

**CITY OF PRESCOTT
REQUEST FOR PROPOSAL**

Request for Proposal for **BANKING SERVICES**

PROPOSAL DUE DATE: 2:00 P.M. (LOCAL TIME), THURSDAY, April 24, 2008

Return Proposals to: City of Prescott
 City Clerk's Office
 201 South Cortez Street
 Prescott, AZ 86303

Competitive sealed proposals for the materials or services specified will be received by the City Clerk's Office at the above specified location, until the time and date cited.

Proposals must be in the actual possession of the City Clerk's Office on or prior to the exact time and date indicated above. All proposals will be opened at that time. ***LATE PROPOSALS WILL NOT BE CONSIDERED.***

Proposals must be submitted in a sealed envelope marked "Sealed Proposal" with the Request for Proposal subject and proposal opening date and time (April 24, 2008 2:00 P.M.) clearly indicated on the envelope. All proposals must be completed in ink or typewritten.

All procurement activities conducted by the City of Prescott are in conformance with the rules and regulations of the Prescott Procurement Code. A copy of the Code is available for review in the City Clerk's Office, City of Prescott, 201 South Cortez Street, Prescott, AZ.

Questions regarding the technical aspects and general terms and conditions of this Request for Proposal (RFP) should be in writing and addressed to:

Terry Bueter
City of Prescott
P. O. Box 2059
Prescott, Arizona 86302
terry.bueter@cityofprescott.net

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GENERAL INFORMATION

The City of Prescott (the “City”) is requesting proposals from qualified banking institutions that can provide the City with high-quality, flexible banking services that support the City’s cash management, disbursement, investment, and credit requirements. The successful bidder will be awarded a banking services contract for a three-year period, beginning July 1, 2008, with the option to extend the contract for two additional one-year periods.

In order to be considered, Offerors must meet the mandatory requirements outlined in the Mandatory Criteria. Offerors that do not meet the mandatory requirements will be considered non-responsive.

GENERAL VENDOR QUALIFICATIONS

The Contractor shall be in compliance with all applicable Federal, State, Local, ANSI, and O.S.H.A. laws, rules, and regulations and all other applicable regulations for the term of this contract.

The Contractor, without additional expense to the City, shall be responsible for obtaining and maintaining any necessary licenses and permits required in connection with the completion of the required services herein.

The Contractor may not subcontract any segment or services covered herein, without prior approval of the Contract Administrator. All subcontracted services shall be warranted by and be the responsibility of the Contractor.

Contractor shall have been conducting business within Arizona for a minimum of five (5) consecutive years and have at least one branch in Prescott.

PRICING

Pricing shall be listed on the **SCHEDULE OF FEES**. Prices quoted by the Offeror shall be applicable during the entire initial term of the contract.

For reasons of clarity all submissions of pricing shall be priced in the same unit (size, volume, quantity, weight, etc.) as requested on the Schedule of Fees form herein. Proposals failing to comply with this requirement may be declared non-responsive.

All charges associated with this contract **MUST** be shown on the Schedule of Fees form returned by the Offeror or other supporting documentation. Any charges not listed on the Schedule of Fees form or supporting documentation submitted with the Offeror’s proposal, will not be allowed during the contract period and any applicable extensions.

Unit prices quoted shall be all inclusive and include all pertinent additional fees normally associated with this type of service. This shall include, but not be limited to, environmental fees, shop supplies, clean-up, transportation, etc. No additional charges beyond the quoted unit price (except applicable sales tax) shall be allowed, unless authorized by the Contract Administrator before final invoicing.

PRICING-Continued

Once the contract has been awarded, the Bank or Service Provider will not be permitted to charge the City for any service that is not clearly identified in terms of cost and detail within their original proposal to the City. The only exceptions to this limitation will be if the City specifically requests an additional service that was not identified in the RFP or in the Bank or Service Providers proposal, and/or if a regulatory agency imposes a fee to Bank and Service Providers that is passed through to all Bank customers.

Unit prices quoted shall be applicable for any quantity ordered by the City of Prescott, or differentiated on the Schedule of Fees form or other supporting documentation.

The Offeror is strongly encouraged to offer additional pricing for related items and products, which are not specifically addressed as line items in this RFP, but are directly related to the items and products requested by the City herein and offered by the Offeror. Additional items and products proposed pricing should be noted on the Schedule of Fees form or a separate attachment to Offeror's submittal document.

PREPARATION OF PROPOSAL

1. All proposals must contain the proposal signature page included herein. Faxed proposals will not be considered.
2. The proposal document must be submitted with an original ink signature by the person authorized to sign the proposal.
3. Erasures, interlineations or other modifications in the proposal shall be initialed in original ink by the authorized person signing the offer.
4. In case of error in the extension of prices in the proposal, the unit price will govern.
5. Periods of time, stated as a number of days, shall be calendar days.
6. It is the responsibility of all Offerors to examine the entire Request for Proposal package and seek clarification of any item or requirement that may not be clear and to check all responses for accuracy before submitting a proposal. Negligence in preparing an offer confers no right of withdrawal after due time and date.
7. Submit one master (so marked) and two (2) copies of your proposal. Format and Content of Proposal provides detailed instructions regarding submission of proposals.
8. All proposals must be sealed.

INQUIRIES

1. Any question related to this Request for Proposal must be in writing and directed to the person whose name appears on the cover page of this document. When requesting a response to your question, you must indicate the page number and title of the area in question. However, the Offeror must not place the Request for Proposal subject on the outside of an envelope containing questions since such an envelope may be identified as a sealed proposal and may not be opened until after the official Request for Proposal due date and time.
2. Any doubt as to the requirements of this Request for Proposal or any apparent omission or discrepancy should be presented to the City. The City will then determine the appropriate action necessary, if any, and issue a written amendment to the Request for Proposal. ***ORAL STATEMENTS OR INSTRUCTIONS WILL NOT CONSTITUTE AN AMENDMENT TO THIS REQUEST FOR PROPOSAL.***
3. All questions must be received by April 15, 2008. Late questions will not be considered.

