



San Antonio ISD
 Materials Management/Purchasing
 1215 Austin Street
 San Antonio Texas, 78208-1097
 Phone: 210-224-2781
 Fax: 210 228-3174

Issue Date: Tuesday, March 8, 2011
 Page 1 of 40 Pages

RFP #11-030 (FA)

“BANK DEPOSITORY SERVICES”

(Request for Proposal)
 Pamela Morrison
 Director, Materials Management

Opening Time and Date: Tuesday, April 5, 2011 at 3:00 p.m.

The San Antonio Independent School District (the “District”) is soliciting proposals from eligible financial institutions (the “Respondents”) to serve as its Bank Depository for the purpose of assisting with the banking functions for designated funds of the District. Respondents should ensure that sealed proposals are delivered to the Reception Desk, Office of the Director, Materials Management/Purchasing Department, 1215 Austin Street, San Antonio, TX 78208-1097, as this is the location of the official time clock. All responses are required to be clocked in and date/time stamped.

The attached Materials Management Department Terms and Conditions are an integral part of this RFP.

Please return original signed proposal, three (3) paper copies, and one electronic copy on CD, of each proposal no later than 3:00 pm on April 5, 2011 to Materials Management/Purchasing Department, Attn: Felix Alvarez, Contract Administrator at the address noted above. **All forms included as part of this RFP stated below must be completed, signed (if applicable) and returned with proposal. All responses must be in a sealed envelope, plainly marked with vendor's name, bid/proposal number, opening date and time.** Responses not submitted as specified above may be disqualified.

Proposers must provide the information requested on the following documents. If documents are missing or incomplete, this may be cause for disqualification.

1. Property Tax Status Acknowledgement Form and References, Page 20
2. Representation and Certification, Page 21
3. Contractor Criminal Background Certification, Page 23
4. Subcontractor Form, Page 24
5. Subcontractor Criminal Background Certification, Page 25
6. Conflict of Interest Questionnaire, Page 26
7. Request for Taxpayer Identification Number & Certification (W-9), Page 27
8. Detailed Price Affidavit, Page 28

PROPOSAL MUST BE SIGNED BELOW OR IT MAY NOT BE CONSIDERED FOR AWARD

Name and Address of Bidder/Proposer: **(Please Print)**

Company Name: _____

Address: _____

City/State/Zip Code: _____

E-mail Address: _____

Telephone# (800 # if available): _____

Fax #: _____

BIDDER/PROPOSER AUTHORIZED TO SIGN:

Print Name: _____

Title: _____

Signature/Date Signed: _____

SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

Print Name/Title: Pamela Morrison, Director

Signature/Date Signed: _____

FOR SAISD OFFICE USE ONLY - NOTIFICATION OF AWARD

ITEMS AWARDED: _____ BOARD APPROVED: _____ TOTAL AMOUNT: _____

Introduction

Pursuant to existing provisions of Chapter 45, Subchapter G, School District Depositories, Texas Education Code, it is the intention of the Board of Trustees of the District to select a Depository through soliciting proposals for Bank Depository Services contract for a term of two years beginning September 1, 2011 and ending August 30, 2013 or until such time as a successor Depository is selected and qualified agrees to a depository agreement.

The District and the Depository may agree to extend this contract for two additional two-year terms, if mutually agreeable by both parties, under the original terms and conditions in accordance with Section 45.205 of the Education Code. The District may at its option change the term of this contract. The resulting contract and any extension(s) shall become binding upon the District and the Depository only upon acceptance by the Texas Education Agency. Award is contingent upon funding availability

The legal provisions providing for the naming of a Depository of the District are set forth in Subchapter G, School District Depositories, Section 45.201 through 45.209, of the Texas Education Code. Investments by the District will be governed by the Government Code, Chapter 2256, Public Funds Investment Act. Securities pledged as collateral to secure District deposits will be governed by the Local Government Code, Chapter 2257, Collateral for Public Funds and the Investment Policy of the District CDA (Local).

Bank Depository Request For Proposals Technical Questions

There will be no Pre-proposal Conference. Technical questions regarding this Request for Proposals ("RFP"), or the services requested, will be accepted in e-mail form only to Felix Alvarez, Contract Administrator, falvarez1@saisd.net with an e-mail carbon copy to Rosalie Cavazos, rcavazos@saisd.net no later than **March 21, 2011 at 3:00 pm**. After deadline for questions has passed, Responses to all material questions submitted will be issued in the form of an addendum to all known respondents within the Districts Boundaries.

The history of services used to compile Attachment A (Fee Schedule) was drawn from six months of account analysis. As a result, there is no need for review by any Respondent on any actual account analysis and no historical account analysis will be provided to any Respondent.

Proposal Submission

To be eligible for consideration under this request, three (3) complete paper copies, and one electronic copy on CD, of each proposal shall be submitted no later than 3:00 pm on **April 5, 2011** to the address below. Proposals received after that time by the District will not be accepted and will not be returned. The CD should contain the responses to the RFP questions and completed Attachments A and B.

The proposal must be submitted in a sealed envelope or packet plainly marked "Bank Depository Services", vendor's name, proposal number, opening date and time and the Proposal Cover Sheet provided. An accompanying transmittal letter must be signed by an individual authorized to bind the institution, state that the proposal is valid for 120 days from the submission date, and give full contact information for the proposal. The transmittal letter may not exceed one (1) page in length and provide full contact information for the individual(s) with authority to negotiate during the period of proposal evaluation. The cover letter should not contain any information not included in the body of the proposal.

