



REQUEST FOR PROPOSAL

DEPOSITORY BANKING SERVICES AND MERCHANT SERVICES

ISSUE DATE: February 18, 2025

SUBMISSION DEADLINE: March 17, 2025

<http://www.thewoodlandstownship-tx.gov/bids>

TABLE OF CONTENTS

- I. Introduction**
- II. Proposal Qualifications and Submission Instructions**
- III. Overview**
- IV. Financial Institution Qualifications**
- V. Required Banking Services**
- VI. Alternative Banking Services**
- VII. Optional Banking Services**
- VIII. Required Merchant Services**

ATTACHMENT A: Proposed Banking Fees

ATTACHMENT B: Proposed Merchant Service Fees



REQUEST FOR PROPOSAL – DEPOSITORY BANKING SERVICES THE WOODLANDS TOWNSHIP

I. INTRODUCTION

Woodlands Township (the “Township”) is requesting proposals for a five (5) year depository banking services contract to include merchant services. The initial service is to begin July 1, 2025 and extend through June 30, 2030.

Through this contract the Township intends to minimize banking costs, improve operational efficiency, and maximize its investment capabilities. This Request for Proposal (RFP), which represents the Township’s banking and cash management goals, also specifies and requires information on all required qualifications, the banking services and merchant services required, the estimated activity volumes on all accounts, the method of compensation, submission instructions and contract award provisions. All qualified institutions, as defined below, are invited to submit a proposal.

Institutions responding to this Request for Proposal (RFP) must be insured through the Federal Deposit Insurance Corporation (FDIC) and must be able to demonstrate a capacity to meet the Township’s requirements as stated in the RFP.

II. PROPOSAL QUALIFICATIONS AND SUBMISSION

By submitting a proposal in response to this RFP, depositories will be deemed to agree to the mandatory contract and service provisions contained herein. This RFP and the proposal submitted will be incorporated into and form the basis of the bank depository services contract.

1. Local Presence Required

To assure a close working relationship and to facilitate services, depository institutions with full depository service capabilities within five (5) miles of Township Administration Building are invited to submit a proposal.

2. Proposal Format and Submission

This RFP will be available on the Township website at

<http://www.thewoodlandstownship-tx.gov/bids>

along with any addenda. Submission of the proposal will however be made on a USB/jump drive as outlined below.

In order to equitably evaluate each bank’s ability to meet the banking service needs of the Township, a standard format for all proposals is required. A response must be given to each item in this RFP along with completion of Attachment A-Proposed Bank Fees and Attachment B-Merchant Services Fees (both Excel files). Responses must be in the same order as the questions presented and each question answered, stating acceptance of, modifications to, or additions to, or a statement of the inability to provide said service.

Proposals will be accepted only on a USB/jump drive sent to the address below. Additional explanatory information on your banking or merchant services may be included as part of a proposal.

This RFP and the proposal submitted will be incorporated into and form the basis of the bank depository services contract. An electronic copy of this proposal is available upon request on the Township’s website. Submission of the Proposal must be in electronic form on a jump drive submitted to the Township.

The proposal must be submitted through Federal Express or UPS on a jump USB drive and sent to:

Kellan Shaw, Chief Financial Officer **281-210-3800**
The Woodlands Township
2801 Technology Forest Blvd
The Woodlands, TX 77381

A cover letter should be included in the proposal signed by an individual authorized to bind the institution, state that the proposal is valid for 180 days from the submission date, and give full contact information regarding the proposal. The cover letter should not be longer than one page.

3. Schedule for Proposal Submission

The Township will make every effort to adhere to the following schedule.

02/18/25	Release of RFP
03/04/25	2:00pm CST Deadline for questions concerning the RFP or services requested
03/17/25	2:00pm Deadline for proposal submission
04/23/25	Board award of contract
07/01/25	Contract commencement

4. RFP Questions –

There will be **no pre-proposal conference**. Questions regarding this RFP, or the services requested, will be accepted only by email to: KShaw@thewoodlandstowship-tx.gov until 2:00pm, March 4, 2025. Responses to all material questions submitted will be sent to all known providers within five business days.

7. Township Rights

The Township reserves the right to:

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

8. Proprietary Information

To the extent permitted by law, proposals will be opened in a manner that avoids disclosure of the contents until after award of the contract. Proprietary information contained in the proposal should be designated as such on each page containing the restricted information.