OFFERORS PRESENTATION

During the evaluation process, the Finance Director may, at his discretion, request any one or all Offerors to make oral presentations. Such presentations will provide Offerors with an opportunity to answer any questions the Finance Director may have on an Offeror's proposal. Not all Offerors may be asked to make such oral presentations. If invited, Terry Bueter, Customer Service Manager, will notify the Offerors of the date and time of the presentation.

LATE PROPOSAL

Late proposals will not be considered. An Offeror submitting a late proposal shall be so notified.

WITHDRAWAL OF PROPOSAL

At any time prior to the specified proposal due time and date, an Offeror (or designated representative) may withdraw the proposal. Only written withdrawals delivered in person, by mail, or facsimile shall be allowed.

ADDENDA

All proposers must acknowledge any addendum issued as a result of any change in this Request for Proposal in one of the following manners:

1. Copies of all addenda must be attached to the submittal.

OR

2. The appropriate addenda acknowledgment section on the Proposal Signature Page must be completed.

Failure to indicate receipt of addenda in one of the above manners may result in a proposal being rejected as non-responsive.

TAXES

The City of Prescott is exempt only from Federal Excise Tax. Exemption certificates will be furnished upon request. All prices quoted will reflect the total cost to the City and will include all applicable taxes and delivery charges.

AWARD OF CONTRACT

1. Unless the Offeror states otherwise, or unless otherwise provided within the Request for Proposal, the City reserves the right to award by individual line item, by group of line items, or as a total, whichever is deemed most advantageous to the City.
2. Notwithstanding any other provision of the Request for Proposal, the City expressly reserves the right to:
 - (a) Waive any immaterial defect or informality; or
 - (b) Reject any or all proposals, or portions thereof; or
 - (c) Reissue a Request for Proposal; or
 - (d) Award separate items within the RFP to separate proposers as may be deemed to be in the best interest of the City.
3. Response to a Request for Proposal is an offer to contract with the City based upon the Terms, Conditions, Scope of Work contained in the City's Request for Proposal. Proposals do not become contracts unless and until the City Council awards it and a contract is signed.

OBLIGATIONS

The issuance of this Request for Proposal does not obligate the City to pay any costs incurred in the preparation and submission of proposals.

DURATION OF PROPOSAL

Timely submitted proposals shall be irrevocable for a period of ninety (90) days following the proposal due date set forth on Page 1 of this Request for Proposal.

REQUEST FOR TAXPAYER I.D. NUMBER & CERTIFICATION IRS W-9 FORM

Prior to any Contract Award, the I.R.S. W-9 Form **must** be completed and submitted to the City's Purchasing Office.

CONFIDENTIAL INFORMATION

Requests for nondisclosure of confidential information such as trade secrets and other proprietary data must be made known to the City within the submitted proposal.

Offerors are instructed to clearly identify any proprietary information that may be submitted with your proposal, and, if feasible, package such information in a separate, sealed envelope labeled "Confidential" or "Proprietary".

The City is subject to Arizona statutes and City Charter provisions that permit the inspection of public records. The city cannot insure confidentiality of any portion of submitted proposal documents in the event a public inspection request is made.

However, in accordance with Section 15, paragraph C of the City's Procurement Code, the City shall examine the portions of your proposal noted as "Confidential" and/or "Proprietary". If a determination to disclose the information is made, you shall be so informed.

This is the only notification concerning confidential information that will be given to potential Offerors, and this provision should be taken into consideration prior to submitting a proposal.

After contract award, and unless otherwise instructed by the Offeror, the City shall destroy all information identified as confidential or proprietary in accordance with public records retention requirements.

EVALUATION CRITERIA

Proposals will be evaluated using four sets of criteria. Offerors meeting the mandatory criteria will have their proposals evaluated for both qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process:

1. Mandatory Criteria:

- a. Offerors must be state or federally chartered.
- b. Offerors must be a member of the FDIC.
- c. Offeror's three most recently audited annual financial statements must have received an unqualified Independent Auditor's Report.
- d. Offerors must adhere to the instructions in this Request for Proposal on preparing and submitting the proposal.

2. Customer Service

- a. Quality of Offeror's professional personnel assigned to the Contract.
- b. Demonstrated commitment to customer service.

3. Expertise and Experience

- a. Experience with other municipalities.
- b. Demonstrated ability to perform requested services on a consistent, high-quality basis.
- c. Innovative development and execution of financial products and services.
- d. Exceptions to terms and conditions of RFP.

4. Price***TERM OF CONTRACT***

The term of the contract shall be for a three-year period beginning July 1, 2008, with the option to extend the contract for a maximum of two additional one-year periods, subject to the approval of the City's Finance Director and contractor.

PRICE ESCALATION

There will be no price escalation for the initial three-year period. Any price increases for the additional one-year periods must be requested ninety (90) days prior to the anniversary date of the contract. Failure to do so may result in the denial of any increase requested.

Price increases will become effective only after approval by the City's Finance Director and will be effective for at least one year from the date of approval.

The percentage increase in the unit pricing may not exceed the percent of increase in the United States "Consumers Price Index" for all urban consumers (CPI-U) for the Percent Change from the Year-Ago as published by the U.S. Department of Labor, Bureau of Labor Statistics. This increase, however, shall not be allowed to exceed a limit of six percent (6%).

ACCEPTANCE CONTRACT/AGREEMENT

Any contract/agreement made pursuant to this Request for Proposal must be accepted in writing by the Offeror within ten (10) days after receipt.

CONTRACT

The Contract between the City and the Offeror shall consist of (1) the Request for Proposal, instructions, all terms and conditions, specifications, Scope of Work, attachments, and any amendments thereto, and (2) the offer submitted by the Offeror in response to the Request for Proposals. In the event of a conflict in language between the Request for Proposal documents and the submitted offer referenced above, the provisions and requirements in the Request for Proposal shall govern. However, the City reserves the right to clarify any contractual terms in writing with the concurrence of the Offeror, and such written Contract Amendment shall govern in all other matters not affected by the Amendment.

