

## I. Introduction

### A. General Information

The Borough of Naugatuck is requesting proposals for the purpose of selecting a highly qualified financial institution to provide depository, banking and cash management services for the Borough and Board of Education. The Borough reserves the right to waive informalities or reject any part of it, or the entire proposal, when said action is deemed to be in the best interest of the Borough.

The final award will not be based solely on price but on a combination of qualification, service, commitment to the local community and cost.

### B. Qualifying Requirements:

In order to qualify for consideration, an institution must meet the following minimum requirements:

1. **Qualified Depository:** Any bank submitting a proposal must be a qualified public depository, as defined by the Connecticut General Statutes (Revised), Sections 7-402 and 36a-330.
2. **Location:** State the total number of locations in the town and the nearest branch banking facility to be used for transactions, for both the Borough (229 Church Street, Naugatuck) and Board of Education (497 Rubber Avenue, Naugatuck). State the location of the Bank's headquarters. Should the facility not be located in or within proximity to the Borough, specify the locations for each level of management and authority chain from the nearest branch facility to the Office of the President or Chief Executive Officer.
3. **Equal Opportunity - Affirmative Action:** The successful financial institution (contractor) shall comply in all aspects with the Equal Opportunity Act. Each contractor with more than fifteen (15) or more employees shall be required to have an Affirmative Action Plan which declares that the contractor does not discriminate on the basis of race, color, religion, sex, national origin or age, and which specifies goals and target dates to assure the implementation of equal employment. Each contractor with fewer than fifteen employees shall be required to have a written equal opportunity policy statement declaring that it does not discriminate on the basis of race, color, religion, sex, national origin or age. Findings of non-compliance with applicable State and Federal equal opportunity laws and regulations could be sufficient reason for revocation or cancellation of this Proposal.

- 
- 1) 4. Reporting: Each proposer shall submit copies of their Call Report and their holding company or bank annual financial reports for the past two year ends. These reports will be used by the Borough in determining the financial soundness of the proposer. The successful institution shall, during the duration of the banking relationship, continue to furnish the Borough with updated issues of annual call and annual financial reports in a timely manner. Proposers must disclose any public adverse audit findings, outstanding restrictions or sanctions imposed by federal or state, or unresolved issues of a similar nature. Also include proposer's current financial rating by a nationally recognized rating company. Evidence of a rating of B or better for the past 24 months is required.
  
  5. The following information in the form of ratios (as of December 31) for the past three (3) years are to be submitted on Attachment C:
    - a. Liquidity:
      - i. Cash and investments to total assets
      - ii. Net loans and leases to deposits
    - b. Asset quality:
      - i. Net charge-offs to loans
      - ii. Loan loss reserves to loans
      - iii. Loan loss reserves to loan charge-offs
    - c. Profitability
      - i. Net interest margin
      - ii. Return on equity
    - d. Capital Adequacy :
      - i. Risk Based Capital Ratio
      - ii. Dividends paid to shareholders of the holding company as a percent of net operating income
  
  6. Federal Reserve Member: The Borough requires that a bank be a member of the Federal Reserve System. Banks that are not members of the System shall identify their correspondent member bank.

7. Other Data :

- a. Please provide information for the number of current municipal clients in immediate surrounding towns purchasing services on either a fee or compensating balance basis.
  
- 1) b. Provide three (3) references of municipal clients currently utilizing zero balance accounts. If none, current clients with operations of similar size and complexity as the Borough using zero balance accounts. For all references, include client name, contact name, address and telephone number.
  
- c. Provide five (5) references of Non-Municipal clients using Zero Balance Accounts.
- d. Include samples of account statements on account analysis.
- e. Include the bank's deposit availability schedule.
- f. Provide references of municipal clients with contact person's name and phone number.
- g. Provide information on provisions to handle interest reimbursement on failed wire transfers.
- h. Define any reserve requirement to be used in a compensating balance formula.
- i. Define any earnings allowance to be used in the compensating balance formula.
- j. Provide evidence of community involvement and contributions to the Borough.
- k. Provide the number of employees working in the Borough.
- l. All Proposals shall include a transition plan outline. The winning bidder will provide a formal transition plan and also dedicate resources to assist the Borough to smoothly transition its main banking operations.