9. Fees and Charges

The Township reserves the right to utilize either a fee basis or compensating balance basis (or a combination of each) for payment of banking services under the contract. The Township reserves the right to change the banking payment methodology during the contract period upon no less than 30 days' written notice to the bank with the change commencing on the first of the following calendar month. This will enable the Township to take advantage of changing interest rate environments. A complete monthly account analysis will be required regardless of the payment basis.

All individual service items and account charges will remain at the proposal price quoted on Attachments A and B for the duration of the contract period regardless of changes in service volumes during the period. Should new services be required during the contract period not contemplated by this RFP, those services will be provided at fees not more than the bank's then-current published rate and approved by the Township.

TOWNSHIP OVERVIEW

The Woodlands Township is located in Montgomery County and has a consolidated annual budget averaging \$ 172 million. The Township's banking relationship will encompass three Township entities: the Township, the Convention and Visitors Bureau (incorporated as a 501c3) and the Township EDZ (Economic Development Zones 1 and 2). Currently the Township maintains seven (7) banking accounts as listed below with their average monthly collected balances (and on Attachment A). The Township also has two merchant IDs for merchant services.

The Township currently uses interest bearing accounts and does not utilize an automated overnight sweep to a money market mutual fund from a ZBA account structure but a sweep structure may be considered under the new contract. Remote deposit services are used for checks in three departments but may be expanded during the contract term. The Township currently makes deposits through remote deposit with additional branch check and currency deposits made by the Parks and Recreation Department with post verification. Location tracking is not currently used on deposits but is being considered by the Township.

The Township is currently paying its depository on a compensating balance basis, but, will consider an external sweep structure under the proposed contract for maximum earnings and to eliminate balance-based fees. The Township regularly transfers funds to and from the local government pools for investment purposes and to limit bank balances. The average monthly relationship collected balance has been \$ 23,143,106 over twelve months (see Attachment A).

Merchant services are used for Transportation's park and ride facilities for tickets and bulk ticket purchases which are deposited into the Transportation Account. The Parks and Recreation centers take credit cards for their services processed through a separate provider. Administration takes occasional credit card payments which are deposited to the Operating Account. The primary merchant account volume is for ticket sales. The Township uses an American Express card for its administrative staff use but does also have a bank commercial card for rare use when the AMEX is not accepted.

Historical balances for the current accounts with dollar balances are shown below and detail on monthly balances are shown on Attachment A along with monthly volume history for each current service:

TRANSPORTATION FUND	5,228,356
OPERATING ACCOUNT	9,777,877
DEBT SERVICE ACCOUNT	5,711,324
WOODLANDS EDZ PROJECT #3	306,893
WOODLANDS EDZ PROJECT #2	509,331
PAYROLL ACCOUNT	655,436
VISITORS BUREAU	1,862,979

- Most bank activity will occur in the Operating Fund and Payroll accounts. All wires, securities transactions, and inter-account transfers will be generated from the Operating Account.
- Approximately \$ 500,000 in payables flows through the account monthly.
- The Payroll account will be used only for payroll with approximately \$ 6 million per month paid. Manual checks are rarely written on this account but may be required. Payroll is paid bi-monthly with Fire paid on a separate schedule of 20 times per year (approximately \$2.2 million).
- Remote deposit is used on three accounts (Operating Account and Transportation) and the Township owns its three Panini scanners.
- All the accounts use and will require payee positive pay, fraud filters and partial reconciliation.

If a sweep structure is chosen by the Township, the sweep of balances would be into an approved AAA-rated SEC registered government money market fund striving to maintain a \$1 NAV. No repurchase agreement, off-shore accounts or ICS will be authorized for the sweep.

All Township funds are invested by the Township outside this contract by Township staff which primarily use the local government investment pools. The Township will be under no obligation to maintain time or demand funds in the bank, except under a compensating balance situation. The Township will continue to direct funds to pools or investments as appropriate.

The Township's Finance Department handles all banking, treasury, and investment activities. The Finance Department handles accounts payable, receivables, payroll, and financial reporting functions. The Finance Department handles all reconciliation on the accounts and only one set of monthly statements will be required. No paper statements are used. The Township currently receives an on-line statement on each account.

The Township has approximately 580 regular and 450 seasonal employees with 99% of Township employees currently paid by ACH direct deposit. A limited number of manual checks occur in payroll for new employees. Seasonal employees are paid through a separate provider (Paycom).

The Township requires *automated* banking services through an internet, single portal for efficiency and cost effectiveness. This proposal should address automation availability and potential on all services.

The Township will decide on the use of account structures as interest rates and conditions vary. All account structure decisions will be made by the Township.