CONTRACT MODIFICATION

A contract modification alters the terms and conditions of the contract and must be signed by all the parties signing the original Contract.

CONTRACT CHANGE ORDERS

The City may, at any time as the need arises, order changes within the Scope of the Work without invalidating this Agreement.

The City, also may at any time, by issuing a written Change Order from the Contract Administrator, make changes in the details of the work not affecting price. The Contractor shall proceed with the performance of any changes in the work so requested unless the Contractor believes that such written request entitles him to a change in price, in which event Contractor shall give City written notice thereof within five (5) days after the receipt of the Contract Administrator's written Change Request. The contractor shall not execute such changes pending resolution as to the applicability of a formal Change Order as described below. If contractor performs work authorized under a written Change Order and subsequently claims a price change, the city shall not be obligated to the price.

CONTRACT CHANGE ORDERS-Continued

Contractor may initiate changes in the work by completing a Change Order and submitting it to the Contract Administrator. Any Change Order submitted by the Contractor shall be submitted within five (5) days of identifying the subject of the request. The City Contract Administrator and the Contractor's Project Manager will assess the need to include the change in the Scope of Work as described herein. If the change is approved and does not affect price, the Change Request will be processed as outlined in the paragraph above.

Change Orders determined to require additional monies will not be included in the project unless City approves an increase in price.

Contract Change Orders are subject to the rules and Procedures with the City's Procurement Code.

EQUAL EMPLOYMENT OPPORTUNITY

During the performance of this contract the Contractor will follow the Federal Government's Affirmative Action guidelines to ensure that employees or applicants applying for employment will not be discriminated against because of race, color religion, sex or national origin.

SUCCESSORS AND ASSIGNS

This Contract shall extend to and be binding upon Contractor, its successors and assigns, including any individual, company, partnership or other entity with or into which contractor shall merge, consolidate or be liquidated, or any person, corporation, partnership or other entity to which contractor shall sell its assets.

No right or interest covered by this contract shall be assigned in whole or in part without the prior written consent of the City.

TERMINATION

Termination for Convenience: City reserves the right to terminate this contract or any part hereof for its sole convenience with thirty (30) days written notice. In the event of such termination, Contractor shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subcontractors to cease such work. Contractor shall not be paid for any work done after receipt of the notice of termination, or for any costs incurred by contractors, suppliers or subcontractors that Contractor could reasonably have avoided. Contractor shall not unreasonably anticipate the requirements of this contract.

Termination for Cause: City may also terminate this contract or any part hereof with seven (7) days notice for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any of the terms and conditions of this contract. Late deliveries, deliveries of products which are defective or do not conform to this contract, unsatisfactory performance as judged by the Finance Director, and failure to provide City, upon request, with adequate assurances of future performance shall all be causes allowing City to terminate this contract for cause. In the event of termination for cause, City shall not be liable to Contractor for any amount, and Contractor shall be liable to City for any and all damages sustained by reason of

TERMINATION-Continued

the default that gave rise to the termination. If it should be determined that City has improperly terminated this contract for default, such termination may be deemed a termination for convenience.

Termination for Conflict: In the event Contractor is in violation of any Federal, State, County or City law, regulation or ordinance, the City may terminate this contract immediately upon giving notice to the Contractor. The City may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City's departments or agencies is, at any time while the contract or any extension of the contract is in effect, an employee of any other party of the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In the foregoing event, the City of Prescott further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this agreement on behalf of the City of Prescott from any other party to the agreement arising as a result of this agreement. The cancellation shall be effective when all other parties to the contract receive written notice from the City, unless the notice specifies a later time (A.R.S. 38-511).

RIGHTS AND REMEDIES

No provision in this document or in the Contractor's offer shall be construed, expressly or by implication, as a waiver by the City of any existing or future right and/or remedy available by law in the event of any claim or default or breach of contract. The failure of the City to insist upon the strict performance or any term or condition of the contract or to exercise or delay the exercise of any right or remedy provided in the contract, or by law, or the acceptance of materials or services, or the payment for materials or services, shall not release the Contractor from any responsibilities or obligations imposed by this contract or by law, and shall not be deemed a waiver of any right of the City to insist upon the strict performance of the contract.

ALTERNATIVE DISPUTE RESOLUTION

In the event of a dispute arising from the contract to be entered into with the successful Offeror, each of the parties will be required to waive any right to a trial by jury. In the event of litigation, the parties hereby agree to submit to a trial before the Court. Furthermore, neither party shall be entitled to an award of attorney's fees, either pursuant to the Contract, pursuant to A.R.S. Section 12-341.01(A) and (B), or pursuant to any other state or federal statute.

ARIZONA LAW

This contract shall be governed and interpreted according to the laws of the State of Arizona.

CONTRACT APPLICABILITY

The Offeror shall substantially conform to the terms, conditions, specifications and other requirements found within the text of this specific RFP. All previous agreements, contracts, or other documents, which have been executed between the Offeror and City, are not applicable to this RFP or any resultant contract.

ADVERTISING

No advertising or publicity concerning the City using the Contractor's services shall be undertaken without prior written approval of such advertising or publicity by the City's Finance Director.

FORCE MAJEURE

Neither party shall be responsible for delays or failures in performance resulting from acts beyond their control. Such acts shall include, but not be limited to, acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations superimposed after the fact, fire, communication line failures, power failures, earthquakes or other disasters.

FUNDS APPROPRIATION

If funds are not appropriated by the City Council to continue the contract awarded, and for the payment of charges hereunder, the City may terminate the contract at the end of the current fiscal period. The City agrees to give written notice of termination to the Contractor at least thirty (30) days prior to the end of its current fiscal period and will pay to the Contractor all charges incurred through the end of such period.

COMPLIANCE WITH LAWS

Contractor agrees to fully observe and comply with all applicable federal, state and local laws, rules, regulations and orders pertaining to the production and sale of the goods ordered, and upon request, Contractor will furnish City certificates of compliance with such laws, rules, regulations and orders.