All proposals and the CD must be delivered by mail, express mail, or in person to:

Felix Alvarez
San Antonio ISD
Materials Management/Purchasing
210) 224-2781 x114
falvarez1@saisd.net
1215 Austin Street
San Antonio, TX 78208

It is recommended that all proposals to the District be hand delivered. No late proposals will be considered. Bank representation is not required at the time of proposals opening. Proposals will be opened by SAISD in a non-public forum. However, the submission of a proposal shall be prima facie evidence that the Respondent has full knowledge of the detailed requirements as outlined in this proposal notice.

All questions in the attached RFP should be answered as directed and provided to the District as the Depository's proposal. Contact with any District staff, except Purchasing, in regard to this RFP is strictly forbidden and could result in rejection of the proposal. Oral explanations or instructions given before the award of the contract are not binding and do not form a part of or alter in any way, the written depository contract.

This proposal is being provided in electronic form only by the District. The proposed fee and rate schedules, Attachments A and B, are in Excel format, the RFP is in Word.

Selection Criteria

The following *general* criteria will be used by the District for evaluation of the proposal. Reference the attached District's General Terms and Conditions, Item 18, "Evaluation Criteria" which may also be used for evaluation purposes.

- 30 % - Cost of required banking services including conversion costs
- 30 % - Automated and additional services offered and available
- 20 % - Collateralization
- 5 % - Financial strength of the institution
- 5 % - Earnings potential in differing account structures
- 5 % - Fraud prevention/notification policy
- 5 % - Customer service structure and network

The District reserves the right to reject any and/or all proposals and to accept the proposal the District considers most advantageous. If any portion or provision of this proposal and/or any contract between Depository and District entered into is invalid, the remainder at the option of the District shall remain in full force and effect and not be affected. Acceptance of a proposal will be based on the total package of services offered by the banking institution.

Proposal Evaluation and Selection Process

The intent of the District is that the Process will occur in at least 3 steps:

- Step One: The Materials Management/Purchasing Department will provide the assigned Evaluation Committee with Attachments A&B (which are to be submitted with no reference to the Respondent's firm name). Materials Management/Purchasing Department will assign a control number to each Respondent's firm which will allow for the participants in Step One of the evaluation to compile the recommended short-list solely based on the basis of fees and anticipated earnings as provided in Attachments A&B. This initial analysis will be the basis for designation of a short list the size of which will be determined by the total number of proposals submitted. The short list will include no more than three

proposals. The District places importance on the proposal demonstrating innovation and a thorough understanding of specific District needs and restrictions.

- Step Two: The Evaluation Committee for Step Two will be provided the entire proposal for each of the short-listed firms. The committee members will then individually evaluate the proposals which will be further ranked based on service and capabilities scores.
- Step Three: A final ranking of the institutions' proposals will be made by District management with the inclusion of District value-added considerations such as non-monetary and monetary contributions of the institution and its personnel to the San Antonio area and the District.

The District reserves the right to request oral presentations from certain, but not necessarily all Respondents, to determine a Respondent's qualifications, to clarify elements of the pricing or to review other criteria at the District's discretion and shall use the information derived from these oral presentations, if any, in its evaluation.

Legislative Change

Changes in the law that may be enacted by the State Legislature, now in session, which could alter the scope of requirements as stated in this document. The proposal should conform to all statutes in effect at the time of proposal opening.

District Rights

The District reserves the right to:

- waive any defect, irregularity or informality in the proposal or proposal procedures;
- reject any and all proposals;
- accept any proposal or portion thereof most advantageous to District;
- request additional information or require a meeting with Depository representatives for clarification;
- cancel, revise, and/or reissue this RFP or any portions thereof,
- negotiate any conditions;
- retain all other provisions even if any provision of the proposal is deemed invalid;
- modify deadlines; and
- select any proposal deemed to be in its best interest as determined by the District.

Other

1. The successful Respondent will notify the District in writing within ten (10) days of any changes in Federal or State regulations or laws that would thereafter affect the depository agreement throughout the contract period.
2. The bank's records relating to the District's accounts shall be open to review by either the District, its independent auditors and the Texas Education Agency during normal business hours.
3. A Texas Education Agency depository contract will be forwarded to the successful Respondent. Service contracts will be amended to that master contract.
4. The District reserves the right to pay for depository services by target balances or by fees.
5. This RFP and the proposal submitted will be incorporated into and form the basis of the bank depository services contract as will all service contracts.

SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

141 Lavaca
San Antonio, TX 78210

BANK DEPOSITORY SERVICES CONTRACT PROPOSAL COVER SHEET

Due Date – Tuesday, April 5, 2011, 3:00 pm

Institution Submitting Proposal _____

Address _____

City, State, Zip _____

Authorized Representative

(Printed Name) _____

(Title) _____

Signature _____

Telephone _____

E-mail _____

Date _____

PROPOSAL FORM

BANK DEPOSITORY SERVICES

SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

I. Introduction

The objective of this Request for Proposal (“RFP”) is to identify the financial institution (the “Respondent”) most capable of providing the highest level of service at the lowest cost to the District. Through this contract the District intends to minimize banking costs, improve operational efficiency, and maximize earnings. This RFP, which represents the District's cash management goals, specifies all the required qualifications, banking services required, activity volumes on accounts, method and terms of compensation, submission instructions, and contract award provisions.

All questions in this form must be responded to in the order given. By submitting a proposal in response to this RFP, the Respondent is deemed to agree to the District’s mandatory contract and service provisions contained herein. Any banking institution submitting a proposal is deemed to have read, understood and agreed to all terms, conditions and requirements set forth in the specifications. The RFP and the proposal submitted will be incorporated into and form the basis of the final bank depository services contract.