The Township will not use the depository institution brokerage as a broker for Township security trades in order to assure complete separation on delivery versus payment settlement requirements. Safekeeping is presented here as an optional – not required – service.

II. FINANCIAL INSTITUTION QUALIFICATIONS

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

The banking services described in this RFP are directed toward four major goals:

- timely and accurate transactional and summary information flows,
- 100% utilization of idle funds and continuous investment of Township funds,
- safety of Township funds and securities,
- efficient utilization of available electronic banking services, and
- minimization of banking costs for the Township.

1. Creditworthiness

In order to fulfill fiduciary responsibility and to protect public funds, each bank submitting applications shall:

- a. Provide a link to the latest available audited annual financial statement. The bank will be required to submit an audited statement to the Township each year of the contract period, as soon as it is publicly available. Confirm agreement to this requirement.
- b. Provide certification of the bank's Community Reinvestment Act (CRA) rating by its regulatory agency.
- c. Provide the bank's current senior and subordinate debt ratings. If the bank has no debt rating, as an alternative, provide the most recent four quarters rating from an independent bank rating agency such as Highline, Veribanc, Bauer or comparable bank rating agency.
- d. The bank will be contractually responsible for notifying the Township within thirty (30) days of any change in any of these credit or CRA ratings during the contract period. Confirm agreement to this requirement.

2. Customer Service

Service will be a primary focus of the contract on a continuing basis. Describe the bank's philosophy and approach to satisfying this need.

- a. How will the bank satisfy the Township's need for superior customer service?
- b. Is there a formal bank process or tracking for escalation of problems/issues that are unresolved? How is bank service performance measured internally?
- c. What does the bank do to support the Township and the Township community?
- d. Will bank representatives meet regularly with the Township to review services? How often?
- e. Is the bank offering any transition or retention incentives? Describe fully and quantify completely.
- f. Are there any new services anticipated which might benefit the Township? When will they be available?
- g. The Township requires the right to use a third-party auditor to review the records of its accounts, collateral, transactions, and bank records at any reasonable business hours. Confirm agreement with this condition.

3. References.

List references from three comparable Texas public entity clients, preferably in the Houston area. For each reference, include the length of time under contract, a client contact, title, and email address.

4. Depository Agreement and Service Agreements

Provide a copy of all depository and service agreements which will be required to be executed under the contract for services rendered. Any changes required on the agreements will be discussed and agreed upon before award of the contract.

- a. Provide all the agreements required.

5. Implementation Timeline.

The Township recognizes that not all services and funds will be transferred immediately but expects that most funds should be transferred by the contract start date and that all services should be available by that date. Collateral should be in place two days before any funds are transferred.

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

The timeline should reflect the number of calendar days required to put the services in place or the end date of when such services will be in place and available. Default in promised delivery of services, without acceptable reasons, or failure to meet the terms or conditions of the depository contract without remedy, shall result in the Township's right to terminate the contract, but the exercising of such right to terminate the contract does not limit any other remedies for damages or other relief under law.

III. REQUIRED BANKING SERVICES

To be considered, the proposal must include a response to each of the questions in this Section V and all associated fees must be detailed on Attachment A. Add any level of detail necessary to services or fees required.

1. Account Structure

The Township is interested in assuring that all funds are continuously earning at the best, then-current interest rates. The Township is not currently using a ZBA account structure for an automated daily sweep but will consider and may institute such a structure under the contract using a master account sweep to a money market mutual fund thereby eliminating any balance-based fee. The Township requires the option to pay for services on a fee or compensating balance basis.

If used, an SEC registered government money market fund which strives to maintain a \$1 NAV will be used for the sweep and must be rated AAA by at least one nationally recognized rating service.

If the bank has a valid alternative to an SEC money market fund which is in compliance with the Township's Investment Policy, it may be presented. **Neither a repurchase agreement nor an off-shore account is acceptable as a sweep investment vehicle.**

- a. Fully describe the bank's ability to create a daily sweep account structure using an external money market mutual fund.
- b. In a sweep structure what charges are applicable for the master and subsidiary accounts?
- c. If the bank is proposing an alternative to a daily external sweep, such as an indexed interest-bearing account, detail and describe fully.
- d. Describe how sweep transactions and interest will be reported on a monthly report or online daily. Will daily activity reports show balance amounts and interest earned? Provide a sample report.
- e. Provide the full name and cusip for the SEC registered money market fund to be utilized for the sweep.
- f. Are funds swept at end of day or next day? If next day, how are funds maintained, invested and collateralized over-night?
- g. Does the bank charge a balance-based fee? At what specific rate? How is it computed?
- h. Confirm that the Township may use either a fee basis or compensating balance basis.
- i. Under a compensating balance basis what target balance would you assume would be required under your proposed service fee structure?
- j. Do interest-bearing accounts earn at a bank managed rate or is the rate indexed?
- k. Does the bank restrict withdrawals on a money market account to six per month?