LOCAL CONDITIONS, RULES AND REGULATIONS

The Contractor shall familiarize himself with the nature and extent of the Contract Documents, work to be performed, all local conditions, and federal, state and local laws, ordinances, rules and regulations that in any manner may affect cost, progress or performance of the work.

SUBCONTRACTORS

1. Contractor shall not enter into any future subcontract for any material, service or item specified within this Request for Proposal without prior written approval of the City.
2. City may consider the qualifications and experience of subcontractors, suppliers, and other persons and organizations proposed for the work when such information is required to be submitted with the proposal.
3. Contractor shall require subcontractors to comply with the provisions of this RFP by insertion of the requirements hereof in any subcontract pursuant to this contract.

BILLING AND PAYMENT

The City Finance Director, prior to payment, must approve all charges. The City will not pay for services that are not provided according to the terms of the contract. The Contractor shall present an invoice, in duplicate, for services rendered. The billing shall be at the contracted price. The billing shall contain, if applicable, adjustments for additions, deletions, or changes in service and credit for services charged but not performed.

FINANCE DIRECTOR

The Finance Director for the City is Mark Woodfill, or designee. The Finance Director will audit the billings, approve payments, establish delivery schedules, approve addenda to the contract and generally be responsible for overseeing the execution of the contract.

WARRANTY

Contractor expressly warrants that all services furnished under this proposal shall conform to the Scope of Work and specifications and appropriate standards. Contractor warrants that all such services will conform to any statements made within their proposal of advertisements. Contractor warrants that all services furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which the services of that kind are normally used. If Contractor knows or has reason to know the particular purpose for which City intends to use the services, Contractor warrants that such services will be fit for such particular purpose. Contractor agrees to replace or correct defects of any services not conforming to the foregoing warranty promptly, without expense to City, when notified of such nonconformity by City, provided City elects to provide Contractor with the opportunity to do so. In the event of failure of Contractor to correct defects in or replace nonconforming services promptly, City, after reasonable notice to Contractor, may make such corrections or replace such services and charge Contractor for the cost incurred by City in doing so. In such event, Contractor shall reimburse City for the costs, delays, or other damages that City has incurred.

PATENTS

The Contractor agrees upon receipt of notification to promptly assume full responsibility for the defense of any suit or proceeding which may be brought against the City or its agents or vendors for alleged patent and/or copyright infringement, as well as for the alleged unfair competition resulting from similarity in design, trademark or appearance of goods by reason of the use or sale of any goods furnished under this contract except for goods manufactured entirely to City's specifications and the Contractor further agrees to indemnify the City against any and all expenses, losses, royalties, profits and damages including court costs and attorney's fees resulting from the bringing of such suit or proceedings including any settlement or decree of judgment entered therein. The City may be represented by and actively participate through its own counsel in any such suit or proceedings if it so desires.

RECORDS AND AUDIT RIGHTS

Contractor's records (hard copy, as well as computer readable data), and any other supporting evidence deemed necessary by the City to substantiate charges and claims related to this contract shall be open to inspection and subject to audit and/or reproduction by City's authorized representative to the extent necessary to adequately permit evaluation and verification of cost of the work, and any invoices, change orders, payments or claims submitted by the Contractor or any of his payees pursuant to the execution of the contract. The City's authorized representative shall be afforded access, at reasonable times and places, to all of the contractor's records and personnel pursuant to the provisions of this article throughout the term of this contract and for a period of three years after final payment.

Contractor shall require all subcontractors, insurance agents, and material suppliers (payees) to comply with the provisions of this article by insertion of the requirements hereof in a written contract between Contractor and payee. Such requirements will also apply to subcontractors, etc.

If an audit in accordance with this article discloses overcharges, of any nature, by the Contractor to the City in excess of one percent (1%) of the total contract billings, the Contractor shall reimburse the actual cost of the City's audit to the City. Any adjustments and/or payments that must be made as a result of any such audit or inspection of the Contractor's invoices and/or records shall be made within 30 days from presentation of City's findings to Contractor.

NOTICES

All notices or demands required to be given pursuant to the terms of this contract shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of Contractor:

To be determined.

In the case of City:

Mark Woodfill, Finance Director
City of Prescott
201 South Cortez
PO Box 2059
Prescott, AZ 86302

Notices shall be deemed received on date delivered if delivered by hand and on the delivery date indicated on receipt if delivered by certified or registered mail.

INDEMNIFICATION

To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, shall pay, defend, indemnify and hold harmless City of Prescott, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, action, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of or resulting from any actions, acts, errors, mistakes or omissions caused in whole or part by Contractor relating to work or services in the performance of this contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees, regardless of whether or not caused in part by the active and or passive negligence of a party indemnified hereunder including City of Prescott, its agents, representatives, officers, directors, officials and employees. The amount and type of insurance coverage set forth in this contract shall not be construed in any way to limit the scope or magnitude of the indemnity provisions of this paragraph.

INSURANCE REPRESENTATIONS AND REQUIREMENTS

No Representation of Coverage Adequacy: By requiring insurance herein, City does not represent that coverage and limits will be adequate to protect Contractor. City reserves the right to review any and all of the insurance policies and/or endorsements cited in this contract but have no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this agreement or failure to identify any insurance deficiency shall not relieve Contractor from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this contract.

Financial Institution Coverage: Contractor shall maintain Financial Institution Coverage, including but not limited to, Bankers Errors and Omissions, Computer Crime, Employee Dishonesty, and Theft, Robbery and Burglary On and Off Premises coverage, naming the City as Additional Insured and Loss Payee as applies to subject banking services. Coverage shall be in the amount not less than the highest amount of total exposed dollars at any one time.

Contractor shall submit, within ten (10) days of award, Certificate of Insurance or other evidence to City Finance Director verifying such coverage requirements and containing a 30-day unequivocal advance notice of policy cancellation and or material change in policy.

REQUIRED COVERAGE

Coverages shall be written so as to be primary. Insurance coverage shall be written through carriers possessing an A.M. Best rating of at least B+ or through Lloyd's of London. Should coverage be written on a claims-made basis, the reporting period for claims shall be extended for at least two years beyond contract expiration.