In order to equitably evaluate each Respondent’s ability to meet the service needs of the District, a standard format for all proposals is required. A response must be given to each item in Sections III through V in the order given along with completion of Attachments. Only proposals submitted in the prescribed format and using the provided Attachments will be considered and evaluated for contract award. The District anticipates and appreciates concise and complete proposals. However, additional explanatory information or materials may be included in the proposal.

The District reserves the right to reject any and/or all proposals and if any portion or provision of this proposal and/or any contract between Depository and District entered into is invalid, the remainder at the option of the District shall remain in full force and effect and not be affected.

Bank Compensation

The District will require the ability for payment for services on both a fee and/or compensating basis. Evaluations will be made on both basis. The costs will be evaluated against earnings potential based on historical rates at the bank. A decision of the method to be used will be made initially only after analysis of the proposals and on an on-going basis as interest rates change. The District plans to use compensating balances until interest rates rise.

If fees are chosen, the bank may direct debit the designated account after a five day District review and approval period each month. The District may or may not leave funds in the bank dependent upon the availability of a sweep mechanism and the interest rates being offered by the bank. All fees shall be fixed for the entire contract period as proposed on Attachment A. Only fees listed on Attachment A will be accepted.

If a compensating balance basis is chosen, the bank will be responsible for establishing and maintaining the compensating target balance at the published Earnings Credit Rate (ECR) when a sweep is used. A semi-annual carry-over settlement is required although an annual basis that coincides with the District’s fiscal year ending August 31 would be preferable.

Each proposal must include a completed Attachment A, listing all charges applicable to the services outlined in this proposal. The AFP number and basis of the charge (per item or per account/month) should be clearly noted. If services or unbundled charges needed to provide this service are not currently listed on Attachment A, add same by name and include applicable fees. Because different bank bundle differently it is imperative that the bank provide all fees necessary to provide the services required. Clearly stipulate how software and account maintenance charges are to be charged for various services.

District Investments

The District reserves the right to purchase, sell and invest its funds and funds under its control, including bond funds, as authorized by the Government Code, Chapter 2256, Public Funds Investment Act, and in compliance with the District’s Local Investment Policy CDA (Local), a copy of which can be found at www.saisd.net

The District may choose to invest in time deposits at the Depository, but all investments including CDs are bid competitively at the time of purchase.

Collateralization

The Depository must provide collateral per Texas Education Code §45.201 and Local Government Code 2257. Conditions, requirements and questions regarding collateral are found below.

Banking Services Fees

Based on the Depository services required by the District, the Depository shall complete the proposed fee schedule, Attachment A.

II. District Financial Overview

The District's Financial Services Department handles all banking, treasury, and investment activities as well as accounts payable, receivables, payroll, and financial reporting functions. The Assistant Superintendent for Financial Services & Business Operations is responsible for the department and reports to the Superintendent of Schools. The District has multiple locations at which funds are collected and from which funds may be deposited. Currently deposits are made by courier on a daily basis but all transactions are under the direction/control of the Assistant Superintendent. The Financial Services Department handles all reconciliation.

The District has an average of 7,500 full time employees. The District has an average of 3,000 employees that are paid on a bi-weekly basis and an average of 6,100 that are paid on a monthly basis. Approximately 58% pf the bi-weekly employees and 95% of the monthly District employees are currently paid by direct deposit. The District may be evaluating the use of pay cards for payroll or other purposes during the period of the contract.

The District wants to utilize automated banking services when efficient and cost effective. This proposal should address automation potential on any services.

The District currently maintains five bank accounts. The monthly average ledger balance on the five major accounts is \$8.5 million. The five accounts are:

General Disbursing	Master ZBA Account
Payroll	Subsidiary ZBA Account
Student Activity	Stand-alone
Cafeteria (Child Nutrition)	Stand-alone
Debt Service	Stand alone

Under the proposed contract, the General Disbursing Account would be the master account for a sweep, when used as rates improve, but now the District will entertain maintaining interest bearing accounts or changing the structure of the accounts for maximum earnings potential. The bank will be asked to present the most efficient structure to effect the best investment rates and best operating efficiency.

Regardless of overall structure, most bank activity will occur in the General Disbursing and Payroll Accounts. All accounts may receive some limited deposits or transfers but not on a daily basis. Wires occur in the General Disbursing and Debt Service accounts, security transactions are tied to the General Disbursing account and ACH primarily in the Payroll account. The Payroll account is funded by transfer from the General Disbursing account. Positive pay is currently being used on three accounts and will be required in all disbursing accounts.

- Approximately \$ 9.8 million is processed in payables monthly with payable runs weekly.
- The combined monthly and bi-weekly payroll for the District averages \$16.2 million a month. Bi-weekly payments are 58% direct deposit and monthly 95% direct deposit.

Deposits are prepared by various departments and taken to the bank by courier. The Financial Services Department handles all reconciliation on the accounts and only one set of paper statements will be required.

The District currently does not sweep balances because of low rates but uses interest bearing accounts. The District may utilize interest bearing or money market accounts dependent upon interest rate opportunities and will decide on the use of the type of account as interest rates and conditions vary. All decisions will be made by the District. (Proposals will be required to explain alternative account structures below.)

Any or all District funds may be maintained and invested by the District outside this contract. The District will be under no obligation to maintain funds in the bank except under a compensating balance situation.

The District will not use the depository institution for brokerage services in order to assure ownership and complete separation on delivery versus payment delivery requirements.