- l. Interest earned on interest bearing accounts shall not be charged as an expense on the account analysis. Confirm acceptance of this condition.
- m. The Township may be required or may change account types during the contract period. If this occurs the new accounts and their services shall be charged at the same contracted amount. (Unanticipated or new services may be charged at not more than published rates.) Confirm agreement to this condition.
- n. Indicate in the following table the rate average for the past 12 months as well as the current rates.

Type Account	12 Mo. Average	Current Rate
ECR	%	%
Interest bearing accounts	%	%
Money market accounts	%	%
Sweep	%	%

2. Automated Cash Management Information

The Township requires a web-based, single portal, automated cash management information system. The Township requires timely access to transactions with images and timely daily transaction and balance reporting. All reports should be downloadable. No paper reports will be required.

- a. Fully describe the bank’s on-line information service capabilities. List the system functions/capabilities.
- b. Provide a link of the system and any necessary passwords for review and evaluation by the Township for the system.
- c. What transactions can be completed online? Which cannot?
- d. State the access and update times for previous day and intra-day balance information.
- e. Which entity controls the security protocols and access functions for the online services? How and by whom is the administration of the security module established and maintained?
- f. Are all items imaged? Define types and note the online retention periods for each.
- g. Are event messages or alerts available? How are alerts sent? Are alerts emailed or must the individual be online to receive notification?
- h. Does the bank provide download services to other entities using the Tyler ERP system? Provide a reference.
- i. Describe your mobile services, the mobile services available, and the security provided on those services.
- j. What events generate an alert?
- k. Are all reports customizable?
- l. Are all reports and statement downloadable?
- m. Describe provisions for off-site backup and continuation in disaster situations.

3. Standard Collection and Deposit Services

Standard commercial deposit services must be available at a local branch or bank vault. The Township is using remote deposit on two accounts at this time with an average of 26 credits and 217 items monthly. Check and cash deposits are made to a local branch. Deposit location tracking is not currently in place but is desired. Remote deposit is used in Transportation, Visitors Bureau, and Administration. Park and Recreation deposits checks and currency to a local branch with post verification. Coin and currency deposits can be prepared at other various locations with deposits taken to a local branch as needed. Most of the year deposits are made 1-2 times a week but when the 13 pools are open deposits will be made more often.

Coins are not rolled and may be in partially filled bags. Change orders are completed online. Deposits are batched with tapes attached. Coins are not rolled and change orders rarely needed.

The Township currently accepts debit and credit cards at the Park and Ride facilities and Park and Rec and occasionally in Administration. A convenience fee was instituted 01/01/25 in the Town Hall location. The Township uses two separate merchant accounts one for the ticket sales and one for bulk corporate ticket sales. The current bank provides merchant services and those services will be included under this contract (See Required Services Section VIII.).

The Township expects all deposited checks to clear based on the bank's current published availability schedule, but, any expedited availability options should be noted in the proposal. All cleared deposits received by the bank's established deadline must be processed for same day credit.

The bank shall guarantee immediate credit on all incoming wire transfers, ACH transactions, on-us items, and U.S. government security maturities and coupon payments. Failure to credit Township accounts in a timely fashion will require interest payment reimbursement to the Township at the then-current daily Fed Funds rate.

- a. Does the bank image all checks, deposit slips, and deposit items? When and how are these images made available? How long are they available online?
- b. What is the bank's daily cut-off time to assure same day ledger, and - pending availability - collected credit? Does this vary by location (branch teller, vault)?
- c. Describe the bank's available e-receivables services (integrated receivables).
- d. Besides positive pay and payee positive pay how does the bank assist in fraudulent check recovery?
- e. Describe how and when are credit/debit advices sent to the Township?
- f. What type deposit bags are used/required? Are these available from the bank? Will the bank provide these?
- g. What, if any, limits exist for coins/currency deposited in one bag?
- h. Include a list of all the bank's deposit local locations.
- i. Does the bank have location tracking? Where is tracking information posted? Is it on reports? Is there a standard report separating deposits by location? Provide an example.
- j. Must a vault be used for armored car/courier deliveries? Where is the nearest vault? What is the daily deadline for vault deposits?
- k. What advance notice is required for change orders? Are change orders placed online?
- l. Describe your e-lockbox services.