CERTIFICATE

The Finance Director may require a financial statement so as to evidence the ability to fund the deductible.

CANCELLATION/EXPIRATION NOTICE

If a policy does expire during the life of the contract, a renewal Certificate must be sent to the City of Prescott's Finance Director thirty (30) days prior to the expiration date.

GOAL OF THE RFP PROCESS

The City's goal is to enter into a contract to obtain required banking services in the most efficient and cost-effective manner available.

The City is firmly committed to a cash management program which will:

1. Provide all services required by the City.
2. Permit the City to leverage existing collection system infrastructure with the latest technology to provide City customers with a broader and user-friendlier array of payment options and reduce manual transaction processing.
3. Maintain a "zero balance" in selected City accounts.
4. Maximize cash available for investment.
5. Provide a detailed account billing which allows the City to easily identify and verify the calculation of all fees charged for services rendered and their compliance with contract pricing.
6. Provide access to daily reports of account activity and balance.
7. Provide safeguards to prevent fraudulent activity.

PAYMENT FOR BANKING SERVICES

1. The City generally prefers to pay fees for Banking services and maintain a balance as close to zero as possible in its depository account. However, the City may elect at any time to utilize a combination of fees and compensating balances to pay for Bank services provided. Bank or Service Providers must propose a unit charge for each service to obtain a monthly total cost each service. Refer to "Price Schedule A" for proposed fee document.
2. Any earnings credit occurring in the account will be used to offset fees as computed above. Earnings credit on collected balances in excess of those required to pay charges incurred in any month shall be carried forward to offset future Bank charges.
3. Proposals must include an earnings credit rate (ECR) and the basis for determining this rate (e.g., three-month Treasury bill + 25 basis points). The ECR and collected balance shall be used for computing the earnings credit balance. The method of calculation shall not change during the life of the contract without the prior written approval of the City of Prescott.

PAYMENT FOR BANKING SERVICES-Continued

4. The City normally receives monthly analysis billings and supporting documentation which are payable in arrears. Normal processing is within fifteen (15) calendar days of receipt of the monthly Account Analysis Statement and supporting documentation.

ADJUSTMENTS TO BANK CHARGES

1. Bank or Service Provider price proposals shall be firm for a **MINIMUM** of the initial term of the contract.
2. Only authorized City employees can order supplies or make service requests. The City will not pay any costs for services, supplies (deposit slips, deposit bags, etc.), or other fees without prior approval from an authorized employee of the City of Prescott. The City will supply a list of those employees authorized to approve charges or fees for services for the City of Prescott. The City will not accept charges for services or supplies that have been ordered directly by any City Department without confirmation from an authorized employee of the City of Prescott.
3. Due to budget limitations, the Bank or Service Provider will not be permitted to retroactively charge the City fees for services incurred but not billed in any previous fiscal year (City fiscal year ends June 30). The only exception to this restriction will be for the normal billing for contractually specified Bank or Service Provider services provided in the final month of the fiscal year, which is typically billed in July.

ACCOUNT ANALYSIS STATEMENTS

1. The City requires a full account analysis on a monthly basis. The format for the analysis should be designed to accommodate the information contained in the contract. The analysis must identify the quantity, unit charge, and total price for all items charged. The earnings credit for collected balances and earnings rate shall be shown on the analysis. The Bank or Service Provider shall deliver, either electronically or by mail, the Account Analysis Statement to the City no later than fifteen (15) calendar days following the end of the statement period.
2. The City also requires that supporting billing detail be attached to each Account Analysis Statement whenever the Bank or Service Provider uses a summary billing charge in a statement, i.e. Bank supplies ordered or merchant credit card services. The supporting billing statements will detail by location the charges for services provided.

TRAINING AND TECHNICAL SUPPORT

1. The Bank or Service Provider must provide on-site training to City personnel for the operation and use of the Bank or Service Providers services and automated systems for all areas of service.
2. The training must be sufficient to ensure that City personnel are proficient with all systems as determined by the City of Prescott.

TRAINING AND TECHNICAL SUPPORT-Continued

3. Training, operating manuals, CD-ROM(s), etc., and technical support must be supplied by the Bank or Service Provider as appropriate for all services provided.
4. The Bank or Service Provider shall give the City a **MINIMUM** of thirty (30) calendar days notice of any modification or replacement of the Bank or Service Providers systems that may impact the City's ability to conduct its regular operations.

GENERAL OVERVIEW OF CURRENT CITY BANK ACCOUNTS**1. Electronic Environment**

The City requires electronic capabilities for all account activity and account maintenance. All electronic services provided must be compatible with the City's electronic environment. The Finance Director must concur that electronic services provided do meet the City's compatibility requirements.

2. General Servicing Account

The City's current provider is JP Morgan Chase. All of the City's cash receipts are deposited to the City's General Servicing Account. Approximately 16,000 to 28,000 items per month are deposited into this account. In addition, the account receives approximately 4,654 ACH deposits per month and several wire deposits.

All checks written by the City clear through this account, including the City's bi-weekly payroll checks. Of the approximately 672 employees on the payroll, 563 are paid through ACH transfers, and 109 are paid by check. This account currently utilizes Positive Pay.

The General Servicing Account clears an average of 1,544 checks each month. This account is a zero balance account.

3. Worker's Compensation Account

The Worker's Compensation Account is a standard checking account. This account receives approximately 1-2 deposits per month and an average of 85 checks clear this account every month. This account requires a duplicate statement each month.

REQUIRED SERVICES

These services shall be provided under the Terms and Conditions of the Request for Proposal and any authorized Contract amendment.

1. Account Activity

- a. The City intends to use positive pay or reverse positive pay, whichever the City determines is most advantageous to the City.

REQUIRED SERVICES-Continued

- b. Automated Daily Balance Reporting: Provide an Internet-based daily reporting mechanism with access to closing ledger and available balances for all of the City's accounts. Access should be available by 7 a.m. each business day. On-line reporting should include net balance, one-day float and detail reporting. The detail report should be in a standard data format that could easily be downloaded into a spreadsheet such as Excel. The detail should include the debit and credit activity posting for the depository account, and the paid checks from the payroll and controlled disbursement accounts.