The Treasurer will continuously monitor the bank's performance against provisions of the agreement, including the bank's proposal submitted in the response to this RFP. The Treasurer will also be responsible for administering the agreement with respect to day-to-day activities, including deposits and withdrawals, ACH transactions, maintenance of account balances, daily reporting, etc. A list of District personnel authorized to deal directly with the bank will be provided following award of contract. The bank shall provide the District with a similar list of authorized personnel.

III. Financial Institution Qualifications

To be considered the proposal must include a response to each question in this Section III.

1. Creditworthiness

In order to fulfill the District's fiduciary responsibility to protect public funds, each bank submitting proposals shall provide the following in response to this question.

- a. Provide an audited annual financial statement for the most recent fiscal period. The financial statements may be submitted in electronic form or provided as a reference link on the internet. The bank will be required to submit an audited statement to the District each year of the contract period, as soon as it is available. Confirm agreement to this requirement.
- b. Provide certification of the bank's Community Reinvestment Act (CRA) rating by its rating agency.
- c. Provide the bank's most recent four quarters rating from an independent rating agency such as Highline, Veribanc, or comparable bank rating agency. As an alternative, supply the most recent senior and subordinate debt ratings of the holding company. The bank will be contractually liable for notifying the District within thirty (30) days of any change in any of these ratings during the contract period. Confirm agreement to this requirement.

2. Customer Service

Service will be a primary focus of the evaluation. Describe the bank’s philosophy and approach to satisfying this need through the following responses. The District is particularly interested in high-performance customer service. The District needs rapid service and support should emergency situations occur.

- a. What is distinctive about the bank’s approach to customer service? How does the bank anticipate satisfying the District’s need for customer service?
- b. How many individuals does the bank have in the local bank? How will the bank provide the District with relationship support for its services? What approach will be instituted to provide the optimal service?
- c. Are there any new services planned which may impact the District? When are these planned to be available?
- d. Is there any bank availability policy which differs from the availability schedule? If so, define specifically and define any elements which may delay District funds.
- e. Is the bank offering any transition or retention incentives? Describe fully and quantify completely.
- f. What support will the bank be able to offer the District in a disaster situation to maintain stable banking functions? Focus on systems, telecommunications and power, operational facilities, and transportation.
- g. The District requires the right to use a third party auditor to review the District’s accounts, collateral, transactions, and bank records at any reasonable time. Confirm agreement with this condition.
- h. The Depository will be required to review the District’s Investment Policy CDA (Local) and certify to that review in accordance with Texas Local Government Code 2256. Confirm agreement with this requirement.

The following question will be used for Step 3 of the Evaluation and Selection Process.

- i. How do the local employees in the bank participate and contribute to the District’s community? How does the bank contribute to the District’s local economy and citizen services?

3. References.

List references from three comparable Texas public entity clients. Education K-12 agencies are preferred. For each reference, include the length of time under contract, a client contact, title, and telephone number.

4. Depository Agreement and Service Agreements.

Provide a copy of all depository and service agreements which will be required to be executed under the contract for services rendered (including depository and collateral agreements). Any changes required on the agreements will be discussed and agreed upon before award of the contract is made by the District.

5. Implementation timeline.

The contract period will commence **September 1, 2011**. The District recognizes that not all services and funds will be transferred by this date but expects that all services should be available by that date and that all services should be transferred by **November 1, 2011**. Collateral should be in place three days before any funds are transferred.

- a. Provide a proposed, detailed timeline for implementation of the contract. Include each activity required defined by its responsible party and assigned responsibilities. Denote any limitations or potential delay points.

The timeline must reflect the number of calendar days required to put the services in place or the end date of when such services will be in place and available to the District.

Default in promised delivery of services, without acceptable reasons, or failure to meet the terms or conditions of the depository contract without remedy, shall result in the District having the right to terminate the contract, but the exercising of such right to terminate the contract does not limit any other remedies the District may have for damages or other relief under law.

IV. REQUIRED SERVICES

To be considered, the proposal must include a response to each of the questions in this Section and all associated fees to provide the service must be detailed on Attachment A. Add any level of detail as necessary for complete disclosure.

It is the District's intent that the contract negotiated between the District and the Depository selected through this process will encompass all the services and conditions required here. Additional services offered by the Respondent may be included. The Required Services are minimum requirements, and any Respondent refusing or failing to provide such minimal services will not be considered for selection as the Depository.

1. Consolidated Account Structure with Sweep Mechanism

The District is interested in assuring that all funds are earning at the best, then-current interest rates at all times. The District currently pays for services on a compensating balance basis. When rates increase, the District intends to re-initiate an automated daily sweep to a money market mutual fund (or bank alternatives if applicable and competitive) in order to reach its full investment goal and to minimize collateral requirements.

A AAA-rated SEC registered government, or enhanced government, money market fund should be used for the sweep. If the bank has a valid alternative to a SEC money market fund which is in compliance with the District's Investment Policy, it may be presented. A repurchase agreement or off-shore accounts are not acceptable as sweep investment vehicles.

The bank shall clearly describe the bank's most cost effective structure and methodology for creating the sweep. Automated distribution of interest to the individual accounts is preferred. A history of net rates for any vehicle proposed is to be provided on Attachment B.

