



# TOWN OF CANTON

## REQUEST FOR PROPOSALS – BANKING SERVICES

***RESPONSES DUE: NOON, November 7, 2014***

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### GENERAL INFORMATION

The Town of Canton, Connecticut, (hereafter referred to as "the Town" or "Town"), invites qualified banking institutions to submit proposals to provide banking services as described herein. For the fiscal year ending June 30, 2014, the Town is estimating total revenues of \$35,000,000 and expenditures of \$35,000,000.

### CONDITIONS QUALIFYING A BANKING INSTITUTION

Respondents must meet all of the following conditions:

- (1) **Designated Depository:** Respondents must be a qualified public depository pursuant to the Connecticut General Statutes (Revised), Sections 7-402 and 36a-330. The qualified designation must remain in effect for the duration of the banking services contract.
- (2) **Financial Information:** Respondents must submit financial statements for the past two years, including appropriate notes to the financial statement and an unqualified auditor's opinion,

In addition, respondents should submit either:

- (A) Evidence of a rating by Kroll Rating Company or an equivalent of a "B" or better for the past 24 months if not available please provide the following ratios (as of end of latest quarter) for the past four (4) years. These are to be submitted as Attachment B:

1. Liquidity:
  - a.) Temporary investments to total assets
  - b.) Volatile liability dependence
  - c.) Net loans and leases to deposits
2. Asset Quality:
  - a.) Net charge-offs to average loans
  - b.) Loan loss reserves to total loans
  - c.) Non-performing loans to total loans
  - d.) Loan loss reserves to loan charge-offs
  - e.) Gross loans to total assets
3. Profitability:
  - a.) Return on earning assets
  - b.) Return on equity
4. Capital Adequacy:
  - a.) Primary capital to total assets
  - b.) Total capital to assets
  - c.) Equity growth to assets growth
  - d.) Dividends as a percent of net operating income

5. Management:
  - a.) Total overhead expenses to average assets
  - b.) Total deposits over \$100,000 to total deposits
  - c.) Brokered deposits to total deposits
  - d.) Total standby letters of credit to total assets
  - e.) Percent of Federal Funds sold to average assets

6. Maximum Municipal Deposit Amount per the statutory limitation of CGS Section 7-402.

- (3) **Collateralization:** Depository banks must pledge necessary Portfolio Securities in excess of FDIC coverage as collateral on the Town of Canton deposits in compliance with Connecticut General Statutes 36a-333 (formerly) 36-386. Collateralization is required on both demand deposits and investments. Reporting must be quarterly and contain the bank contact person's name and address.
- (4) **Location:** Identify the nearest branch banking facility to be used. Should a branch banking facility not be located in the Town of Canton, specify the services to be provided in lieu of an available branch. In either case, the full range of banking services required by this RFP is to be available.
- (5) **Federal Reserve Member:** The Town prefers a bank that is a member of the Federal Reserve System. Banks that are not members of the System shall identify their correspondent member bank. The Bank will not charge the Town for any transactions that are processed through that correspondent relationship.
- (6) **Reporting:** Each provider shall submit a copy of their quarterly Uniform Bank Performance Reports (Schedule RC only) and their annual financial reports for the past three years. These reports will be used by the Town in determining the financial soundness of the contractor. The successful institution shall, during the duration of this contract, continue to furnish the Town with updated issues of each call report and quarterly and annual financial reports in a timely manner. Each bank must disclose any adverse audit findings, outstanding restrictions or sanctions imposed by federal or state regulators, or unresolved issues of a similar nature.
- (7) **Insurance:** The institution to which the contract is awarded must provide a current Certificate of Insurance, with the Town of Canton named as additional insured, to the Finance Officer prior to the execution of the contract with the following minimum requirements

Insurance company must be rated an A- or higher by A.M. Best  
General Liability - \$1,000,000 per occurrence/\$5,000,000 aggregate  
Umbrella - \$5,000,000 per occurrence  
Professional Liability - \$1,000,000 per occurrence  
Employee Dishonesty Coverage including computer fraud - \$1,000,000 per occurrence

