

# City of Horton, Kansas

Request for Proposals – Banking Services

December 10, 2021

205 EAST 8th STREET  
HORTON, KANSAS 66439

**CITY OF HORTON, KANSAS**  
**REQUEST FOR PROPOSALS FOR CITY BANKING SERVICES**

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# **REQUEST FOR PROPOSAL FOR BANKING SERVICES CITY OF HORTON, KANSAS**

## **I. GENERAL BACKGROUND**

The City of Horton (City) is requesting proposals from eligible financial institutions to act as the City's depository institution for a period of five years, beginning January 1, 2022, through December 31, 2026, with a 1 year renewal option. Eligible institutions must meet the requirements of K.S.A. 9-1401, et. seq. as amended and K.S.A. 12-1675 and the minimum qualifications as stated within this *Request for Proposal*.

This RFP does not include any investment management services. Any investment services would be covered under a different RFP or through investment bidding procedures as part of the investment program.

The City encourages eligible and qualified bank representatives to examine this RFP carefully. Qualified banks are requested to submit proposals to provide banking services as defined in this RFP. The City expects the selected bank to be a leader and an innovator in the development and execution of financial products and services, and expects these services to be of the highest quality. The city also expects that the selected bank will be financially strong and remain so during the duration of this agreement. The RFP, including the exhibits, is being provided in electronic format and the response is also expected in electronic format.

## **II. MINIMUM QUALIFICATIONS**

This section lists the minimum qualifications and criteria for a bank's proposal to be eligible for consideration and evaluation. For a proposal to this RFP to be considered and evaluated a bank must:

- Be insured by the Federal Deposit Insurance Corporation (FDIC).
- Be eligible to be a depository of City funds pursuant to K.S.A. 9-1401 and 9-1408, et.seq., as amended, with a full-service branch in or near Horton. All responding banks must complete Exhibit A.
- Be an on-line cash and securities member of the Federal Reserve.
- Be able to provide 100% collateralization of all City deposits.
- Provide a copy of a recent investment rating report provided by a nationally recognized rating agency, if available. Responding banks must discuss their current bankrate.com rating published effective June 30, 2021 and provide pertinent information regarding financial strength and stability expected during the term of the proposed banking services contract.
- Have the capacity of providing all "Required Services" internally. The City prefers that the responding bank provide services without the use of joint ventures, consortiums or contract service providers because of control issues. The City will determine the acceptability of any arrangements with the objective of the RFP being the "total solution."

### **III. SCOPE OF SERVICES**

Details of the services to be provided to the city are separated into the following categories: Required

#### Banking Services

These services are listed in Section IV and must be provided by the selected bank.

#### Optional Banking Services

These services are listed in Section V, and the city may desire to use them depending on the availability and price of the services offered. Proposals are not required to address any optional services in order to be considered an acceptable proposal.

#### Other Value-Added Banking Services

These are services not otherwise identified in this RFP that the proposing bank may offer to the city. Please submit your proposal for any additional services that you wish the City to consider. Include all necessary attachments and discussion materials to clarify the services being offered.

### **IV. REQUIRED BANKING SERVICES**

All proposals must include the following services, which will be required in the City's Banking Services agreement.

#### **Account Structure**

The city desires to maximize its cash availability through the use of main and zero-balance accounts. This account structure will be comprised of a Main Account and two zero-balance accounts (Payroll Account and Accounts Payable).

All disbursements will flow through the zero-balance accounts. All balances will be maintained in the Main Account. The Payroll and Accounts Payable accounts will be reimbursed at the close of the business day checks are presented for payment. These zero-balance accounts will always have a zero balance at the beginning of each business day. The two zero-balance accounts will be established as controlled disbursement accounts to manage check presentments.

The City reserves the right to open additional accounts during the contract period at the price proposed in this proposal provided the awarded bank is given sufficient advance notification. The city requires a monthly statement on each account via electronic access.