- If a fee basis with a sweep is utilized for compensation purposes, all or certain accounts will be swept daily by the bank to a zero balance (or rounded minimums) daily. Others, if not swept, will pay fees or maintain balances.
 - If a compensating balance with a sweep is utilized for compensation purposes, all accounts will be swept daily by the bank to the target compensating balance.
 - On a compensating balance basis, any earnings credit/debit shall be carried over for net settlement on an annual basis.
- a. Describe the bank's ability to provide a ZBA-Master structure and indicate whether the individual accounts would be swept first to a master account or be swept directly from individual accounts (for interest application). Indicate your most cost beneficial structure. Assume the General Disbursing Account would be the Master and the Payroll and Child Nutrition accounts would be ZBA subsidiaries. Include classifications of accounts (ZBA or other) to be used in the structure.
 - b. Describe alternatives to the sweep during this low interest rate environment before sweeps again provide a viable alternative. Is the bank offering any internal account or a rate floor on liquid funds? Describe the account structure proposed including the type of accounts (interest bearing, money market, ZBA, etc.) along with the overall account structure. If rate indexed, what is the index basis?
 - c. Will sweep activity, when used, be reported on a daily detail basis (each debit and credit) or summarized on a monthly basis? Preference would be to not provide daily detail for reconciliation purposes.
 - d. Will interest from the sweeps be applied at the master or individual account level?
 - e. Provide the prospectus for any sweep fund alternatives. A AAA-rated, SEC registered government fund must be utilized for the sweep.
 - f. Is the sweep processed as the last transaction of the day? If it is a next day sweep, describe how funds are collateralized for funds held overnight.

- g. Confirm agreement to this condition.
- h. Will the bank assess a direct, hard dollar FDIC charge on the account analysis? At what rate currently?
- i. The District may be required or may desire to open additional accounts, or change account types during the contract period. If this occurs the new accounts and their services shall be charged at the same contracted amount. (Unanticipated, new services may be charged at not more than the then-published rates.) Confirm agreement to this condition.

2. Automated Cash Management Information

The District requires web-based, automated cash management services and daily balance reporting (inter-day and intra-day), for timely access to balance information and transactions. It requires a high degree of automation in all service areas. Imaging of all checks and image retention is required. Imaging of deposit slips and deposit items also is preferred. Preferably statements and account analyses will be available in electronic form along with archiving of information.

The District desires timely access to downloadable information for download to the District's accounting software. Minimum on-line services should include online balance reporting, stop pays, positive pay, ACH, account transfers, and wire transfers. Daily balance reporting should include detail on all transactions with summary reporting on closing ledger and collected balances along with one-day float, at a minimum.

- a. Fully describe the bank's on-line service capabilities and systems, with examples. List system's online capabilities (i.e. balance reporting, wires, positive pay, stop pay, etc.) and describe any differentiation on transaction and summary account types.
- b. Describe fully the ability to search on historical transactions and reports as well as the ability to retrieve and download historical images.
- c. Can customized reports draw across or drill down in reporting modules and activities? Describe cross functionality features.
- d. Detail the availability of prior day and intra-day detail and summary reporting. When is prior day information available? Is intra-day information real-time or delayed? Specify.
- e. Detail the level of information available on both prior and intra-day reporting.
- f. Define the history retention/archiving features available for images and information.
- g. Describe provisions for off-site backup and continuation of services in local or regional disaster situations.
- h. Describe the security protocol for online services. How is authentication and authorization provided? How and by whom is the administration of the security module established and maintained?
- i. What are the hours of available technical support? Where is the technical support located? How is support provided?
- j. Submit samples of major screens and reports available or provide a website and sign-on information for an on-line review of all the District functions, if available. If not available, submit screen prints.

3. Deposit Services

Standard commercial deposit services are required for all accounts. No checks are encoded. Coins are not rolled and may be in partially filled bags. On average the District makes daily deposits with tamper proof bags by courier. Deposits are batched with tapes attached. The District uses both branch services and vault services.

The District is using a highly manual process to gather deposit information from the bank and convert it to data which is then manually input into the District's general ledger system. In summary, the District staff prints images from the bank's online information and converts it to pdf files which they manipulate to identify and reload information to the bank as to the location and appropriate activity account of the deposit. The District is very interested in determining whether the bank has a methodology/service to replace this manual process – such as deposit location and deposit reconciliation. Please see question (k) below.

The District is interested in moving towards remote check deposit during the contract period.

The District expects all deposited checks to clear based on the bank's current published availability schedule, but, any expedited availability options should be noted in the proposal. All cleared deposits received by the bank's established deadline must be processed for same day credit. The bank shall guarantee immediate credit on all incoming wires, US Treasury checks, ACH transactions, on-us items, and U.S. government security maturities and coupon payments. Failure to credit District accounts in a timely fashion will require interest payment reimbursement to the District at the then-current daily Fed Funds rate.

- a. What is the bank's daily cut-off time to assure same day ledger and, pending availability, collected credit at (a) banking center, (b) branch, and (c) vault?
- b. What deposits must be made to a vault? Where is the closest vault located? Describe the process if the vault is not located in District limits.
- c. Does the bank require deposit to the vault for any reason? Are any courier transfers necessary?
- d. Does the bank provide for location tracking on deposits? Describe.
- e. Is deposit reconciliation available? Describe the process and options.
- f. Does the bank require or prefer strapping and rolling? What are the cost options/benefits/requirements for separating cash and checks?
- g. Is there any limit to the number of deposits in one bag? Are these handled as separate advices?
- h. When are credit/debit advices sent to the District from the deposit locations? How are these advices sent? What delivery options are available? (Preference will be given to electronic delivery.) Are images of originals provided with each advice?
- i. Does the bank have any program to actively assist the District in collection through ACH for vendors or ongoing repetitive citizen payments?
- j. Do daily online reports include activity by account and location? Are all deposits designated by location and tracked as such through the reporting?
- k. Referencing the situation explained above, does the bank have any service/process whereby the deposits made by activity accounts in the various campuses can be identified by deposit and reported as such on bank reports?
- l. How does the bank handle discrepancies in deposit amounts? What dollar limits are used for decisioning? What settlement process is followed?
- m. How and when does notification of return items take place? Provide an example.
- n. What type deposit bags are used or required? Are these available from the bank? At what cost?
- o. If provisional credit is given on deposit before verification, when does verification occur?
- p. How much advance notice is required on coin and currency orders? Can orders be placed on line? What is the turn-around time on orders?
- q. Describe any program available for immediate credit on coin/currency.
- r. Include a list of all the bank's deposit locations within the District's limits (banking center, branch, and vault).
- s. Price and report the total fees which would apply to the following sample deposit outlined below. (This does not reflect a normal District deposit and is used for cost comparison purposes only.)
- t. Does the bank have services for on-site safes and deposit of coin/currency on-site? Does this provide for immediate credit to the District accounts? Describe the service and the equipment needed.