- (8) **Interface:** Ability to electronically interface financial programs utilized by Town and Board of Education (currently Visions (BoE) and MUNIS (Town) by Tyler Industries).
- (9) **Other Data:**
  - (A) Submit the number of current municipal clients purchasing services on either a fee or compensating balance basis. Provide a minimum of 3 references of municipal clients with a contact person's name and phone number. The references should be from clients with a comparable size and/or complexity to the Town of Canton. These are to be submitted as Form 2.
  - (B) Samples of account statements and account analysis reports.
  - (C) Deposit availability schedule.
  - (D) Amount of basis points deducted for setting the daily open repurchase agreement (or sweep) for idle funds.
  - (E) Provisions to handle interest reimbursement on failed wire transfers.

- (F) Define any reserve requirement to be used in a compensating balance formula.
- (G) Define any earnings allowance to be used in the compensating balance formula.
- (H) Describe your bank's disaster recovery plan.

## **DESCRIPTION OF CURRENT SYSTEM**

The Town currently has a concentration account. This account is used as the depository for the general fund, special revenue, capital, internal service and agency funds. This account has ZBA relationships with the BOE Payroll and the Town A/P and Payroll account. In addition, the Board of Education maintains individual accounts including but not limited to Accounts Payable, State & Federal Grants fund, Cafeteria fund, Consolidated funds and Student Activity funds. Any funds not needed for disbursing will be invested either overnight or over a range of maturities as directed by the Town.

The Town also has a General Fund Investment Account, Sewer Assessment Investment Account, and a School Bond Proceeds Investment Account.

## **SCOPE OF BANKING SERVICES**

### **A. Account Maintenance**

1. Account Balances: The amount of all debits or credits including but not limited to deposits, cleared checks, wires and sweep transactions and the account balances for each business day are to be available to the Treasury Division by 8:30 a.m. the following business day. On occasion when the information is not available by that time, the Treasury Division will estimate such balances and place investments accordingly. The Town shall not be charged or penalized if an overdraft results because the account information was not available when requested.
2. Bank Statements: A monthly (month end) bank statement for all accounts, including documentation supporting all entries on the statement, will be distributed to the holder of the account within ten banking days after calendar month end.

The bank shall provide to the Town's Treasurer a monthly (month end statement of itemized services provided and balances maintained by the Town) analysis statement for all accounts and a consolidated monthly and year-to-date analysis statement within fifteen banking days after calendar month end. The Town shall have the right to examine any records that support this monthly statement.

3. Check Printing: The bank will either; reimburse the Town for the check stock used in the check printing, pay the provider of checks directly or provide checks at no cost per Town specifications for all of the individual accounts.
4. Account Representative: The bank shall have assigned personnel available to answer questions pertaining to Town transactions which require more explanation. In addition, the bank shall provide the name and direct business telephone number of the bank officer with overall management responsibility for the account relationship.

### **B. Deposit Services**

The bank will provide, at no charge, two-part pre-encoded MICR deposit slips and/or three part pre-encoded MICR deposit slips as required. The bank shall include all deposits received at any of its branches up until regular bank closing time in the determination of the Town Demand Account Ledger Balances for the same day. Bank agrees to credit the concentration account for all checks in accordance with the bank's availability schedule.

Banks are required to attach a copy of their availability schedule to the bid. Awarded bank agrees to notify the Town in advance, in writing, of any changes to the schedule. Bank encoding errors are to be corrected within 72 hours after notification by the Town at no cost to the Town. Transfers between accounts will be charged to the Town only as transfers and not as items deposited and checks paid.

A large volume of loose coin may be presented for deposit. Should a bank not be able to handle the processing and deposit of loose coin as a regular deposit, the bank needs to identify how the deposit would be processed and any costs involved.