### Main Account

The City will require the Main Account to be an interest bearing checking account. This account will have daily deposits and withdrawals. The average balance during the past year was approximately \$ 2,700,000. The City may choose to invest some of these funds at any time. The City sends and receives wire transfers and ACH transfers through this account.

Appropriate funds will be automatically transferred by the bank from the Main Account to the Payroll Account and the Accounts Payable Account at the end of the business day or at the beginning of the next business day to cover the number of checks and other payments presented the previous day in each of the two accounts.

### Payroll Account

This account will be used solely to process payroll disbursements to City employees. There will not be any deposits to this account. The City's payroll provider initiates a direct deposit (via ACH) of employee paychecks and the ACH payment of Federal and State taxes through this account.

### Accounts Payable Account

This account will be used to process disbursements for accounts payable and receive deposits from credit card merchants. What is not covered by these deposits will be transferred from the main account to cover all transactions processed through this account.

### Other Zero-Balance Accounts

Other accounts may be established over the contract term by the City. These accounts will function essentially the same as the two zero-balance accounts indicated above.

### **Online Banking**

The financial institution must be capable of providing on-line services. These services are to include Cash Management Support. On-line inquiry, transaction initiation, and reporting systems shall be accessed via internet to include at a minimum:

- a. Daily reporting of account balances, collected and available;
- b. Account activity detail for current month and, at minimum, eleven prior months for review of transactions;
- c. Wire transfer initiation and authorization;
- d. City-originated stop payments of checks;
- e. Reporting on returned deposits, returned ACHs, returned wires and notification of charges;
- f. Records of all account activity must be accessible (online). It is preferred these records be available for at least twelve (12) months for audit purposes.

The bank shall have security controls in place to prevent access to City information by unauthorized individuals. Describe in detail your on-line capabilities. In addition, please describe the training available and appropriate controls regarding the city accounts using on-line access. Finally, indicate the hardware/system requirements necessary to implement this service.

### **ACH Services**

The bank must be both a sending and receiving bank on the Automated Clearing House (ACH) system. The city processes a direct debit batch at minimum weekly for the payment of utility bills. Other miscellaneous ACH transactions such as debt service, retirement fund transfers and state tax payments flow through the account each month. Please describe the electronic payment system your bank provides.

### **Wire Transfers**

The bank shall provide on-line access for wire transfers to other banks.

### **Bank Charges**

Charges for services provided by the bank will be invoiced and will not be directly deducted from the City's bank accounts. The city requires a monthly account analysis in summary form and by individual account. The city will consider the analysis an invoice; therefore, it must provide a comprehensive, detailed recap of services performed. All bank charges will remain fixed during the period of the contract.

### **Monthly Electronic Data**

The bank should have the ability to provide a monthly electronic data set for the Accounts Payable and Payroll accounts containing information of all checks cleared by the bank. These data sets shall be furnished for dates from the first day of the month through the last day of the month, and include information of "Check #'s paid," "Date Cleared" and Amount".

### **Statements**

The city requires monthly statements on all its accounts. These statements should be available by the 3<sup>rd</sup> working day of the month. The check images of cleared checks for the Accounts Payable and Payroll accounts shall be returned monthly in numerical sequence by check number with the statements.

### **Availability of Funds Deposited**

The City desires to know the collected funds availability schedule for its deposits. These deposits include checks, money orders, cash, ACH credits and wires from local, regional, and out of state banks. The city requires updates as the schedule changes. Also describe the latest daily deposit time for same day availability.

## **Supplies**

The banking institution shall provide the following supplies as needed: Three-part, pre-numbered deposit slips, self-inking endorsement stamps and lock/zipper bags for deposit. The banking institution may consider reimbursing the city for current checks and/or purchasing checks that will be required due to a transition.

## **Cancelled Check Safekeeping**

Please describe your cancelled check safekeeping to include image recovery for processed checks. The city may desire monthly check image information to be on CD Rom for easy storage and research. The CD Rom shall include images of both the front and the back of checks.

## **Payroll and/or Payables Checks**

City employees will be permitted to cash payroll and/or payables checks at the Bank's offices without charge, including employees who do not maintain an account at the Bank.