SAMPLE DEPOSIT:

The sample deposit would be made (a) in four (4) tamper-proof deposit bags, (b) with strapped where possible as shown below, (c) with coins that are not rolled, (d) with tapes attached to bundled but not endorsed checks. The breakdown on the deposit is:

Currency				
Denom.	# Straps	Loose \$	Total \$	
\$100	5	\$ 300		\$ 20,300
\$ 50	6	\$ 600		\$ 15,600
\$ 20	4	\$ 340		\$ 4,340
\$ 10	9	\$ 70		\$ 4,570
\$ 5	22	\$ 175		\$ 5,675
\$ 1	50	\$ 14		\$ 2,514
			<u>\$ 52,999</u>	
Coins				
\$.25		\$ 427		
\$.10		\$ 114		
\$.05		\$ 10		
\$.01		\$ 2		<u>\$ 553</u>
Checks				
	280 checks	\$140,252		<u>\$ 140,242</u>
<u>Total Deposit</u>				<u>\$ 193,794</u>

Remote Electronic Check Acceptance and Conversion

The District does not currently use remote deposit. However, the District would like to use remote deposit if the software, hardware, and output prove positive. Under the new contract the checks would be deposited at the Business Office location initially and possibly adding other remote locations during the contract period.

- A. Describe the bank's process and capabilities for remote capture. Describe equipment needs, capabilities, and limitations. A web-based system is required.
- B. Discuss and define any additional virtual collection services offered for the capture of both the check and remittance document.
- C. What is the final deposit cut-off time with remote?
- D. Are there any limitations on batch size or number of transmissions per day?
- E. If a check is accepted and subsequently returned by the bank NSF, define the process. What obligations/liabilities does the District have? The bank? How will collection be made?
- F. What options does the District have in scanners for use with the process in various volume locations? Is this equipment available through the contract: purchase or lease? List the equipment required along with its approximate cost(s).

4. Disbursing Services

Standard disbursing services for all accounts are required to include the payment of all District payroll checks without charge upon presentation. The District's current account structure is described above in the Financial Overview Section.

The District does currently utilize positive pay services and partial reconciliation on three accounts and will require it for all accounts/checks under the proposed contract.

Payroll is paid bi-weekly for approximately 3,000 employees and paid monthly for approximately 6,100 employees for a total average of \$15.5 million a month. The District utilizes direct deposit for payroll for 58% of bi-weekly employees and 95% of monthly employees. The District also intends to move toward more vendor payments by ACH.

- a. When is daily check clearing information available online through intra-day reporting? How long are transaction details maintained online?
- b. Does the bank image all checks? Are all checks truncated? What options are available?
- c. The District requires that the bank shall cash free of charge all on-us checks for District employees on all accounts regardless of the individual's account status with the bank. Confirm agreement with this condition.
- d. Describe any payment consolidation services available. What data transfer options are available for payment consolidation systems?
- e. Define and illustrate the payee information provided the District for single and multiple payments.
- f. Describe the handling of exception or non-standard items through the payment consolidation process. Describe the error tolerance limitations and subsequent handling requirements.

Stored Value Cards (Pay Cards/Debit Cards)

The District currently does not utilize stored value cards. If instituted, users must have the ability to use the cards at point-of-sale as a debit card and/or for cash withdrawals at financial institutions and ATMs.

The purchasing ability of the cards must be limited to the stored value of the card. The District is authorized to assess fees from the user for issuing the stored value cards. The District must provide an opportunity for card holders to access the total amount of their funds either through ATM withdrawals or counter presentation without incurring a fee at the bank's own facilities.

The District would have total discretion on the distribution of the cards. The banking institution is required to provide card holders with all processing and transaction information. Services expected from the bank would include at a minimum:

- embossing, encoding and distributing cards as directed by District
 - provision of electronic statements to cardholders via on-line web access
 - administration of accounts: maintenance of accounts, application of funds, authorization of transactions, related tracking
 - customer service functions
- a. Does the bank currently provide stored value cards or a comparable service? How long has this process been available?
 - b. How many customers use the service? Provide three public references.
 - c. Which program (authorization mark) does your program use? (Visa, MasterCard, etc.)

5. Account Reconciliation and Positive Pay

The District requires positive pay services with complete indemnification for fraudulent checks. Payee verification is now used and will be required. Currently positive pay and partial reconciliation are used on three accounts. The proposal must provide a fully automated, web compatible transmission process for batches and individual transactions. Batch transmissions will be made as part of each check run. Manual check information must be able to be input online.