**C. Investment Services:**

The bank will provide safekeeping for investments purchased from the Bank at no additional charge. Funds are invested in accordance with Connecticut General Statute 7-400. Normal investment activities of the Town are outside the scope of the banking service contract. The Town will endeavor to use the service of the operating bank for all normal and traditional banking activity; however, the banking services contract shall not be an exclusive contract nor shall the contract preclude the Town from obtaining service from any other bank or financial institution.

**D. Wire Transfer Service:**

The service bank will be required to maintain wire transfer facilities to the Federal Reserve Bank for investments purchased and sales and other transactions with commercial banks. Wire services credit and debit notices must be mailed to the Town within 24 hours following transactions. The Town intends to consider these incoming wire transfers as "available immediately for investment" either by the Town or by the bank through the automatic daily repurchase agreement.

Any outgoing wire transfer ordered by noon and not received by the designation party by 2 p.m. will be traced from origin to destination to ascertain the party responsible for delaying the transfer. The bank will define in their submitted proposal provisions how interest reimbursement on failed wire transfers will be handled.

**E. Check Services:**

The bank will be required to process all checks and perform related services as follows:

1. Accept all Town checks presented each day and sort the checks monthly by the MICR document number.
2. Provide monthly a fully automated reconciliation plan (ARP) report to the Town.
3. The bank will indemnify the Town for any claims for payment made against the Town by the payee of a Town check subject to the following conditions:
  - a. The redeemed check and any photo copy is missing;
  - b. The check giving rise to the claim is listed on an Automated Account Reconciliation printout presented to the Town;
  - c. The bank is unable to provide sufficient evidence, of whatever nature, that the missing check was cashed or otherwise negotiated and presented to the bank for payment;
  - d. The Town's check records have not been tampered with, destroyed or otherwise impaired;
  - e. In all cases, bank liability shall be limited to the amount of the missing check or checks and shall automatically terminate three (3) years from the date on which the check giving rise to the claim was issued.
4. The bank must have provisions to issue check images on CD-ROM or other acceptable media for archival and retrieval purposes. The bank must provide all applicable software to utilize said media. Check imaging is done on large volume accounts.

#### **F. On-line Access:**

The bank will provide the Town a secure method to access the Town's accounts. The preferred method is to use a personal computer with secured internet access to the bank. This access should enable the Town to perform all banking transactions including but not limited to:

1. Place and remove stop payments;
2. Place wire transfers;
3. Obtain the balance of all accounts daily;
4. Obtain float information;
5. Research status of checks;
6. Transfer check, ACH and Lockbox files;
7. ACH;
8. Obtain transaction details on all accounts;
9. Limit the access of individual users on an account and transaction type basis;
10. On-line Transfers within Town Accounts;
11. Deposit imaging for all items included in each deposit;
12. Returned Item imaging for all returned items
13. Remote Deposits
14. Purchase cards

#### **G. Direct Deposit of Payroll:**

The Town utilizes direct deposit of payroll for Town and Board of Education employees via ACH. An employee may have more than 1 direct deposit account. The Town processes a weekly payroll with approximately 65 direct deposit transaction for 90 employees paid. The Board of Education processes a biweekly payroll with 120 direct deposit transactions for 310 employees paid. The proposal should include the structure of the banks direct deposit program, cost and related automated clearinghouse processing information.

The Town and Board of Education submit their tax obligations through ACH transfers as prescribed by the Federal and State governments.

Indicate any services that would be made available with banking institution for employees who utilize direct deposit.

#### **H. Courier Service:**

A bank without a branch located within the Town of Canton will provide courier service, at the bank's expense, to and from the Town Hall and Board of Education a minimum of once each working day, at times mutually agreeable, for pickup of deposits. Upon delivery of the deposits to the bank's courier, said deposits are considered to be in the possession of the banking institution.

Banks with branches within the Town of Canton should provide pricing for the courier services as an option. The Town reserves the option of contracting for this service independent of the bank services contract.