Remote Deposit

The Township uses remote check deposits on two accounts. These deposits include both consumer and commercial checks and averages 217 deposits per month. The Township currently uses three (3) Panini scanners which are owned by the Township.

- a. What are the bank's current capabilities in remote check deposit?
- b. What is the cut-off time for deposits made remotely?
- c. What scanner equipment is required? Are the Township's models acceptable for your processing system?
- d. Is scanner equipment available through or provided by the bank? Will the bank provide the scanner(s)?
- e. What detail/summary reports are generated at the remote deposit site? Provide a sample.

NSF Checks Received by Township

Under the current contract, NSF checks paid to the Township are automatically re-deposited twice for collection. Complete information must be provided on all NSF returned items including name and reason for return.

The Township wants the option of a second re-presentment made by ACH (RCK) to targeted dates for maximum collection potential.

- a. Describe the bank's current NSF process. Are checks automatically re-deposited? How many times and when?
- b. How and when is the Township to be notified of return items/NSF?
- c. Is the bank capable of processing the re-presentment of the check as an ACH with a targeted presentment date (RCK)? Describe fully.
- d. Under RCK or standard processing, how is the NSF and later settlement matched/reconciled most easily? Does the bank system cross reference and report the two transactions in any way?
- e. Is the NSF information or image available on-line? When and how? How long is it available online?

4. Standard Disbursing Services

Standard disbursing services for all accounts are required to include the payment of all Township payroll checks without charge upon presentation to the non-account holder. The Township requires positive pay services for all its check issuing accounts. It is currently using payee positive pay on all accounts averaging 823 payee name verifications a month.

The Township uses the current depository's commercial card for travel and other miscellaneous expenses under \$5,000.

Payroll is paid bi-weekly and averages \$6 million a month. The Township utilizes direct deposit for payroll for approximately 99 % of employees with occasional new employee checks largely for seasonal employees. The Township also intends to move toward more vendor payments by ACH.

- a. Are check images available on-line? When and how long are images available? Are they included on monthly statements?
- b. Will the bank cash all Township payroll checks on presentation without charge to the non-account holder? Will any charge be made to the Township for those checks?
- c. Describe any integrated or e-payables program available. Describe fully.
- d. Does the bank have its own commercial card program? Describe fully.
- e. Is there a rebate available dependent on spend patterns on the commercial card? What are the spend requirements?

5. Positive Pay and Reconciliation

Positive pay and payee positive pay is required to be available for all accounts. The Township currently uses positive pay on two (2) accounts and may consider expanding it to further safeguard against fraud. The positive pay process is required to be fully web based. Check information will be transmitted electronically to the bank on each check run and as manual checks are created.

The Township currently utilizes partial reconciliation on all accounts and intends that positive pay will continue to be used in combination with partial reconciliation services.

- a. Can the bank provide payee positive pay on all disbursement accounts?
- b. Describe the data transmission/transfer positive pay requirements for batched files.
- c. Online entry capability for individual manual checks is required. Describe the online input process and requirements for individual, manually written checks. Show sample screens.
- d. How can check records or the entire file be changed or deleted by the Township, if necessary?
- e. How is the Township to be notified of a positive pay exception? Is the alert sent via email/text or must the receiver be online in your system?
- f. At what time is exception information reported to the Township?
- g. At what time is the response deadline for Township exception elections?
- h. Are all checks, including those received by the tellers and vault, verified against the positive pay file before processing? How often is teller information updated?
- i. Describe your partial and full reconciliation processes.
- j. How much flexibility is there for the bank's systems to interface with the Township's in-house system? The Township uses the Tyler ERP system.

6. Stop Payments

The Township has an average of 17 stop pays each month and can currently renew stop pays online. An automated process is required for stop pays and extended periods is preferable.

- a. How are stop pays initiated online? How long is the initial stop pay period?
- b. In establishing a stop pay, how far back does the system check for the check status?
- c. Can the stop pay be renewed/extended without additional input from Township staff? If required, is it accomplished online? How?
- d. What are the period options for extensions/renewals of stop pays?
- e. What is the deadline for same day action on stop pays?
- f. Provide the stop pay authorization levels and notification requirements.

- g. What information on current and expiring stop pays is available on-line?