- a. Describe data transmission file and timing requirements for check registers. Are transmission charged by file and by detail item?
- b. Is positive pay input for manual checks available on-line? Describe fully.
- c. Is exception reporting and handling managed totally online? Describe.
- d. At what specific time is positive pay exception information reported to the District? Is e-mail notification available or must the District check for exceptions?
- e. At what specific time is the response required for District exception elections?
- f. Describe your payee verification process. What check elements are being verified by the process during clearing?
- g. Does the bank review exceptions errors for possible repair before creating a District exception item?
- h. Are all checks, including those received over-the-counter by the tellers, verified against the positive pay file before processing? How often is teller information updated? If not verified, what are the process, liability, and security on OTC transactions?
- i. Are positive pay services provided without charge when provided in tandem with reconciliation services? Describe alternatives and pricing structures available.
- j. What are the available default dispositions for payment or return? (pay, hold, do not pay)
- k. Describe your partial reconciliation services. Specify data transmission requirements.

6. Funds Transfer and Wire Services

The District currently has an average of 30 outgoing wires and 8 incoming wires each month along with minimum internal transfers.

Incoming wire transfers must receive immediate same day collected credit. Wire initiation should be available online. The District requires that wires be released the same business day if information is provided by the established deadline. The District will require compensation for delays caused by the bank at that day's Fed Funds rate.

- a. Can all wire transactions be initiated online? Monitored online?
- b. Can repetitive templates be created and stored? Is there a fee for wire and transfer template storage? Does this apply to all repetitives?
- c. What level of authorization/release do repetitive or non-repetitive wires require? Is authorization for repetitive and non-repetitive the same?
- d. Is future dating of wires and transfers available? How far in advance?
- e. State wire access, posting, and cut-off times.
- f. State the bank's policy on the use of ledger balances for outgoing wires in anticipation of scheduled activity or incoming wires.
- g. Can internal account transfers be processed totally on-line? Book debits/credits? Is there a fee for District internal transfers?

7. Optical Imaging

The District is currently receiving optical images on CD (on three accounts) and on-line. Preferably the District would receive data on-line along with a monthly CD of check and deposit information. No physical checks are to be returned. In an effort to reduce paper handling and storage, the District is focused on imaging of documents as much as possible.

- a. Describe the bank's optical imaging process and what items are captured (checks, statements, deposit slips, deposited items, etc.).
- b. What images are available on-line? When? How long are images available on line?
- c. Are all images downloadable? .
- d. Is a monthly CD provided? When?
- e. Does the bank have archival services for other District documents available? Describe fully.

8. ACH Services

The District expects to continue moving toward more ACH transactions for vendor transactions. ACH is currently used for four accounts with debit blocks in place. The District requires pre-notification and filters/blocks on all accounts.

- a. Is online ACH service available for individual transactions as well as by transmission for batched files?
- b. What is the policy and process for handling of ACH returned items?
- c. Can ACH items and files be future dated?
- d. What specific filters and blocks are available on the accounts?
- e. What policy and process is used for file and item reversals and deletions?
- f. Are ACH addenda shown in their entirety on-line and on detail reporting, reports and statements? Does access to this information require access to additional, specific EDI modules?
- g. Will the District incur a transmission and/or file processing fees for on-line individual ACH transactions?

9. Investments and Safekeeping Services

The bank will be required to provide a book-entry safekeeping services for securities owned by the District. All District investments will be made by the District, or its investment adviser, and instructions for clearing and safekeeping will be transmitted on a trade ticket to the bank in writing. The bank will not be used for brokerage services.

Custody must be in the bank and not a brokerage subsidiary of the bank. All securities must be cleared on a Delivery Versus Payment (DVP) basis and ownership documented by original clearing confirmations and safe-keeping receipts provided within one business day of the transaction. Funds for investments will be drawn from a designated District DDA account. All P&I payments, coupon payments, and maturities must receive automated same day collected credit on the District designated account without requiring any additional District action.

If the bank is not a member of the Federal Reserve and utilizes a correspondent bank for safekeeping of District securities, the transactions will be handled through the depository bank's systems and shall not require additional interaction by the District with the correspondent bank. No delay in transactions, wires, or flow of funds will be acceptable under a correspondent relationship.

The District anticipates an average of 20 securities in FRB safekeeping at any one time all from third party transactions. All fees for clearing and safekeeping must be stipulated on Attachment A.

- a. Does the bank provide safekeeping services? Are there, or have there been, any plans to cancel this service within the next four years?
- b. Is online information available for securities (not required)? Describe.
- c. Describe bank safekeeping arrangements proposed. Identify any correspondent bank used for custody. If a correspondent is to be used, define the process and confirm same-day crediting/debiting on all transactions. Describe any additional District actions required.
- d. Are services bundled under safekeeping by cusip or Par amount or are charges made for individual clearing, safekeeping and income distribution?
- e. How are safekeeping fees charged? Hard charge or on the account analysis?
- f. Are notifications sent on all transactions (purchase, sale, calls, and maturities)? When and how?
- g. What time are delivery instructions required? Is there a fee charged for late instructions.

The District may choose to purchase time deposits from the depository but all time deposits will be competitively bid at the time of purchase.

10. Collateral Requirements

Authorized collateral, as defined below, must be pledged against the total of time and demand deposits net of FDIC insurance with a 102% margin (110% on MBS) on the collateral maintained at all times by the bank. All the requirements, including those beyond the Public Funds Collateral Act, must be met by the bank. Pooled collateral proposals will have to be reviewed by staff and are not likely to be used.

The proposal must state agreement to the following terms and conditions.