#### **I. Treasury Services:**

Provide a description of the bank's services for the following:

1. Zero Balance accounts;
2. Full Reconciliation with Positive Pay;
3. Automatic Investment; and
4. Control Disbursement

**J. Escrow Services:**

The Town utilizes escrow accounts to manage, for example, Planning & Zoning Bonds. Describe the escrow services and sub-accounting process at the bank including the number and type of accounts necessary in addition to the cost.

**K. Electronic Funds Transfer:**

Describe how the bank handles the conversion of checks to EFT. For checks issued by the Town and converted by the payee to EFT, how is the information captured on the full reconciliation and/or on the archival / CD-ROM media.

**L. Miscellaneous Service:**

In addition to the above identified services, the bank shall provide deposit bags, coin bags, coin and currency wrappers, endorsement stamps and any other materials necessary for the conveyance of deposits as needed.

The bank will provide audit confirmations to the Town's designated audit firm.

**M. Optional Services:**

In addition to the required services described above, the Town requests proposals for optional services. A bank may, under separate cover, submit proposals for these and other optional services that the bank feels would be in the best interest of the Town. The selection criteria previously set forth also applies to the selection of a bank for those optional services:

1. Lockbox Services:

The Town mails approximately 10,000 bills for July payment of real estate, personal property and motor vehicle taxes. For the January payment, approximately 1,000 supplemental tax bills are mailed. The Tax database and software is a system developed by Quality Data. An external vendor is responsible for printing the tax bills.

So that the Town may compare lockbox services, the bank should include in its proposal the following key items:

- a. Information on whether the lockbox processor is in-house or a third party provider, including physical location of the lockbox processing center and time and frequency of pickups;
- b. If a PO Box was to be established in Canton to receive the lockbox payments, describe the process by which lockbox payments would arrive at processing center and the time table;
- c. Turn-around processing time;
- d. Deposit deadlines;
- e. Acceptance criteria for payments;
- f. Rejection criteria for payments;
- g. Method and time of data transmissions (computer to computer);
- h. Photocopies of checks needed;
- i. Imaging of remittance documents and checks (via internet and/or CD-ROM);
- j. Method and time of delivery for turn around documents;
- k. Handling of payments received outside the lockbox processing system;
- l. Method of paying for service (if applicable); and
- m. Reference list of at least 5 municipalities utilizing lockbox service.

In addition include the estimated average time of deposited funds to "available funds" credit. Include the cost of service, whether the lockbox is charged for year round or months of actual usage, the method of computation and the estimated monthly cost to perform the services.

2. Acceptance of Debit Cards
3. Courier Service

### **DURATION OF CONTRACT**

The contractual services shall commence on January 1, 2015, and shall terminate on December 31, 2017. The services may be extended for three additional year(s) at the discretion of the Town. At any time during the contract, the Town may terminate service for unsatisfactory performance.

### **EVALUATION CRITERIA**

The institutions will be evaluated based on the following (in random order)

1. Qualified depository for public funds;
2. Geographical location of nearest branches;
3. Ability to provide requested financial information;
4. Ability to meet all requirements of this RFP;
5. Ability to handle on-line transactions and reporting;
6. Best availability schedules;
7. Bank rating;
8. Deposit availability;
9. Cost of services (Attached Form 1); and
10. Experience in providing banking services to similar account

### **COST**

Cost considerations will include lowest combination of projected monthly service charges, lowest deducted basis points on the open repurchase agreement, highest availability of deposits, and highest earnings credit on collected balances. Cost of optional services will also be considered.

### **RFP TIMELINE**

The projected timeline for this RFP is listed below and is subject to change

<b>EVENT</b>	<b>DATE (on or before)</b>
RFP Issued	October 7, 2014
Deadline for RFP Submission	November 7, 2014

# GENERAL CONDITIONS AND INSTRUCTIONS

Disclaimer: This Request For Proposals (hereinafter, "RFP") is not a contract offer.

