Hall for deposits, lockable deposit bags and night depository services.
3. Deposit slips and debit/credit forms shall be provided by the depository. The City currently used a standard deposit slip using a carbonless duplicate for filing. The City will provide all checks utilized.
4. 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.
5. The City’s current records retention schedule (AC-2) 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.
6. Failure of the parties to enter into an agreement within 45 days from the notice of award, may render the institution’s response invalid.
7. 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.
8. 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 City 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 (e.g. online platform for Utility, Court and Parks & Recreation), including the costs of initial implementation and any ongoing monthly fees for the service.
- B2. Describe any payment card services offered and related pricing including:
  - 1. Cost of issuing cards
  - 2. Ability and cost to customize card design
  - 3. Online account information available
  - 4. Rebate programs and required spend requirements
  - 5. Flexibility of modifying spending limits and authorized users
  - 6. Software availability to code transactions online and download information to the City's accounting system
  - 7. Travel and workflow system to complement paycard program
  - 8. Other pertinent information regarding the institution's credit (purchasing) card program
- B3. Please provide information on the availability of 'smart safe' or similar equipment, program details, requirements and costs.
- B4. Please provide information on any ancillary banking-related benefits available to City employees, and any costs or requirements to qualify for such benefits.
- B5. Other services the depository believes would be of benefit to the City.

## **C. OTHER INSTRUCTIONS**

- C1. **Financial Data** - In order to determine the institution's fiscal health, each depository should provide the following ratios the financial strength of the depository institution:
  - 1. *Liquidity*
    - a. Bank loans to deposits
    - b. Loans to assets minus plant and equipment
    - c. Cash and equivalents to total assets
    - d. Percentage of assets maturing in one year
    - e. Cash and equivalents to deposits
  - 2. *Asset Quality*
    - a. Current loan losses to total loans
    - b. Reserves as a percentage of total loans

c. Non-performing loans to total loans

3. *Profitability*

- a. Return on earning assets
- b. Return on equity

4. *Strength*

- a. Core capital ratio
- b. Primary capital ratio
- c. Common equity ratio

5. *Management*

- a. New charge-offs to loans
- b. Income before security transactions to assets

- C2. The organization shall provide a copy of the most recently audited comprehensive financial statements of the parent organization. The City would prefer to receive the 2017 report, if available. If it is not available, the FY 2016 report is acceptable. In addition, please provide a copy of the current quarterly Consolidated Report of Condition and the Consolidated Report of Income, known as Call Reports, for the preceding four (4) quarters.
- C3. Please provide the name and the most recent rating received by an appropriate ratings agency (e.g., Veribanc, Highline, etc.).
- C4. The proposal may include other services the City may wish to purchase. The City of Pataskala reserves the right to solicit comparable information on those services from all other banks responding to this request for proposal.
- C5. Include references for similar banking services for similar clients or depositors. Include a comprehensive list of all municipalities and other local governmental customers, listing the names of the agency, a contact person, and the agency address and telephone number.
- C6. Describe your organizational structure, identifying the process used in making decisions regarding City accounts. (i.e., local vs. regional decision making).
- C7. Include a sample of any service agreements your bank requires.
- C8. Include a schedule of all bank service fees.
- C9. Depository shall complete and submit the Pricing Matrix (Exhibit A). If additional fees other than those identified will be charged, please identify those in the open lines in the matrix.
- C10. Describe what index the earnings rate on the Operating Account would be pegged to, listing the last six months applicable rates.
- C11. Does the institution allow for the carry-forward of any unused earnings credits? If so, what is the related settlement interval: monthly, quarterly, or annually? The bank must specify the precise methodology for calculating the earnings credit as well as any

applicable reserve requirements. Explain any charges that would not be offset by compensating balances.

- C12. Include a sample of the online balance report showing ledger balance, collected balance, and float balance, summary and detail, as well as user instructions.
- C13. Include a sample of the standard monthly detailed statement. If other statement formats are available, please provide copies of them.
- C14. Include a sample of the monthly account analysis report.
- C15. Describe briefly your proposed implementation plan and timetable for conversion, including any required training. The plan should provide the City with sufficient detail to allow for a reasonable estimate of the complexity and costs.

### **SELECTION PROCESS**

The Director of Finance will evaluate all submitted proposals. A written recommendation will be made to City Council, however, Council has final say in the selection process, and their decision may not conform with the Finance Director's formal recommendation.

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

1. Technical ability and customized services of the financial institution as evaluated by the Finance department based on materials submitted in the written proposal, or subsequent written addenda.
2. Ability to enter into banking services agreement without exceptions or modifications. Each modification or exception shall be considered in determining the final award.
3. New cost of services (required minimum balance, fee structure).
4. Type of third-party institution holding collateral.
5. Overall financial strength of the institution.
6. Experience in providing depository services to similar accounts.
7. Current earnings rates offered on the accounts.
8. Online access to daily and monthly information, statements and transactions.
9. History of the financial institution in meeting the terms and conditions in prior contracts with the City of Pataskala and other governmental entities.
10. Any additional services offered.

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

## **Pre-Bid Conference**

A pre-bid conference will be held on **Tuesday, July 10, 2018 at 10:00A.M.**, at the City Hall building, located at 621 W Broad Street, Suite 2B, Pataskala, Ohio in the Administration Conference Room to provide all potential institutions with an opportunity to submit questions or seek clarification of any of the information provide with, or requested within the RFP.

## **Letter of Transmittal**

An institution's response to the City's RFP for banking and cash management services must be accompanied by a letter of transmittal. A sample transmittal letter follows:

### ***SAMPLE LETTER OF TRANSMITTAL:***

City of Pataskala  
Attn: Mr. James M. Nicholson, Director of Finance  
621 W Broad St, Suite 2F  
Pataskala, OH 43062

Dear Mr. Nicholson,

In accordance with the City's Request for Proposal, we are pleased to submit our written proposal. \_\_\_\_\_ (*insert firm's name*) will provide financial institution services for the City of Pataskala for the period \_\_\_\_\_ (*insert time frame*) in accordance with the requirements of the Request for Proposal issued by the City's Finance department.

\_\_\_\_\_ (*insert firm's name*) acknowledges that they are qualified to provide banking services in the State of Ohio and the legal domicile of the contract is the State of Ohio.

If \_\_\_\_\_ (*insert firm's name*) is designated to be awarded the City's deposits, a formal Bank Agreement incorporating such terms and conditions as mutually agreed upon by the parties will be executed by \_\_\_\_\_, 2018.

Any information or questions concerning this written proposal may be directed to \_\_\_\_\_ (*insert name of institution's liaison*) at the following address \_\_\_\_\_ (*insert address*) and telephone number \_\_\_\_\_ (*insert telephone number*).

Respectfully,