- All collateral pledged to the District must be held in an independent, third party bank outside the bank's holding company.
 - A tri-party safekeeping agreement shall be executed with the District, the Depository, and the safekeeping bank for custody of pledged securities in full compliance with FIRREA requiring a bank resolution. (Or completion of Circular 7 if the Federal Reserve is acting as custodian.)
 - All time and demand deposits above FDIC coverage shall be collateralized at a minimum of 102% of principal plus accrued interest at all times (110% for MBS).
 - The bank shall be contractually liable for the daily monitoring and maintaining of collateral at the District's required margin levels.
 - Pledged collateral shall be evidenced by original safekeeping receipts/report sent directly to the District by the custodian within one business day of receipt.
 - The District shall receive a monthly report of collateral pledged including description, par, market value and cusp directly from the custodian.
 - Substitution rights shall be granted if the bank obtains the District's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.
 - Collateral must be in place before deposits are made originally.
 - Authorized collateral includes only:
 - Obligations of the US Treasury.
 - Obligations of US Government agencies and instrumentalities including mortgage backed securities which pass the bank test.
 - Bonds of any State or its subdivisions if rated AA, or better, by at least one nationally recognized rating agency.
- a. State the bank's acceptance of the collateral conditions above.

11. Account Analysis

Monthly account analysis reports must be provided for each account and on a consolidated account basis. Within five business days of receipt of the monthly account analysis (and subsequent approval of the fees by District) the bank may direct debit the designated account for fees due if compensation is being calculated on a fee basis.

A complete account analysis will be required monthly regardless of the payment basis.

- a. Provide a sample account analysis.
- b. When and how is the analysis available each month: on-line and paper? Is it imaged on the CD-Rom monthly?
- c. Are paper statement also sent to the District if provided online?

12. Monthly Statements

The bank must provide monthly account statements on all accounts with complete supporting documentation. Currently the District receives three statements and five additional statements. All accounts must be on a calendar monthly cycle and statements received on a timely basis. Timeliness of statements is critical and non-performance will be grounds for termination of contract.

- a. Provide a sample monthly statement.
- b. When and how are monthly statements available each month: online and paper form? If so, when and how long?
- c. Are the statements on the monthly imaged CD-Rom?
- d. Are paper statements also sent to the District if available online? Is there a fee for paper statements?

13. Account Executive

To insure smooth contract implementation and continuation of service levels, a specific account executive and a back-up at the local bank for automated and treasury services must be assigned to the District account to coordinate services and expedite the solution of any problem encountered. The account executive should be available to meet with District staff on banking matters as needed and at a minimum semi-annually.

- a. Provide the outline for the client support structure to be provided the District by the bank. What level of support is provided by the local representative?
- b. Provide the name and title of the proposed account executives.
- c. How are technical or operational problems, questions, or changes to be handled

14. Overdrafts

Every effort will be made to eliminate daylight and inter-day overdrafts. However, because this situation may arise, state the bank's policy regarding account and total account overdraft policy and detail rates and fees, if any, to be charged on a per event or per account basis.

- a. Are all accounts aggregated for overdraft calculation purposes or do accounts stand-alone?
- b. State the rate basis for intra-day and inter-day overdrafts.

15. Stop Payments

The District has averages 30 stop pays a month. However, an automated stop pay process is desired.

- a. What are the time periods available for stop pays? What are the time periods for extended stop pay periods? Is there a fee for renewals?
- b. What is the maximum period of time for which a stop pay can be established? How is this enforced by the bank?
- c. How is a stop pay initiated and extended? On-line? Is there any paper follow-up document required?
- d. Does the bank have any ideas to reduce stop pays?
- e. What is the deadline for same day action on stop pays?
- f. What information on current and expiring stop pays is available on-line?
- g. Will the on-line system verify if the check was cleared before accepting the stop pay?
- h. Do you have any service aside from renewals that will maintain the stop indefinitely?

16. Company Banking

The District is interested in giving its employees the opportunity for enhanced banking services.

- a. Does the bank have a banking services program available for District employees?
- b. List services provided under this program with applicable discounts or fees to the District or employee.
- c. Is availability of the program based on use of direct deposit or District employment?

V. Optional Services

To be considered the proposal must include a response to this Section V and all fees associated with the service must be shown on Attachment A. If the service is not available respond as such.

The District continues to investigate new services for inclusion under its depository services contract. These services are not currently required but will be evaluated in terms of availability, feasibility, service levels, services provided and charges for potential current, or future, use under the contract. The District will make its determination on the service's use. If the service is initiated later in the contract period the services and charges stipulated in this proposal will be applied. If the bank currently does not offer the service but is planning to make it available during the initial contract period, it should so stipulate along with the anticipated date of activation.

1. Line of Credit or Short Term Loan Facility

During the contract period, the District may have need of a line of credit or short term loan facility ("LOC"). Considering the anticipated cut-backs on State funding this is a major concern to the District at this time. If such cutbacks were to detrimentally affect the cash flow of the District other short term provisions will have to be made.

Please indicate the bank's level of interest on providing such to the District along with any conditions or levels that would be necessary for establishment. Identify the process by which evaluation might be made and the time period needed for such analysis? Include the proposed Term Sheet for the LOC. This mechanism is being considered because of the flux in school funding currently pending the legislature.

The LOC would be a Limited Tax Obligation that would be used to fund the Maintenance and Operations of the District. The District issued Unlimited Tax Obligations in December of 2010 and has updated the Investor Relations section of the District's website to include the 2010B Bonds Official Statement and Ratings Reports that can be used in the credit evaluation for the LOC.