Proposal Submittals: Proposals must be submitted no later than noon, EST, on November 7, 2014. Respondents must submit one original copy and 5 additional copies. Proposals may be hand delivered or mailed to:

Office of the Chief Administrative Officer  
Town of Canton  
4 Market Street  
PO Box 168  
Collinsville, CT 06022

Proposal Package Form: All proposals shall be typed. Mistakes must be crossed out and corrections made in ink adjacent thereto, and initialed in ink by the party signing the proposal, or their authorized representative.

## Posting

An electronic copy of this request for proposals, along with any changes, will be posted on the Town web page (<http://www.townofcantonct.org>).

Addendum(s) to this RFQ may be issued by the Town. When issued, addendum(s) will be posted on the Town's website under the "Request for Proposals" link. It is the respondent's responsibility to check to see if RFQ addendum(s) have been issued by the Town and to ensure that its proposal addresses all addendum(s).

Late Proposals: Proposals received after the deadline for submission shall not be considered.

Acceptance and Rejection of Proposals: The Town reserves the right to accept and reject any or all proposals, to waive any or all informalities, technical defects and clerical errors in proposals, and to accept an item or groups of items in the proposal, as may be in the best interest of the Town. The Town reserves the right to negotiate with one or more respondents as they see fit.

Lack of Fund Clause: If, during the term of the contract to be derived from this RFP, funds are not appropriated for such (services/material/equipment), The Town reserves the right to cancel said contract with thirty (30) days written notice. No expenses shall accrue to the Town of Canton for such cancellation. The Town shall cease immediately, if in any fiscal year during the term of the agreement, the Town fails to appropriate, reappropriate, or otherwise make funds available for the services that are the subject of the signed Banking Agreement. Such language shall be made part of the contract resulting from this solicitation.

Exceptions to RFP: Any and all exceptions of the Respondent to the terms and specifications of this RFP shall be made in writing and submitted in full with the proposal. For all other terms and specifications, submission of a proposal constitutes acceptance by the Respondent. The Town reserves the sole right to reject proposals which contain exceptions that are unacceptable.

Proposal Costs: All costs incurred in the preparation of the statement of qualifications will be borne entirely by the individual/ firm submitter. Anything submitted to the Town for consideration becomes the property of the Town and becomes public record.

Ownership of Proposals: All proposals submitted become property of the Town and shall not be returned.

Freedom of Information: Respondents to this RFP are hereby notified that all proposals submitted and information contained therein and attached thereto shall be subject to disclosure under the Freedom of Information Act.

Period Commitment: Proposals shall be final and binding on the Respondent for acceptance by the Town for 90 days from the RFP closing date and time.

Irrevocability of Proposals: Respondents may amend or withdraw their Proposal prior to this RFP's closing date and time by submitting a clear and detailed written notice to the Town. Subject to the Period Commitment provision detailed herein, all Proposals become irrevocable after this RFP's closing date and time.

Conflict of Interest: A Respondent filing a proposal thereby certifies that no officer, agent or employee of the Town who has a pecuniary interest in this request for proposal neither has nor shall participate in the contract negotiations on the part of the Town, that the proposal is made in good faith without fraud, collusion or connection of any kind with any other Respondent of the same call for proposals, and that the Respondent is competing solely in its own behalf without connection with or obligation to, any undisclosed person or firm. Respondents must fully disclose, in writing to the Town on or before the closing date of this RFP, the circumstances of any possible conflict of interest or what could be perceived as a possible conflict of interest if the Respondent were to become a contracting party pursuant to this RFP. The Town shall review any submissions by Respondents under this provision and may reject any Proposals where, in the opinion of the Town, the Respondent could be in a conflict of interest or could be perceived to be in a possible conflict of interest position if the Respondent were to become a contracting party pursuant to this RFP.

Collusion: Any act or acts of misrepresentation or collusion shall be a basis for disqualification of any proposal or proposals submitted by such person guilty of said misrepresentation or collusion. In the event that the Town enters into a contract with any Respondent who is guilty of misrepresentation or collusion and such conduct is discovered after the execution of said contract, the Town may cancel said contract without incurring liability, penalty, or damages.