5. Funds Transfer and Wire Services

The Township currently has an average of 13 outgoing domestic wires and 7 incoming domestic wires each month along with 7 book transfers. Wire initiation must be available online.

Incoming wire transfers must receive immediate same day collected credit. The Township requires that wires be released the same business day (or on the date specified) if information is provided by the established deadline. The Township will require compensation for delays caused by bank errors at that day's Fed Funds rate.

- a. Is wire initiation totally online? Describe the process of online wire initiation.
- b. Is wire status monitoring available online?
- c. Can repetitive templates be created and restored? Is there a template creation or storage fee?
- d. What back-up process is made available for the on-line process?
- e. How and when will the bank notify the Township of incoming wires? Online? E-mail alerts? Texts?
- f. Describe security provisions for wire initiation. What security levels are available or required on initiation and release. Is dual control required?
- g. Describe the book debit/credit reporting process?
- h. Is there a fee for internal transfers?
- i. Is future dating available for both repetitive and non-repetitive wires and transfers? How far in advance?
- j. Are inter-account transfers able to be completed online? Is there a fee for inter-account transfers?
- k. What is the bank's policy on ledger balances used for outgoing wires?

6. ACH Services

The Township expects to continue moving toward more ACH transactions for vendor transactions. ACH is currently used for payrolls, periodic transfers, employee reimbursements, some vendor payments and debt service on all accounts. The Township receives both debits and credits. Received ACH items average 192 per month. The Township requires same day, one day and two day ACH.

The Township requires a pre-notification on all new addresses.

- a. Describe the batch transmission requirements for ACH transactions.
- b. Is the Township able to initiate individual ACH transactions online? How?
- c. What specific filters and blocks are available for ACH transactions? Define and describe.
- d. Are all ACH addenda shown in their entirety on-line and on standard reports? Requiring EDI modules?
- e. What is the process for returned ACH transactions?
- f. Is the account debited on an ACH debit when the transaction is initiated or on settlement?
- g. Is a pre-note charged as a standard ACH transaction?

7. Collateral Requirements

Authorized collateral, as defined below, must be pledged against the total time and demand deposits net of FDIC insurance with a 102% margin on the collateral maintained daily by the bank. All the requirements, including those beyond the Public Funds Collateral Act, as stated in the Township's Investment Policy and outlined below, must be met by the bank. The agreement must be executed under the terms of FIRREA.

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

- All collateral pledged to the Township must be held in an independent third party bank outside the bank's holding company.
- The depository agreement covering safekeeping shall be executed between the Township and the depository for custody of pledged securities in full compliance with FIRREA requiring a bank board or loan committee resolution.
- All time and demand deposits above FDIC coverage shall be collateralized at a minimum of 102% of principal plus accrued interest daily.

- The bank shall be responsible for the daily monitoring and maintaining of collateral at the Township's required margin levels.
 - Pledged collateral shall be evidenced by original safekeeping receipts/report sent directly to the Township preferably by the custodian within one business day of receipt.
 - The Township shall receive a monthly report of collateral pledged including description, par, market value and cusip.
 - Substitution rights shall be granted if the bank obtains the Township's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping. Substitution rights may be waived under certain conditions approved by the Township.
 - Authorized collateral includes only:
 - Obligations of the US Treasury
 - Obligations of US Government agencies and instrumentalities including mortgage-backed securities which pass the bank test.
 - Bonds of any US State or its subdivisions if rated A or better by at least one nationally recognized rating agency.
 - Irrevocable letters of credit from a regional FHLB.
 - *Preference will be given to pledged securities over an LOC.*
- a. State the bank's acceptance of the collateral conditions above. If there are exceptions state them concisely in response.
 - b. Does the bank propose any collateral charges, if so under what conditions are they charged and how is the charge applied?
 - c. What institution will serve as the custodian for pledged collateral?
 - d. Does the custodian provide online inquiry for the Township?
 - e. Will the Township be required to forego substitution approvals?
 - f. Does the custodian provide mark-to-market pricing? On what schedule?
 - g. How often does the bank monitor and adjust collateral levels and what division of the bank monitors the collateral levels?

8. Account Analysis

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

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

- a. Provide a sample account analysis including calculation basis for any required compensating balance and balance-based fees.
- b. When and how is the analysis available online each month?
- c. How long is the account analysis available online?

9. Monthly Statements

The bank must provide monthly account statements on all accounts with complete supporting documentation. All accounts must be on a calendar monthly cycle and statements received on a timely basis. Timeliness of statements is critical and non-performance will be grounds for termination of contract. No paper statements are needed.