# **Request for Proposal for Banking Services**

**2017**

---

## 8. Insurances

a. Please see the Borough's vendor insurance requirements listed in Attachment D, for vendors working at or visiting Borough or Board of Education facilities.

## II. PROCEDURAL INSTRUCTIONS

### A. INTENT

The intent of this RFP is to select one banking institution to provide banking services to the Borough. However, the Borough may also elect to enter into an agreement with any institution for any or all other banking and financial services.

### B. PROPOSAL FORMS

A proposer must use the attached forms in submitting a proposal. It is requested that the forms be completed in their entirety.

Optional services should be submitted under separate cover with separate pricing determinations. DO NOT include optional service cost in your Attachment A submission.

### C. COST

Cost considerations will include projected monthly service charges, highest availability of deposits, and highest earnings credit on balances. Cost of optional services will also be considered.

### D. PUBLIC INFORMATION

All proposals submitted and information included therein or attached thereto shall become public records upon their delivery to the Borough.

### E. EVALUATION CRITERIA:

The institution will be evaluated by the following (in random order)

1. Qualified depository for public funds
2. Geographical locations to Town Hall
3. Ability to provide requested financial information
4. Ability to meet all requirements of this RFP
5. Level of involvement and contributions in the local community
6. Number of employees within the town
7. Ability to handle on-line wire transfers
8. Best availability schedules
9. Deposit availability
10. Cost of services

### F. COMMUNITY IMPACT

It is a priority for the Borough to do business with a company that supports the local economy and infrastructure. The Borough reserves the right to inquire and be provided with documentation that evidences the company's commitment to the community that they serve.

# Request for Proposal for Banking Services

2017

## G. NO PROPOSAL

If a service requirement cannot be met, then the term "No Proposal" should be entered on the form for that specific requirement. In such case, the proposer may offer an alternative service.

## QUESTIONS CONCERNING RFP

In lieu of a pre-proposal conference, proposers are requested to submit any questions on the form and content of the Request for Proposal to \_\_\_\_\_ by e-mail at \_\_\_\_\_ no later than \_\_\_\_\_. The subject line of the e-mail should read "Re: Proposal for Banking Services." All questions will be compiled and the answers distributed by e-mail to all interested banks by \_\_\_\_\_.

---

It is the expectation of the Borough of Naugatuck that the successful proposer will provide assistance in the review of the Borough's current account structure and cash management services. The Borough anticipates changes and enhancements to improve current operations would be accomplished during implementation.

## IV. BANKING SERVICE REQUIREMENTS

### A. ACCOUNT MAINTENANCE

1. Account Balances: The amount of cleared checks and the ending account balance for each business day are to be available to the Finance Department by 8:30a.m. the following business day. On occasion when the information is not available by that time, the Accounting Division will estimate such balances and place investments accordingly. The Borough shall not be charged or penalized if an overdraft results because the account balance information was not available when requested.
2. Bank Statements: A monthly concentration (month end) bank statement for all accounts including zero balance accounts with documentation supporting all entries on the statement, is required within ten banking days after calendar month end. The Borough shall supply a file containing all data concerning checks for zero balance accounts on conventional disk or CD or shall transmit that file electronically. At a minimum, this data will include sub-account number; check number; amount; and date issued. The Bank should indicate its preference of medium for submission of such data.
3. Check Printing: The bank will either reimburse the Borough for the printing of checks or provide checks per Borough specifications for the main accounts or provide MICR information to the Borough for printing to be done in-house. The Bank will provide two-part pre-encoded MICR deposit slips; these slips should have a method to identify the department which made the initial deposit.
4. Account Representative: The Bank shall have assigned personnel available to answer questions pertaining to Borough transactions that 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. The Bank will provide any training required or requested by the Borough in order to use their on-line banking system.

## B. DEPOSIT SERVICES

- (a) Preference if the Bank can include all deposits received at any of its branches up until regular bank closing time in the determination of the Borough Demand Account Ledger Balances for the same day:
- (b) Banks are required to attach a copy of their availability schedule to the proposal. The awarded bank agrees to notify the Borough, in writing, of any changes to the schedule:

All NSF checks must be processed twice before being returned to the Borough.