The Offeror must submit a sample of all reports available via the Internet interface. The Offeror must specify any operating system or browser interface requirements for the Internet-based services.

- c. Sweep Account Provisions: It is the City's intent that the bank will be made responsible for sweeping the balances in the account each night to an investment option that is agreed to by the City. The City requires that the sweep is the final transaction for that day's business and posted back to the City's account as the first transaction for the next day. The City's Finance Director will set the amount to remain in the City's account after such sweep. The details of the sweep account must be included in the proposal including a prospectus of the fund if a money market fund is used.
- d. Returned Checks: All returned checks are to be **redeposited** once, at no charge to the City, before being returned to the City for collection.
- e. Overdrafts: There will be no charge to the City for daylight overdrafts. The City will occasionally have overnight overdrafts. The Proposal should include the overnight overdraft charge rate.
- f. Wire, Intrabank, and ACH Transfers: The City requires the ability to electronically process incoming and outgoing wire transfers, ACH transfers and intrabank transfers. A backup system whereby wires and intrabank and ACH transfers can be requested by telephone is also required. The City must receive a credit advice related to incoming transfers within three (3) days of the transaction. ACH payroll deposits must be available to City employees each payday by 8:00 a.m.
- g. Stop Payments and Check Clearings: The City requires the ability to place stop payments electronically. The City requires electronic access to check clearing information.
- h. Debit and Credit Advices: The City requires debit and credit advices for all activity on all accounts. Advices must be delivered to the City either electronically or by fax within twenty-four (24) hours after posting.

REQUIRED SERVICES-Continued**2. Availability of Funds Deposited**

City must be able to confirm availability of collected funds pursuant to the following schedule:

- Cash same day
- Items drawn on operating bank same day
- Wire transfers same day
- ACH credits same day
- Items on local banks next day
- Other items Federal reserve availability schedule, or better, per bank schedule

The above schedule shall be the minimum clearing schedule for deposits made at the Bank or any of its branches. Offerors may offer service that is faster than the above schedule.

3. Collateral Requirements

Collateralization shall be required on depository bank deposits, certificates of deposit, and repurchase (and reverse) agreements in accordance with the “Public Funds Collateral Act” and depository laws (see Appendix B). In order to anticipate market changes and provide a level of security for all funds, the collateralization level will not be less than 102% of market value of principal and accrued interest, less an amount of \$100,000, which represents insurance by the FDIC or FSLIC on certain types of bank deposits. Evidence of the pledged collateral shall be documented by a safekeeping agreement or a master repurchase agreement with the collateral pledged clearly listed in the agreement and safekeeping confirmations. The master repurchase agreement must be executed and in place prior to the investment of funds. Collateral shall be monitored daily to ensure that the market value of the securities pledged equals or exceeds the related deposit or investment balance.

Further reference should be made to the City of Prescott’s Investment Policy, which is attached.

4. Account Maintenance

- a. Monthly statements: The City requires one monthly statement for the General Servicing Account and two monthly statements for the Worker’s Compensation Account, both with a month-end cut-off date. The statements must be delivered to the City within five (5) business days after month-end, either electronically or paper. The statements should reflect deposits in date order, checks cleared in numerical order, daily ending balance, and miscellaneous debit/credit items. Provide a sample of a monthly statement.
- b. Canceled checks: The City requires that **legible** copies of both sides of canceled checks be available electronically within 24 hours of clearing for both accounts at no cost to the City. The City requires a monthly CD-ROM containing legible copies of all checks cleared during the month. The CD-ROM must be available five (5) business days after month-end.

REQUIRED SERVICES-Continued**5. Interest on Collected Balances**

Bank shall pay interest on all collected balances in the accounts at the end of the business day. Proposals shall include the type of account (i.e., sweep, ZBA, etc.), the basis for determining interest rate, and compensating balance or fee necessary to cover all services. Include your compensating balance formula and the annual interest rate for interest earning accounts with your response.

6. Monthly Service Charge Analysis

The City requires that a monthly service charge analysis for all accounts be delivered to the City within five (5) business days after month end. The account analysis must show at a minimum the following information:

- Account number
- Period covered
- Average ledger balance
- Average collected balance
- Services rendered (to include type of services and quantity)
- Per unit cost of each service provided (per this agreement)
- Extended cost of each service provided
- Total monthly cost of all services rendered
- Calculation of required compensating balances, or earnings provided by balances and the effective annual earnings rate if the City chooses to pay for services by maintaining minimum balances and paying for services through fees.

Provide a sample of a monthly service charge analysis.

7. Check Cashing Privileges

The selected Bank must agree to cash, without charge to the city or to check payee, all City checks drawn on the selected Bank after proper identification is presented to the payee, regardless of whether or not the payee maintains an account at the selected Bank.

8. Custodial/Safekeeping/Trade Settlement Services

The City requires a safekeeping account for the custody of its investments held in the name of the City. Additionally, the City requires securities trades to settle through the selected Bank. The selected Bank will notify the City of any discrepancies in delivery no later than thirty (30) minutes prior to the initial federal wire deadline. The selected Bank will deliver custody receipts for each security transaction and credit advice for maturing securities daily. Further reference should be made to the City of Prescott's Investment Policy which is attached. JP Morgan Chase currently provides our safekeeping account.

REQUIRED SERVICES-Continued**9. Purchasing Card Services**

The City requires purchasing cards that will be used for travel and business related expenses. Currently the city has ninety-two (92) purchasing cards with credit limits ranging from \$3,000 to \$21,000. In 2007, the City charged over \$892,000. Each card will have individual account numbers and individual billing statements, as well as a master statement.

The balances on these cards are paid every thirty (30) days. New cards are to be issued as required by City management.

The City would like to expand the purchasing card program. Please provide detailed information, including pricing, electronic downloading, and samples of all reports.