Assignment and Subcontractors: Assignment by successful Respondent(s) to third party of any contract based on the Request for Proposal or any monies due is prohibited and shall not be recognized by the Town unless approved by the Town in writing.

Tour: The Town of Canton reserves the right to schedule a tour of the facilities of any or all respondents.

Investigation: Respondent shall make all investigations necessary to gather information regarding the service(s) to be performed under this request for proposal. Respondents with questions regarding the submission requirements or requesting an electronic version of this RFP may contact the Finance Officer:

Amy O'Toole  
Finance Officer  
Town of Canton  
(860) 693-7852  
[aotoole@townofcantonct.org](mailto:aotoole@townofcantonct.org)



**TOWN OF CANTON**  
**RFP – BANKING SERVICES**  
**FORM 2: References**

Directions: provide three recent references, preferably governmental.

(1) Entity: \_\_\_\_\_

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

Main Contact: \_\_\_\_\_ Telephone: \_\_\_\_\_

Service Dates: \_\_\_\_\_ Services Provided: \_\_\_\_\_

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

(2) Entity: \_\_\_\_\_

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

Main Contact: \_\_\_\_\_ Telephone: \_\_\_\_\_

Service Dates: \_\_\_\_\_ Services Provided: \_\_\_\_\_

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

(3) Entity: \_\_\_\_\_

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

Main Contact: \_\_\_\_\_ Telephone: \_\_\_\_\_

Service Dates: \_\_\_\_\_ Services Provided: \_\_\_\_\_

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

## Letter of Intent

Office of the Chief Administrative Officer  
Town of Canton  
4 Market Street  
PO Box 168  
Collinsville, CT 06022

Dear Official:

We have read the Request for Proposals and fully understand its intent, contents and scope. We certify that we have adequate personnel, equipment, and facilities to fulfill the specified requirements. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Town's review committee.

We have attached the following required and supplemental information:

1. Attachment A: Letter of Intent.
2. Attachment B: Required Bank Ratio information.
3. Statement of Acceptance of Terms and Conditions.
4. List of other data
5. Quarterly Uniform Bank Performance Reports. (Schedule RC only) for the past three years.
6. Annual financial reports for the past three years.
7. Form 1: Transactional charge fees schedule.
8. Form 2: References

The undersigned is aware that the Town reserves the right to reject any and all proposals, is submitting this proposal without collusion with any other person, individual or corporation. It is further understood that all information included in, attached to, or required by the Request for Proposals shall be public record upon delivery to the Town.

Submitted by:

\_\_\_\_\_  
Bank Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Typed Name & Title

\_\_\_\_\_  
Name of Bank (or Company)

\_\_\_\_\_  
Address

(\_\_\_\_)\_\_\_\_\_  
Telephone Number

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

(\_\_\_\_)\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Employer Federal Identification Number

## ATTACHMENT B

### Ratio Information

Please provide the following information in the form of ratios for the 4 most current audited fiscal years:

#### A. **LIQUIDITY:**

1. Temporary investments to total assets
2. Volatile liability dependence
3. Net loans and leases to deposits

#### B. **ASSET QUALITY:**

1. Net charge-offs to average loans
2. Loan loss reserves to total loans
3. Non-performing loans to total loans
4. Loan loss reserves to loan charge-offs
5. Gross loans to total assets

#### C. **PROFITABILITY:**

1. Return on earning assets
2. Return on equity

#### D. **CAPITAL ADEQUACY:**

1. Primary capital to total assets
2. Total capital to assets
3. Equity growth to asset growth
4. Dividends as a percent of net operating income

#### E. **MANAGEMENT:**

1. Total overhead expense to average assets
2. Total deposits over \$100,000 to total deposits
3. Brokered deposits to total deposits
4. Total standby letters of credit to total assets
5. Percent of Fed Funds sold to average assets

#### F. **MAXIMUM MUNICIPAL DEPOSITS PER STATUTORY LIMITATION OF CONNECTICUT GENERAL STATUTES 7-402:**