## **ACH Filters and Blocks**

The city requires the ability to place ACH filters and blocks on all accounts to minimize the potential of fraudulent withdrawals. Please describe your program and all costs associated with implementing filters and blocks.

## **Returns and Chargebacks**

Unless otherwise directed, the Bank will **automatically** redeposit return items a **second** time. Items returned a second time would be charged to the appropriate account and returned promptly to the city.

## **Collateral**

Pursuant to K.S.A. 9-1402, as amended, the bank is required to collateralize City deposits. The City requires that pledged securities have a market value equal to at least 100% of the amount of the total deposits of public funds, including accrued interest earned.

If the bank chooses to pledge securities as collateral, the bank will be required to pledge the securities at the Federal Reserve or at the Federal Home Loan Bank and execute a Security Agreement with the City.

A report of the current market value of the securities shall be provided to the City's Accounting Division by the 10<sup>th</sup> of each month.

## **Other Required Information**

### **Designated Account Liaison**

The city will require the selected bank to designate a senior officer as a liaison. This officer must be capable of coordination of all City activities with the bank and be able to resolve any problems or issues that may arise. Biographical information must be included of all key bank personnel that will be assigned to service the city.

### **Record Retention**

The bank should maintain records for the City for the term of seven years after the completion of the contract.

### **Disaster and Back-up Plans**

Describe your bank disaster and back-up plans and capabilities. The city must have access to cash, securities, and information at all times.

## **V. OPTIONAL BANKING SERVICES**

The city requests the proposing banks offer any optional services or make any recommendations it believes would enhance the cash management capabilities of the city. All proposing banks are encouraged to make suggestions or add additional information not requested in this proposal. Banks are encouraged to describe factors that distinguish their institution from potential competitors. However, all respondents must submit a proposal on all required services.

Please provide a summary and any material to support the service in this proposal. The city may elect to use some or all the optional services.

### **Courier Services**

The city would prefer that the successful institution provide bank courier services. Please describe if your bank provides a service to pick-up the City's daily deposit and provide delivery of cash and/or coin when requested.

### **Credit Card**

The city accepts MasterCard, Visa, American Express and Discover as forms of payment for various City services. Please discuss how your bank could provide credit card services, including all fees, and set-up charges. If applicable, please provide a copy of your credit card merchant agreement.

### **Remote Check Image Deposit Service**

The city currently receives a substantial volume of check payments over the counter at cashier operations in City Hall. It is assumed that the operating bank can accept quality images of checks



in file format over the internet and collect payment of these checks via image presentment as an alternative to receiving the checks at a bank. Please describe the service that is available to the city and clearly define costs and implementation procedures including equipment requirements. Also describe the latest time for same-day crediting and what checks if any that cannot be converted to the image deposit format.

### **P-Cards (Purchasing)**

The city does not currently utilize P-Cards, but would give strong consideration in doing so for convenience and accountability.

### **Automatic Sweep**

The City desires an automated sweep product for the investment of end-of-day balances over any target balance level established based on the method of payment for services selected by the City. A sweep arrangement will be necessary for only the Main account. All excess balances will be deposited daily into the bank's "sweep" account. Interest will be paid daily from the sweep arrangement.

The proposal should include all options available to public entities under Kansas statutes. Indicate which option the bank recommends and why. Please include your bank's twenty-four-month earnings history, earnings benchmark and all costs. The time frame for the earnings history should cover the period 10/1/20– 9/30/21. Please discuss FDIC charges if any that would apply against the account.

## **VI. OTHER VALUE-ADDED BANKING SERVICES**

Please describe any other banking services that your bank would be willing to offer by summarizing and including attachments for review by the city.

