



REQUEST FOR PROPOSALS: BANKING SERVICES

SECTION I: INTRODUCTION

The Central Vermont Solid Waste Management District (“CVSWMD” or “the District”) hereby invites qualified local banking institutions to submit proposals for the providing of basic banking services as described in the following request for proposals.

1. Background

The CVSWMD is a chartered union municipal district which exists for the purpose of providing for the efficient, economical and environmentally sound resource recovery, waste reduction, recycling, or disposal of solid waste generated by member municipalities and their residents¹.

2. Objectives

The objectives of this request for proposals are to identify the banking institution that can offer the highest quality service to CVSWMD at the lowest cost to the taxpayers. This objective is similar to the approach taken by CVSWMD in its purchasing policy of using a competitive bidding approach to other goods and services utilized by CVSWMD.

It is the intent of CVSWMD, through this request for proposals, to create an efficient and cost-effective banking services arrangement that includes collection services, disbursement services and investment services. It is also the intent of CVSWMD to establish that funds held by the bank in various accounts and investments, not otherwise insured by the FDIC, be collateralized at acceptable levels, in accordance with its investment policy. Finally, at this time the District carries no debt and has no plans to acquire debt. Within the term of a banking services arrangement, the District may desire to establish line(s) of credit or borrowing mechanisms within the constraints of the District Charter. Details of the District’s ability to borrow can be reviewed within the District charter: 24 VSA §403-38.

3. Length of Contract Period

The length of the contract will be for three years commencing on the first day of the month following contract completion, or as soon as possible thereafter for both parties. Upon mutual agreement on expiration, the contract can be extended for an additional period of three years.

4. Standard Terms and Conditions

Right to reject proposals and waive informalities. The CVSWMD reserves the right to reject any or all proposals, to waive irregularities, and to select the proposal that CVSWMD considers in its best interests.

¹ The authoritative text of the District’s charter can be found at <http://legislature.vermont.gov/statutes/fullchapter/24APPENDIX/403>.

Exceptions to specifications. Any exceptions to the specifications included in this request for proposals must be separately listed by the proposer, or the exceptions noted by CVSWMD will be the basis of considering the proposal to be unresponsive in full or in part.

Execution of contract. If the successful banking institution does not execute a contract with CVSWMD within ten (10) days after being notified of its selection, CVSWMD may give notice to the bank of CVSWMD's intent to select the next most qualified proposal, or to call for new proposals, whichever CVSWMD deems to be most appropriate.

Cancellation of contract. The depository contract shall provide that CVSWMD reserves the right to cancel any agreement at any time upon ninety (90) days prior written notice of its intent to terminate any agreement. CVSWMD will not decide to terminate the depository contract as a result of an offering of a lower price from another banking institution during the contract period.

The designated depository shall provide CVSWMD at least ninety (90) days prior written notice of its intent to terminate any agreement.

SECTION II: SCOPE OF BANKING SERVICES

1. Bank Accounts/Investments

The CVSWMD maintains the following types of accounts:

a) Current expense account

All deposits are made to this account, and disbursements are made through this account. Funds are transferred to or from other accounts, as warranted. Checks are prepared and approved according to District policy; generally they are prepared bi-weekly on alternate Wednesdays, approved and released on Friday mornings. Checks on this account must bear the facsimile or actual signature of the General Manager and/or the Treasurer. Deposits to this account are made by the District bookkeeper with the timing warranted by volume of receipts.

All District employees are also paid through the current expense account. Checks are prepared weekly on Wednesdays (alternating weeks with general disbursements), approved by the General Manager, and released on Friday mornings. Most but not all employees are paid by Direct Deposit, with funds for net employee pay and for all tax payments and withholding withdrawn from this account by the District's payroll processing service.

The District anticipates the following (approximate) transaction volume²:

Deposits	6-10 per month
Checks to deposit	60-85 per month
ACH deposits	20 per year

² The District now makes physical bank visits periodically to deposit checks. As we have almost no cash to deposit, we anticipate that acquiring remote deposit capabilities will nearly eliminate physical visits, and allow deposits to be made on a nearly daily basis. Most of the electronic debits from the account consist of payments to the District's payroll processing service and tax entities. The volume of these may grow when/if the District elects to take on more E-business relationships with suppliers. The District is looking at increased processing of electronic payments through Pay-Pay, credit cards, etc.