10. Merchant Credit Card Services

The City has six (6) locations, and is currently adding another location, that requires the ability to accept VISA, MasterCard, Discover and American Express debit and credit payments. Currently, payments are accepted for utilities, court fines, recreation services, theatre tickets, restaurant sales, library fines, and other miscellaneous goods and services. The City accepts credit card payments over-the-counter and by telephone. The City is planning on accepting payments via the Internet. The City collects an average of \$288,000 a month in credit card payments and the average ticket price is \$60.00.

Paymentech is the City's current credit card processor. Manzanita Grille, a city owned restaurant at the golf course, uses Squirrel System terminals and The Elks Opera House, a city operated theatre, uses E-vent software. The other locations use stand-alone terminals, which the City owns, that clear through the Internet or by phone. Two terminals have the capability of accepting pin based debit card transactions. The Bank or Service Provider shall propose a system that will give electronic credit card authorizations via terminals and will automatically credit funds into the City's Depository account.

The City requires that each location have a separate merchant account number for tracking purposes on daily cash balance reports and for charging out fees. The City requires a summary statement for all accounts along with detailed individual statements.

11. Lockbox service

The City currently utilizes a lockbox service located in Prescott where they process approximately 10,000 payments each month.

12. Branch Locality

Offerors shall include a list of branch locations within the City limits.

REQUIRED SERVICES-Continued13. City Liaison

The City will require the selected Bank to designate a senior banking officer (Vice President or higher ranking) as a liaison for the City's Banking Services Contract Administrator. This officer must be capable of coordinating **all** City activities with the Bank and be available to resolve any problems or issues that may arise from time to time. The City Liaison must also be available by E-mail.

14. Record Retention

The Bank must maintain City records for the term of the Contract plus seven years.

15. Miscellaneous

- a. Correspondence: **All** correspondence from the Bank to the City pertaining to banking services shall be sent to the City's Finance Director.
- b. Additional accounts: If the City requires additional accounts during the term of the Contract, the new accounts shall be provided with the same conditions as apply to existing accounts at the time.
- c. Procedures: The selected Bank will notify the Finance Director of any procedural changes to the way it provides the required banking services five (5) business days before the changes are implemented. Any changes must receive prior approval of the Finance Director.
- d. Billing: The City will not pay for services that are not provided according to the terms of the Contract.

FORMAT AND CONTENT OF PROPOSAL

Proposal must include the following, in the order presented, to be considered for evaluation:

1. Transmittal Letter

A signed letter of transmittal briefly stating:

- a. Offeror's understanding of the work to be done, and the assurance that it can perform the work within the time line and time frame of the Contract,
- b. Offeror's commitment to quality throughout the duration of the Contract,
- c. Why the Offeror believes itself to be best qualified to perform the services,
- d. Whether the Offeror is state or federally chartered and that it is a member of the FDIC,
- e. That the required electronic services to be provided by the Offeror are compatible with the City's electronic environment,
- f. That the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a Contract with the City, and
- g. The proposal is a firm and irrevocable offer for ninety (90) days.

2. Title Page

Title page must show the request for proposal subject; the Offeror's name; the name, address and telephone number of the contact person; and the date of the proposal.

3. Table of Contents**4. Offeror's Customer Service, Expertise and Experience**

- a. Offeror shall provide resumes of key professional staff, including the City Liaison, assigned to service the City's banking relationship.
- b. Offeror shall provide an organization chart depicting the various departments, including department location and contact names, which would be involved in the administration of the City's banking relationship.
- c. Offeror shall provide a description of the customer service training that all staff personnel receive.
- d. Offeror shall provide copies of its most recently audited annual financial statements.
- e. Offeror shall provide three references of similarly sized entities, preferably municipalities that are current customers.

FORMAT AND CONTENT OF PROPOSAL-Continued**5. Banking Services**

Offeror shall explain how it intends to meet each requirement of the SCOPE OF WORK. Offeror's response should be presented in the same sequential order of the Section.

6. Schedule of Fees

Offeror must complete Appendix A, Schedule of Fees. The Schedule should quote the best prices for the latest technology. The Schedule should also include all start-up fees.

7. Optional Services

The City would like Offerors to propose any optional services or make recommendations they feel would enhance the cash management capabilities of the City. Offerors should feel free to make suggestions or add additional information not requested in this proposal. However, to be considered responsive, all Offerors must submit a proposal addressing each required service in the proposal format requested. Optional services should be summarized in one section of the Proposal, which follows the required services section. Currently the City is considering the following additional services:

- a. The City is considering making vendor payments electronically. Currently the City has 3,000 vendors, and anticipates that it will be able to pay 50 through this method.
- b. The City is considering accepting credit card payments or payments from customer's checking accounts through a website. Please provide pricing for online transactions, any gateway charges and any other charges associated with this service.
- c. The City would like to utilize an armored car service to pick up deposits at three maybe four locations. If available, provide pricing and any requirements.
- d. The City would like to deposit checks electronically at one or more of our locations.
- e. The City periodically requires capital lease financing on vehicles and equipment. Please provide an indexed rate with multiple terms that could be part of this contract.
- f. The City would like to examine other optional services Offerors may propose, such as free checking accounts for City employees or other recommendations.

**REQUEST FOR PROPOSAL – BANKING SERVICES
PROPOSAL SIGNATURE PAGE**

The undersigned hereby offers and agrees to furnish the material, or service, in compliance with all the terms and conditions, instructions contained in this Request for Proposal document and any written exceptions in the offer accepted by the City.

Company Name

Signature of Authorized Person

Address

Printed Name

City State Zip

Title

Date

The Offeror hereby acknowledges receipt of and agrees this submittal is based on the following Addenda.

ADDENDUM # _____ DATED

ADDENDUM # _____ DATED

REQUEST FOR PROPOSAL – BANKING SERVICES

SCHEDULE OF FEES

If there are any services not listed on this schedule for which the Offeror intends to charge, please list those items at the end of this schedule. ANY SERVICES FOR WHICH AN OFFEROR INTENDS TO CHARGE MUST BE LISTED ON THIS SCHEDULE. ANY SERVICES NOT LISTED THEREON WILL BE ASSUMED TO BE FREE OF CHARGE.