- (c) Bank encoding errors are to be corrected within 72 hours after notification by the Borough at no cost to the Borough. Transfers between accounts will be charged to the Borough only as transfers, and not as items deposited and checks paid.

## C. INVESTMENT SERVICES

The bank will provide for safekeeping for investments purchased from the Bank at no additional charge. Funds are invested in U.S. Government and Agency Securities, Bank and Savings & Loans Associations, Certificates of Deposit, Savings Deposits and Repurchase agreements. Normal investment activities of the Borough are outside the scope of the banking service contract. The Borough 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 Borough from obtaining service from any other bank.

## D. WIRE TRANSFER SERVICES

Expectations:

Please note under each section how your institution will be able to meet the following expectations in regards to wire transfers:

- (a) 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.



(b) Wire services credit and debit notices must be mailed to the Borough within 24 hours following transactions.

(c) The award bank will be notified by telephone call to a designated person by the Borough prior to noon of any wire transfers (other than from the automatic daily open repurchase agreement) that the Borough expects to receive on a particular day. The Borough intends to consider these incoming wire transfers as "available for investment" either by the Borough or by the bank through the automatic daily repurchase agreement.

(d) The Borough wishes to process outgoing wires and ACHs on-line.

(e) Wire transfers 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.

(f) The bank will define in their submitted proposal provisions to handle interest reimbursement on failed wire transfers.

## E. CHECK SERVICES

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

1. The bank will indemnify the Borough for any claims for payment made against the Borough, by the payee of the Borough check, subject to the following conditions:

- That the redeemed check and any photo copy is missing
- That the check giving rise to the claim is listed on an Automated Account Reconciliation printout presented to the Borough
- 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
- The Borough's check records have not been tampered with, destroyed or otherwise impaired.

2. Provide cost of providing return of paid checks on CD.

3. 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.

---

F. GENERAL INFORMATION

- Total Operating Budget for Borough of Naugatuck, including the Board of Education for fiscal 2017-2018 is \$120,436,078.
- The closing ledger balance for the past 12 months has ranged from \$6,595,000 (Dec.) to \$27,234,000 (Aug.). Average monthly ledger balance for the past three months (March – May 2017) was \$14,146.989. The Average monthly ledger balance over the past 12 months (June 2016-May2017) was \$14,655,978.
- Average monthly number of total deposits/credits received in the most recent three month period (March- May 2017) was 233.
- Average monthly number of totals withdrawals/debits processed in the most recent three month period (March – May 2017) was 438.
- Total deposits/credits in the 12 months June 2016-May 2017 were approximately \$166,600,000.

## G. ON-LINE ACCESS

The Bank will provide the Borough a method to access the Borough's accounts on the Bank's computer. The preferred method is to access the information through the Internet. The second choice would be access by modem to the Bank's computer. The Borough desires to perform the following functions via this link:

1. Place and remove stop payments
2. Place fund transfers both ach and wire
3. Obtain the balance of all accounts daily
4. Obtain float information
5. Research status of checks

## H. DIRECT DEPOSIT OF PAYROLL

The bank shall provide direct deposit of payroll services for the Borough (both general government and Board of Education employees). Currently, the Borough employs \_\_\_\_\_ employees and the Board of Education employs \_\_\_\_\_, and approximately \_\_\_\_\_ utilize this service.

The proposal should include the structure of the bank's direct deposit program, cost, and related automated clearinghouse processing information.

## I. MONTHLY STATEMENTS

The bank shall provide the Controller or designee with a monthly (month end) statement of itemized service provided and balances maintained by the Borough, within approximately 20 calendar days after the month of service. The Borough shall have the right to examine any records that support this monthly statement.

## J. LOCKBOX SERVICES

The bank shall provide a quote for lockbox services related to tax collection:

- Time, frequency and method of pickups
- Turn-around processing time;
- Deposit deadlines
- Acceptance criteria for payments;
- Rejection criteria for payments
- Method for resolution of rejected payments
- Method and time of data transmissions (computer to computer);
- Photocopies of checks needed;
- Handling of payments received outside the lock-box processing system;
- Location of post office box:
- Location of lock box facility:

Also, include the dates by which the process must start to be ready for the following collection periods: July Tax, October Sewer, January Tax and April Sewer.