Checks	60-70 per month
Electronic debits	4-8 per month

b) Capital reserve fund account

The Board of Supervisors shall establish and provide for a capital reserve fund to pay for public improvements, replacement of worn out buildings and equipment, and planned and unplanned major repairs of a disposal facility, in furtherance of the purpose for which the District was created. Any such capital reserve fund shall be kept in a separate account and invested as are other public funds, and shall be expended for such purposes for which established. The cost of payments to any capital reserve fund shall be included in the annual budget of the District. (See 24 VSA §403-40.)

c) Money market account

This account receives transfers to and from the current expense account, in order to maximize returns on excess cash reserves.

d) Grant fund account

This account receives transfers from the current expense account, and disburses to municipalities, schools, and other grantees, as authorized by Board appropriations for various grant programs.

e) Sinking fund account

The Board of Supervisors may establish and provide for a sinking fund, however denominated, for the retirement of bond issue or other debt, or to provide security for its payment. When so established, it shall be kept intact and separate from other monies at the disposal of the District, and shall be accounted for as a pledged asset for the purpose of retiring or securing such obligations. The cost of payments to any sinking fund shall be included in the annual budget of the District. (See 24 VSA §403-39.)

Receipts and disbursements in this account will be made by internal transfers from the current expense account (for additions to the sinking fund) or to the current expense account as instructed by the Treasurer. The transactions in this account are relatively limited and can be anticipated, allowing more flexibility in the types and term of investments that can be made with available funds.

f) Petty cash and retail cash

The District retains a small amount of cash in a secure location in the District offices, which is supplemented through periodic retail activities, and – when the balance significantly exceeds our target amount – is deposited in the District’s current expense account.

2. Required or Desired Services

The categories listed below are the basic required package of banking services. Each proposer shall submit a comprehensive list of service prices by completing the service cost section of the Proposal Form. This list is all-inclusive, and the related costs proposed by the successful bidder

will be incorporated into the agreement and will be effective for the full term of the agreement. In completing the “interest bearing account proposal” portion of the proposal form, the “Basis for Determining Rate” section shall specify the money market instrument upon which proposed rate is based and the method to be used in calculating the rate (e.g., 90% of prime rate, etc.)

a. Operating account

The operating account should be structured using a concentration/zero-balance account structure. Funds will be transferred from the concentration account (general operating account) to the zero-balance accounts daily based on the items presented for payment that day. It is CVSWMD’s intention that the general operating account be the only account with a cash balance, other than account(s) generating maximum return. Available funds should be concentrated daily using a sweep facility to automatically provide for the transfer of the available cash balance from the concentration account to overnight instruments that generate income.

The proposer shall indicate the specifics of how this will be accomplished, including what the mechanism will be to effect and document transactions; what market instrument will be used; the method used in calculating the daily repurchase agreement rate; and the mechanics of the sweep facility, particularly with respect to timing schedules.

It is CVSWMD’s intent to execute a Master Repurchase Agreement and to have the funds collateralized. The proposer shall submit a copy of its master repurchase agreement. In accordance with applicable District policies and analysis of District cash flow requirements, some of the balances in the general operating account may be invested in other instruments on a short term basis.

The proposer shall issue, as transactions occur, safekeeping receipts that list the specific instrument, rate, maturity and other appropriate information, and shall indicate that securities are being held exclusively for the account of the CVSWMD. In addition, collateral underlying the overnight repurchase agreement shall be placed in third-party safekeeping that is acceptable to CVSWMD and documented accordingly.

The bank will provide all deposit slips and check stock at no additional cost to the District.

It is CVSWMD’s intent to pay for banking services for the operating accounts by using a blended approach that combines the direct fee payment and compensating balance methods. CVSWMD will be charged fees for services, but will use balances to pay for the charges.

g) Online banking services

CVSWMD uses online banking services to perform some of its banking transactions. At a minimum, online banking services shall included daily balance reporting, online cleared check information and retrieval, positive pay reports, and initiation of stop payment orders, and ACH transactions.

The proposer shall provide a detailed description of online banking services offered and all of its capabilities, and a description of the file formats and methods for uploading and/or downloading banking data. The proposer shall provide a description of digital security provisions employed by the bank.

h) ACH services

Some CVSWMD transactions occur through the ACH system, including both incoming and outgoing transactions to and from the operating account.

The proposer shall provide a detailed description of the bank's ACH user interface and all of its capabilities, and a description of security provisions employed by the bank.

i) Wire transfer services

It is anticipated that there will be no incoming and no outgoing wire transfers.

j) Remote deposit capture

Remote Deposit Capture provides a secure and convenient method of scanning and depositing checks. CVSWMD desires to implement a Remote Deposit Capture system.

k) The proposer shall provide a detailed description of the bank's remote deposit capture equipment and interface and all of its capabilities, and a description of security provisions employed by the bank.

l) Availability of funds

The level of available funds will be determined on the following schedule:

- i. items drawn on the depository, wire transfers, ACH deposits, cash deposits - same day
- ii. items drawn on local banking institutions - next day
- iii. other items - Federal Reserve availability schedule

The above schedule shall be the maximum clearing schedule. If the bank can offer faster clearing services, they should be outlined in the proposal. If the bank is using an availability schedule other than the Federal Reserve schedule, a copy must be attached to the proposal.