## **VII. PROPOSAL SUBMISSION PROCESS AND DEADLINES**

***All sealed proposals from interested banks must be received on or before 10:00 a.m. on Monday, December 20th, 2021, and addressed to:***

Kim  
Knudson  
City Clerk  
City of Horton  
205 E.8<sup>th</sup> Street  
Horton, Kansas 66439

One original proposal, including one electronic version of the completed response, shall be submitted. Proposals received after the date and time above shall not be considered and shall be returned unopened providing the entity submitting the proposal is identified on the proposal envelope. The City reserves the right to reject any or all proposals and to waive any minor informality, technicality or irregularity in any

proposal. The City will respond to questions regarding this RFP until December 16th, 2021 and will distribute information with regard to any questions to all participants.

Proposals will be time-stamped upon receipt and held in a secure place until the established due date. Proposals will not be opened publicly or disclosed to unauthorized persons, but will be opened in the

presence of two or more City officials. A record of proposals will be established, which will include for all proposals: the name of the entity submitting the proposal, a description sufficient to identify the services offered, the names of the City officials present and the date and time the proposals were opened.

All proposals and related reference information submitted in response to this RFP will become the property of the City and will not be returned. Each entity submitting a proposal waives any right of confidentiality as to the proposal documents. If an entity submitting a proposal considers certain material in the proposal proprietary information, it shall clearly designate those portions of the proposal it wishes to remain confidential. As a public entity, the City is subject to making records available for public disclosure. The city will attempt to maintain the confidentiality of material marked proprietary; however, it cannot guarantee that information will not be made public.

- The City reserves the right to (1) accept or reject any and all proposals and to waive any technicalities or irregularities involving any proposal and to cancel the RFP process at any time prior to entering into a formal contract for banking services, (2) not award a contract for any or all of the banking services that are the subject of this RFP process, (3) negotiate contract terms acceptable to the City with the successful bank(s), (4) disregard all nonconforming, non-responsive or conditional proposals and (5) reject the response of any bank which does not submit a proposal to the City's satisfaction.
- During the evaluation process, the City reserves the right to request additional information or clarifications from those banks submitting proposals and to allow corrections of errors and/or omissions.
- Submission of a proposal indicates acceptance by the company submitting the proposal of the terms, conditions and specifications contained in this RFP and to include the contract requirements set forth herein.
- The City will not pay for any information herein requested, nor is it liable for any costs incurred by those banks submitting proposals. The City reserves the right to select the proposal that will best meet the needs of the City. Proposals that do not meet the stated requirements will be considered in non-compliance and will be disqualified unless the city waives such non-compliance.

During the evaluation process, the City may, at its discretion, request interviews or presentations from any or all financial institutions. The interviews or presentations will provide the bank with an opportunity to answer any questions the city may have on a bank's proposal. Not all banks may be asked to make such presentations or be interviewed.

## **VIII. PROPOSAL REQUIREMENTS**

- A. Proposals must include all required services as set forth in Section IV herein. If your financial institution is unable to provide any Required Banking Services, indicate when your financial institution will be able to provide the service and what, if any, substitute service will be provided in the interim.

- B. Proposals must include a fee schedule for all banking services. Please complete Exhibit B included in this Request for Proposal.
- C. An individual having full authority to execute the proposal and to execute any resulting contract for services must sign each proposal, including Exhibit A. The proposal submitted shall be binding upon the financial institution for sixty (60) days from the submission date.
- D. The following bank profile data is required in each proposal:
- List any other holding companies that your bank may be listed under.
  - Identification of the three largest owners of the bank.
  - Description of how the city would rank relative to other customers of the bank in relationship to size and complexity of service.
  - Provide external credit evaluation reports (Bankrate, Moody's, etc.).  
Also, responding banks must discuss their current bankrate.com rating published effective June 30, 2021 and provide pertinent information regarding financial strength and stability expected during the term of the proposed banking services contract.
- E. The Main account is interest bearing. The interest rate shall be based on a benchmark rate such as, but not limited to, the 91-day Treasury bill rate, not to go below the bank's normal saving account rate. Each proposal shall state the benchmark's effective interest rate- specifically, the rate given to the City including any basis points above or below the rate.

The bank should include the formula it will use to calculate the City's interest and an example using that formula in its proposal.