- a. When and how are monthly statements made available online each month?
- b. How long is the monthly statement available online?

10. Account Executive

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

- a. Provide the name, title and location of the proposed account executive.
- b. Provide the name, title and location of the backup representative.

13. Overdrafts

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

- a. Are all accounts aggregated for overdraft calculation purposes or do accounts stand-alone?
- b. State the fee charged per overdraft occurrence.

IV. ALTERNATIVE BANKING SERVICES

If the bank has any other alternative or supplemental services which may offer enhanced value or be of interest to the Township they should be described in this section. The costs of such services should also be identified if possible.

V. OPTIONAL BANKING SERVICES

The Township continues to investigate new services for inclusion under its banking services contract. These services in this Section are not currently required but will be evaluated in terms of availability, feasibility, service levels, services provided, and charges for potential current, or future, use under the Township banking contract.

The determination on optional services will be made during the contract period. Availability of these services and level and cost of the service will be a secondary consideration in the evaluation of the primary proposal since the services are not required.

The Township reserves the right to accept optional services offered. If an optional service is initiated later in the contract period, the services and charges stipulated in the bank's proposal in response to this RFP will be applied.

If the bank currently does not offer the service identified but is planning to make it available during the contract period, the bank should so stipulate in its proposal and should state the anticipated date of activation.

1. Check Printing

The Township has not used its depository to print and mail its vendor checks but may consider doing so.

- f. Does the depository provide check printing services? Describe the service fully.
- g. Describe the transmission, printing and mailing process to be utilized.
- h. What are the requirements and turn-around time for release of same day and next day checks?
- i. From what location are checks printed and mailed?

2. Safekeeping Services

Safekeeping services are not used currently as the Township utilizes the local government investment pools. But the Township is interested in the availability of safekeeping services should they be required under the new depository agreement. All Township investments will be made by the Township staff, and instructions for clearing and safekeeping will be transmitted on a trade ticket to the bank in writing or through the bank's online system.

Safekeeping/custody must be in the bank or trust and not a brokerage subsidiary of the bank. All securities must be cleared on a **delivery versus payment** (DVP) basis and ownership documented by original clearing confirmations and/or safe-keeping receipts provided within one business day of the transaction (paper or online). Funds for investments will be drawn from a designated Township DDA account. All P&I payments, coupon payments, and

maturities must receive same day collected credit on the Township designated account without requiring any additional Township action.

The transactions would preferably be handled through the depository bank's systems or directly with the correspondent and shall not require duplicate or additional interaction by the Township. No delay in transactions, wires, or flow of funds will be acceptable under a correspondent relationship. All transactions will be third party transactions.

Fees for clearing and safekeeping can be stipulated on Attachment A.

- a. Is the bank offering safekeeping services?
- b. Is trade input able to be input online? Describe fully. Is it required?
- c. Is the bank a member of the Federal Reserve and DTC?
- d. If applicable, name the correspondent bank to be used for clearing and safekeeping.
- e. Describe any safekeeping arrangement proposed with a correspondent bank including processing requirements by the Township. No delays or additional transactions are acceptable.
- f. What is the deadline for settlement instructions? Is there any charge incurred for late instructions?
- g. Will safekeeping fees be charged on the analysis or hard charged? Note the fees on Attachment A.

The Township may choose to purchase time deposits from the bank but all time deposits will be competitively bid at the time of purchase. The Township will not use the depository brokerage services in order to assure DVP.

VI. REQUIRED MERCHANT SERVICES

To be considered, the proposal must include a response to each of the questions in this Section and all associated fees must be detailed on Attachment B. Add any level of detail necessary to services or fees required.

Merchant services currently provided by Wells Fargo under the banking contract with additional merchant services provided by three separate providers. It is considered an integral part of Township services for our departments and for our citizens. The Township currently has two merchant accounts processed by the depository.

The current equipment is owned by the Township and the Township accepts MasterCard, Visa, Discover and AMEX credit cards and debit cards. The proposer should:

- process credit and debit cards at POS equipment provided by the vendor on sale or lease;
- process credit and debit cards from an online portal;
- transmit a secure payment transaction flat file on a daily basis;
- remit funds daily to the Township via wire or ACH; and
- provide an online merchant portal to provide Administration with real time, customizable transaction information.

1. Firm Stability and Background

- a. Describe your background as a merchant services provider. Provide a brief history and background.
- b. How is the merchant services provider entity affiliated with the banking institution?
- c. Is a third party used for any other segment of the service?
- d. What differentiates the Provider and its service from that of other Providers?