The bank will treat all deposits made before 5:00 PM as same-day deposits.

m) Automatic redeposit

All checks returned for insufficient funds will be automatically deposited a second time. All checks that are returned a second time will be debited to the general operating account. The proposer will indicate the charge (if any) for processing returned checks.

SECTION III: PROPOSAL SUBMISSION

1. Bid Instructions

Questions may be submitted in order to clarify any matters, and CVSWMD's responses will become public information and will be distributed to all proposers. Questions should be submitted to the General Manager via email at generalmanager@cvswwmd.org. The General Manager shall be the only contact person for any and all aspects of this request for proposals.

Written proposals should be delivered to the offices of CVSWMD, 137 Barre Street, Montpelier, VT 05602.

The timeline for the procurement process is anticipated to be as follows:

- Issue date of the RFP – **January 19, 2017**
- Deadline for submission of questions – **February 2, 2017**
- Any answers to the questions submitted in writing will be provided to all bidders – **February 9, 2017**
- Date for submitting the bank's RFP response – **February 16, 2017**
- Estimated Interview dates (if required) – **March 2, 2017**
- Estimated date of Contract approval – ASAP thereafter
- Estimated Implementation – As specified in Contract

2. Bid Evaluation and Selection Criteria

General. The criteria for evaluation of proposals will be [1] legal and other qualifications being met by the proposer; [2] completeness of the proposal; [3] financial strength and capacity of the banking institution; [4] availability of services included within this request for proposals; and [5] the least cost to CVSWMD.

Qualified depository. All banking institutions submitting proposals for banking services shall be qualified depositories in accordance with Vermont statutes.

Location of depository. All proposers shall have banking facilities located within ten (10) driving miles of CVSWMD's office (137 Barre Street, Montpelier, VT). If the headquarters of the proposer is not so located, a branch bank of the proposer within such limits must be able to offer the full range of banking services required by this request for proposals.

Required financial information. Each proposer shall submit with their proposal copies of their annual financial report for the prior two years and the last four quarterly call reports (Consolidate Report of Condition and Income). The successful proposer shall, during the duration of this contract, continue to furnish to CVSWMD update issues of each of the aforementioned reports in a timely manner.

Community Reinvestment Act. It is very important to CVSWMD that proposing banks demonstrate their commitment to the well-being of the community. Respondents to this RFP shall provide their overall CRA rating and the rating as it applies to CVSWMD if

possible. Further information concerning a banks' other community support should also be included.

Ability to meet all requirements contained in the request for proposals. Each proposal that is capable of providing a satisfactory level of service will be ranked based on the total cost to CVSWMD. Proposers that are unable to meet all the requirements contained in the request for proposals will be ranked accordingly.

Completeness of responses. Failure to respond fully to each item on the proposal form will result in a lower ranking for that proposer.

Lowest aggregate banking service cost. The lowest aggregate banking service cost is defined as the lowest combination of projected monthly service costs, and the highest earnings factor specified in the banking institutions' proposal and the resulting compensating balance and interest yield on overnight deposits and investments.

Proposers should use the attached bidding form (Exhibit A) or copies thereof in submitting a proposal. If a particular service requirement cannot be met by the proposer, the proposer should indicate as such. The proposer may, however, offer an alternative, equivalent service.



**CENTRAL VERMONT SOLID WASTE MANAGEMENT DISTRICT (CVSWMD)
BANKING SERVICES – BIDDING FORM**

Please use the following Bidding Form, or a similar format for displaying per-item charges, line totals, and grand total. If some items listed do not apply in computing your proposed charges, please simply indicate “Not Applicable.” If other items/services are components of your proposed charges, please extend this form or your own format to include them.

Bank Depository Services	Estimated Annual Count / Volume	Charge Per Item	Annual Service Charges
Account maintenance		\$	\$
Checks paid		\$	\$
Items deposited		\$	\$
Number of deposits processed		\$	\$
Returned checks charged to account		\$	\$
Stop payments		\$	\$
Wire transfers – incoming		\$	\$
Wire transfers – outgoing		\$	\$
ACH transactions – incoming		\$	\$
ACH transactions – outgoing		\$	\$
Bank transfers between accounts		\$	\$
Other		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
Total			\$