## **IX. EVALUATION OF PROPOSALS**

A review committee will evaluate the proposals received and may conduct interviews with respondents. The criteria to be used will include, but are not limited to, the following considerations:

- Completeness of the proposal.
- Capacity to perform the contract.
- Aggregate banking service cost, per identified activity.
- Ability to provide an institution Account Executive with whom the City can work to expedite various banking issues and contracts.
- Current financial position of the financial institution.

## **X. TENTATIVE PROPOSAL SCHEDULE**

- |  |                      |
|--|----------------------|
| • Distribution of Requests and Publication                     | December 10, 2021    |
| • Last date for City to respond to questions regarding the RFP | December 16th, 2021  |
| • Proposals Due to City Clerk at 10:00 a.m.                    | December 20, 2021    |
| • Evaluation/Interview Period (If applicable)                  | December 20, 2021    |
| • Governing Body Approval                                      | December 20, 2021    |
| • Expected Implementation Date                                 | January – March 2022 |

## **XI. CONTRACT REQUIREMENTS**

The award of any contract for banking services pursuant to this RFP process is contingent upon the bank receiving the award and successfully negotiating a contract for those banking services with the City. In the event the City is unable to negotiate a contract it deems acceptable with the selected bank, the City may withdraw its award for banking services with the selected bank and award its banking services to the next most qualified bank, or the City may call for new proposals at its option.

The following contract terms must be included in all contracts for banking services. The City reserves the right to modify these contract terms by amendment, addition or deletion as it deems appropriate.

### **RIGHT OF CITY TO TERMINATE AGREEMENT**

- 1. Termination for Cause.** City's Right To Termination for Cause. Without in any manner limiting the right of the City to terminate this Agreement or declare the Bank in default thereof for any reason set forth herein if the work to be done under this Agreement shall be abandoned by Bank; or if this Agreement shall be assigned by Bank otherwise than as herein provided; or if the Bank should be judged as Bankrupt; or if a general assignment of its assets should be made for the benefit of its creditors; or if a receiver should be appointed for the Bank or any of its property; or if at any time the City determines that the performance of the work under this Agreement is being unnecessarily delayed, that the Bank is violating any of the conditions or covenants of this Agreement, that it is executing the same in bad faith or otherwise not in accordance with the terms of said Agreement; then in addition to other rights the City may choose to exercise, the City may, at its option, serve written notice upon the Bank of the City's intention to terminate this Agreement, and, unless within five (5) days after the serving of such notice upon the Bank a satisfactory arrangement be made for the continuance thereof, this Agreement shall cease and terminate. In the event of such termination, the City shall immediately serve notice thereof upon the Bank, and the City may take over the work and prosecute same to completion, by contract or otherwise, for the amount and at the expense of the Bank, and the Bank shall be liable to the City for any and all excess cost sustained by the City by reason of such prosecution and completion; and in such event the City may take possession of, and utilize

in completing the work, any and all documents and other materials as may be necessary therefore. When Bank services have been so terminated, such termination shall not affect any rights or remedies of the City against Bank then existing or which may later accrue. Similarly, any retention or payment of monies due Bank shall not release Bank from liability. Any termination of the Agreement for alleged default by Bank that is ultimately determined to be unjustified shall automatically be deemed a termination for convenience of the City.

**Termination for Convenience.** Either party may terminate this Agreement with respect to any or all services, with or without cause, upon 60 calendar days' written notice to the other party. Termination shall be effective as to prospective transactions only and shall not alter the rights of the parties as to transactions prior to termination. Upon receipt of such notice from City, Bank shall: (1) immediately cease all work; or (2) meet with City and, subject to City's approval, determine what work shall be required of Bank in order to bring the work to a reasonable termination in accordance with the request of the city. If City shall terminate for its convenience as herein provided, City shall compensate Bank for all work completed to date of termination. Compensation shall not include anticipatory profit or consequential damages, neither of which will be allowed.