The estimated usage is included to give the Offeror the estimated volume of need for each activity that is anticipated for the first Contract year. These figures are not actual usage numbers and may vary considerably throughout a Contract year. The estimated usage figures are provided for planning purposes, and the City does not make any guarantees as to the quantity of services to be utilized under the resultant Contract.

A copy of Appendix A on Word is available upon request.

	REQUIRED BANKING SERVICES	(a)	(b)	(a x b x 12)	
		Monthly Units/Volume	Unit Cost	Estimated Annual Cost	Set-up Fees
1.	Account Services				
	A. FDIC Fee	280,142			
	B. Account Maintenance	2			
	C. Additional DDA Statement	3			
2.	Banking Center Services				
	A. Branch Credits Posted	158			
	B. Branch Deposit Immediate Verification	151,444			
	C. Branch Deposit Post Verification	150,377			
	D. Branch Order Currency Strap	13			
	E. Branch Order Processed	3			
	F. Branch Order Coin Roll	42			
	G. Branch Deposit IN Non Std Bag	98			
3.	Depository Services				
	A. Credits Posted	3			
	B. Dep Checks on US	2,452			
	C. Dep Checks Clearinghouse	10,657			
	D. Dep Checks IN District RCPC	2,242			
	E. Dep Checks National Frb Other	3,590			
	F. Dep Checks Encoding	10,000			
	G. Dep Checks MICR Reject Repair	77			
	H. Dep Checks Deposit Corrections	1			
	I. Dep Return Items Returned	19			
	J. Dep Return Redeposit Reclear	29			

	REQUIRED BANKING SERVICES	(a)	(b)	(a x b x 12)	
		Monthly Units/Volume	Unit Cost	Estimated Annual Cost	Set-up Fees
4.	Disbursement Services				
	A. Checks/Debits Posted	1,523			
	B. One Net Check Services Stop Payment	2			
	C. One Net Cs Stop Photo Maintenance	1			
	D. Commercial Check Cashing	16			
	E. Stop Payment Automatic Renewal	8			
	F. Pws Imaging Maintenance	2			
	G. Image Retrieval Per Retrieve	4			
	H. Paper Check Return	82			
	I. Pws Check Services Maintenance	1			
	J. Pws Recon Reports/Statements	1			
	K. Pws Stop Payments	1			
5.	Reconciliation Services				
	A. Positive Pay Maintenance	1			
	B. Image Capture Per Item	1,413			
	C. CD Rom Media	1			
	D. CD ROM Maintenance	1			
	E. Partial Recon Maintenance	1			
	F. Partial Recon Items	1,292			
	G. ARP Outgoing File	21			
	H. ARP Shipping Prep Fee	1			
6.	Funds Transfer Services				
	A. Fed Credit Repair	1			
	B. Electronic Fed Debit S/T	1			
	C. Electronic Chip Debit S/T	1			
	D. Fed Credit S/T	1			
	E. Direct Delivery Wire Notify 1-2	1			

	REQUIRED BANKING SERVICES	(a)	(b)	(a x b x 12)	
		Monthly Units/Volume	Unit Cost	Estimated Annual Cost	Set-up Fees
7.	Automated Clearing House				
	A. ACH Internet - Maintenance	1			
	B. ACH Internet – Debit Originated	4,654			
	C. ACH Internet – Credit Originated	1,466			
	D. ACH Addenda Records	15			
	E. ACH Debit Received	90			
	F. ACH Credit Received	354			
	G. ACH Return	9			
	H. ACH Return Fax Notification	9			
	I. ACH Reversals	1			
	J. ACH Notification of Change	15			
	K. ACH Fax Noc	15			
	L. ACH Debit Block				
8.	Electronic Data Interchange				
	A. EDI Reporting Summary Report	127			
	B. EDI Reporting Detail Report	174			
9.	Information Services				
	A. Previous Day Maintenance	1			
	B. Previous Day BAI Maintenance	1			
	C. Previous Day Account	1			
	D. Previous Day Item	1,785			
	E. Previous Day BAI Account	1			
	F. Previous Day BAI Item	1,785			
	G. Special Report Maintenance	1			
	H. Special Report Line	9,222			
	I. Account Maintenance Fee				
	J. Information Service Transactions Loaded				
	K. Subscription Fee				
	L. Special Report Fee				
10.	Investment Services				
	A. Money Market Fund Sweep Maintenance	1			
11.	Other Charges				
	A. Client Maintenance Fees				
	B. Investment Management Fees				
	C. Check/Deposit slips				
	REQUIRED BANKING SERVICES	(a)	(b)	(a x b x	

				12)	
		Monthly Units/Volume	Unit Cost	Estimated Annual Cost	Set-up Fees
12.	Purchasing Cards	74,000			
13.	Credit Card Services				
	SEE APPENDIX B FOR MONTHLY AVERAGES				
	A. MasterCard Sales Trans Fee				
	B. Visa Sales Trans Fee				
	C. MasterCard Sales Discount				
	D. Visa Sales Discount				
	E. MasterCard Mid-Qual Sales Discount				
	F. Visa Mid-Qual Sales Discount				
	G. MasterCard Non-Qual Sales Discount				
	H. MasterCard Debit Sales Discount				
	I. Visa Debit Sales Discount				
	J. Visa Debit Non-Qual Sales Discount				
	K. American Express				
	L. Discover				
	Other Fees:				
	Banking Services Total				

	REQUIRED BANKING SERVICES	(a)	(b)	(a x b x12)	
		Monthly Units/Volume	Unit Cost	Estimated Annual Cost	Set-up Fees
14.	Optional Services (provide description)				
	A. Electronic Vendor Payments	50			
	B. Lockbox Service				
	1. Utility Payments	10,000			
	C. Website Payments	1,000			
	D. Armored Car Service				
	E. Electronic Check Processing	15,000			
	Optional Services Total				
	Grand Total				