2. References and Current Client Base

- a. Specify the category and number of customers and merchant accounts for which the Provider is currently providing merchant services.
- b. What is the daily average number of transactions currently processed?
- c. Provide the names, email addresses and phone numbers of three public references with comparable volumes and communication capabilities for those who are currently using the card processing services. Please select a mix of long-standing and recently acquired customers.

3. Relationship Representatives

- a. Describe the relationship management team's functional role and responsibility.
- b. What is the expected turn-around time on issue resolution? Is there a formal escalation of issues?
- c. How often will the primary representative(s) meet with the Township to assure that it is receiving the lowest discount/interchange rates?

4. Card Acceptance/Interface Processing

- a. Does the Provider support all major payment types, debit cards, gift cards, corporate cards, and other emerging options?
- b. Describe any hardware or software necessary for acceptance of credit and debit cards.
- c. Describe interface requirements and compatibility issues.
- d. Indicate payment gateways currently supported.

5. Authorization Processing

- a. What authorization methods are supported and recommended?
- b. What are the procedures to reverse/recall an incorrect authorization? Describe how an after-authorization return would be handled.
- c. Does the Provider maintain direct authorization and settlement links to the various card organizations, or utilize a third-party network for authorizations? Is your firm introducing a direct processor or is it the direct processor?
- d. Describe your AVS (address verification and shipping date compliance) process.
- e. Provide average response times for web authorizations methods.

6. Settlement Processing

- a. Is all funding next day?
- b. What is the daily cut-off time for sales transactions to be transmitted to meet settlement deadlines?
- c. Is settlement made by ACH?
- d. Do you allow for multiple settlement accounts by merchant?
- e. What level of transaction detail is available?
- f. Will Saturday and Sunday activity be combined into Monday activity?
- g. Are settlements on gross amount and fees charged monthly?

7. Ticket Retrieval and Chargebacks

- a. Describe the ticket retrieval request process along with turnaround times. Does support include full document imaging?
- b. State the average elapsed time from receipt of a retrieval request to merchant receipt.
- c. What percentage of chargebacks is currently handled without merchant involvement? Does the firm have a standard rule-based logic to facilitate dispute resolution processing?
- d. Does the Provider have a designated contact person and department to specifically manage chargebacks?
- e. What chargeback reporting is available?
- f. Are credit card chargebacks and debit adjustments netted from daily proceeds, or are they debited separately? Can the information be tied back later?

8. Technical System Capabilities

- a. Is the firm's processing software CPS (Custom Payment Service) compliant?
- b. What is the process for handling test transactions? Are test cards provided? Is the testing system separate from live operations?

9. Transmission Issues

- a. Describe the monitoring and notification process if a transmission fails.
- b. Does the processing system identify and eliminate duplicate transactions automatically?

10. Security

- a. How are PCI compliance initiatives handled? How do you qualify merchants?
- b. How are clients made aware of new PCI initiatives and general information?
- c. What PCI training is available for IT and merchants' staff? Are there charges for these services?

11. Disaster Recovery

- a. What support is available in a disaster situation?

12. Information Reporting

Complete and timely reporting is a critical factor. The Township requires full online reporting and download capabilities including the ability to define and sort information at various levels. Reporting should be comprehensive and allow for customization. A link to the system is preferable for evaluation.

- a. Describe available reports. Provide a sample of each detail and summary report available or a link to sample reports online. Are all reports available online?
- b. Define the drill down capabilities available online. Are reports customizable?
- c. What is the delivery time frame for reports and statements?
- d. Are reports archived? For how long? Can all archived reports be viewed or downloaded?
- e. Can the Township "roll up" multiple specific groups for reporting independent of other groups?

13. Implementation

- a. Describe the merchant training process with regard to (a) new merchant training or re-training from a prior processor and (b) ongoing training.
- b. After initial implementation, how are new merchant accounts established?
- c. How are updates of PCI and industry-related rules or regulatory changes distributed?
- d. What compliance review tools are provided? Is this covered under the contract fees?

14. Customer Service

- a. Is customer service available 24/7? How is it provided?
- b. Describe your multilingual customer service support capabilities.
- c. Does the firm offer processing solutions to perform (a) deferred billing, (b) installment billing and (c) recurring billing?

15. Pricing and Contracts

- a. Is the firm offering a fixed cost plus surcharges fee or an interchange plus fee?
- b. List all of the firm's possible "non-qualified surcharges" categories on Attachment B.