## **INDEMNITY**

### **1. Definitions**

For purposes of indemnification requirements, the following terms shall have the meanings set forth below:

- a. The "BANK" means and includes BANK, all of its employees, agents and assignees, and all of its affiliates and subsidiaries, its subcontractors and/or assignees and their respective servants, agents and employees; and
- b. "Loss" means any and all loss, damage, liability or expense of any nature whatsoever, whether incurred as a judgment, settlement, penalty, fine or otherwise (including attorney's fees and the cost of defense).

### **2. Indemnity**

For purposes of this Agreement, Bank hereby agrees to indemnify, defend and hold harmless the City, its employees and agents from any and all loss where loss is caused or incurred or alleged to be caused or incurred in whole or in part as a result of the negligence or other actionable fault of the Bank. It is agreed as a specific element of consideration of this Agreement that this indemnity shall apply notwithstanding the joint, concurring or contributory or comparative fault of negligence of the City or any third party and, further notwithstanding any theory of law including, but not limited to a characterization of the City's or any third party's joint, concurring or contributory or comparative fault or negligence as either passive or active in nature; provided, however, that the Bank's obligation hereunder shall not include amounts

attributable to the fault or negligence of the City. Nothing in this section shall be deemed to impose liability on the Bank to indemnify the City for loss when the City's negligence or other actionable fault is the sole cause of loss.

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**EXHIBIT A - APPLICATION TO ACT AS DEPOSITORY**  
**CITY OF HORTON, KANSAS**  
**REQUEST FOR PROPOSAL FOR BANKING SERVICES**

**BANK NAME** \_\_\_\_\_ **Date** \_\_\_\_\_

To: Kim Knudson  
City Clerk  
City of Horton  
205 E. 8<sup>th</sup> Street  
Horton, KS 66439

The undersigned certifies that the bank submitting this proposal is an institution eligible to be a depository of public funds pursuant to K.S.A. 9-1401, et. seq., as amended.

Please answer the following question:

Does the Bank have a main office or a branch office in the City of Horton, Kansas?

\_\_\_\_\_ Yes      \_\_\_\_\_ No

The undersigned hereby proposes, if selected by the City of Horton, to furnish the following services at the prices and terms stated, subject to all instructions, hereto. By submitting this signed proposal, the bank officially agrees to provide the services requested. This agreement covers all the terms, conditions and specifications of this proposal. The prices shall remain fixed for the term of the contract.

**Proposing Bank:** \_\_\_\_\_

**By:** \_\_\_\_\_

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



**EXHIBIT B – CONSOLIDATED FEE SUBMITTAL FORM**  
**CITY OF HORTON, KANSAS**  
**REQUEST FOR PROPOSAL FOR BANKING SERVICES**

Bank Submitting \_\_\_\_\_  
 Official Submitting Proposal \_\_\_\_\_  
 Title \_\_\_\_\_  
 Signature of Bank Official \_\_\_\_\_  
 Phone Number \_\_\_\_\_

<u>Bank Depository Services</u>	<u>Estimated Annual Volume</u>	<u>Charge Per Item</u>	<u>Annual Charges</u>
<b>MAIN ACCOUNT</b>			
Checks Deposited		_____	_____
Deposits to Account		_____	_____
ACH Utility Payment File (Bank Drafts)		_____	_____
Returned Checks (Presented Twice)		_____	_____
Returned ACHs		_____	_____
Wire Transfer In		_____	_____
ACH In		_____	_____
Wire Transfer Out		_____	_____
ACH Direct Debits		_____	_____
Monthly Statements		_____	_____
ACH Transfers Processed		_____	_____
<b>PAYROLL ACCOUNT</b>			
Items Paid (Checks Cleared)		_____	_____
Direct Deposit Payments (ACH)		_____	_____
Stop Payments		_____	_____
Monthly Statements		_____	_____
<b>ACCOUNTS PAYABLE ACCOUNT</b>			
Items Paid (Checks Cleared)		_____	_____
Credit Card Transactions		_____	_____
Stop Payments		_____	_____
Monthly Statements		_____	_____