## K. MISCELLANEOUS SERVICES

In addition to the above-identified services, the bank shall also provide coin bags, coin wrappers, and keyed deposit bags as needed.

## L. POSITIVE PAY SERVICES

Please describe your positive pay service and program.

## M. REMOTE DEPOSIT SERVICE

Please describe your remote deposit capture capabilities.

## N. OPTIONAL SERVICES

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

### 1. ACH Origination Services

**Request for Proposal for Banking  
Services** | **2017**

---

ATTACHMENT A

Required Banking Services Proposal  
Form

Dear Official:

We have read the Request for Proposal 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 Borough's selection committee.

We have attached the following required and supplemental information:

1. Fourth Quarter Call Report for the past two year ends.
2. Annual financial reports for the past two years.
3. Attachment A: Required Banking Services Proposal Form.
4. Attachment B: Transactional charge fees schedule.
5. Attachment C: Required Bank Ratio information.
6. Statement of Acceptance of Terms and Conditions.
7. List of other data per Section I, Paragraph B. Subparagraph 7.

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

Submitted

---

by:

---

Signature

---

Title

# Request for Proposal for Banking

## Services

2017

### ATTACHMENT B TRANSACTIONAL

#### CHARGES FEE SCHEDULE

Note: Letter Next to Volume indicates {m) monthly or {g) quarterly volume.

Bank Name:

Account Basic Services	Borough	Volume	Unit Price	Amount	Require	Balance
Monthly Maintenance						
Checks Paid						
Deposits Made						
Checks Deposited						
Items Returned						
Return Deposited						
Chargeback						
Electronic & Other Credits						
Electronic & Other Debits						
Phone Stop Payment						
Check Imaging						
CD						

Account Reconciliation

Account Basic Services	Borough	Volume	Unit Price	Amount	Require	Balance
Basic Monthly Maint. Partial Reconciliation						
Output File						

ACH Origination Services

Account Basic Services	Borough	Volume	Unit Price	Amount	Required Balance
<b>ACH Monthly Maint</b>					
ACH File Input Fee					
ACH Debit Origination					
ACH Credit Origination					
ACH Originated Items					

Sample

Account Basic Services	Borough	Volume	Unit Price	Amount	Required Balance
Branch Cash Deposit Branch Deposit Verification Cash Deposit DepositPak					

Account Basic Services	Borough	Volume	Unit Price	Amount	Required Balance
Online Monthly Maintenance Online Additional Accounts Online Per Transaction Online Stop Payments Online Transfer-Outgoing Online Transfer-Incoming					

Account Basic Services	Borough	Volume	Unit Price	Amount	Required Balance
FT Incoming Repair CR FT Manual Outgoing Wire FT Manual Incoming Wire FT Officer Assisted Wire					

Account Basic Services	Borough	Volume	Unit Price	Amount	Required Balance
Set-Up Fee Monthly Maintenance Per Item Charge Email Report Internet Inquiry Online Exception Processing Data Transmission					

Sample

## ATTACHMENT C

## REQUIRED RATIO INFORMATION FOR BANKING SERVICES

Please provide the following information in the form of ratios as of December 31 for the past 3 years:

	2015	2014	2013
a. Liquidity:			
i. Cash and investments to total assets			
ii. Net loans and leases to deposits			
b. Asset quality:			
i. Net charge-offs to loans			
ii. Loan loss reserves to loans			
iii. Loan loss reserves to loan charge-offs			
c. Profitability			
i. Net Interest Margin			
ii. Return on equity			
d. Capital Adequacy :			
i. Risk Based Capital Ratio			
ii. Holding Company dividends paid to shareholders of the holding company as a percent of net operating income			

Optional Services (see separate attached Schedule)

Compensating Balance Formula : \_\_\_\_\_

Earnings Credit Rate Formula: - - - - -

Authorized Representative Signature

\_\_\_\_\_

Date : \_\_\_\_\_



This page Intentionally left Blank.