

CITY OF LEAWOOD KANSAS

REQUEST FOR PROPOSALS

FOR BANKING SERVICES

JULY, 2005

THE CITY OF LEAWOOD, KANSAS
REQUEST FOR PROPOSALS FOR BANKING SERVICES

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THE CITY OF LEAWOOD, KANSAS

REQUEST FOR PROPOSALS FOR BANKING SERVICES

GENERAL BACKGROUND

The City of Leawood, Kansas (“The City”) is soliciting competitive sealed proposals from full service banks that have a headquarters or a main office in Kansas and a branch in or near Leawood, Kansas for banking services, and is an institution eligible to be a depository of public funds pursuant to Kansas Statutes.

The Request for Proposal (RFP) is intended to cover all City operating accounts, banking services, safekeeping requirements, and the overnight investment of surplus cash in bank accounts. Investment of longer-term funds is separate from this RFP.

The City intends to place its comprehensive banking services requirements for competitive bid with banks in or near Leawood, Kansas. It is the intent to award a three-year contract for banking services with the City and in the City’s sole and absolute discretion to extend the contract for two additional years. The City encourages all prospective bank representatives to examine this RFP carefully. Qualified banks are requested to submit proposals to provide services as defined in this RFP. The City expects its financial institution to be a leader and an innovator in the development and execution of financial products and services, and requires these services to be of the highest quality.

The City is an independent public entity and is comprised of City functions including City Hall, Police, Municipal Court, and recreation facilities that include an aquatic center, nature center and golf course. The golf course is managed by an independent company but the banking activity is closely related to the City. The City is managed by a Mayor and City Council and an appointed City Administrator and staff. The City employs approximately 283 full time equivalent people.

The City desires to utilize three separate bank accounts to process receipts and payments, keeping the banking structure simple. In addition, the City golf course has two accounts because of an independent management agreement for this facility. The following is a brief explanation of each account and the respective volume of activity that is expected with the implementation of the banking program.

General Operating Account

The City’s operating account will handle a variety of receipt and disbursement activities. Essentially this is the main operating account where all deposits are made, including credit card receipts and golf course receipts except for food and beverage. The City also contemplates expanding its’ internet site allowing more reservation and other services including payment for services using credit cards.

Web solutions assistance would be welcome. The Payroll zero balance account will use this operating account for funding.

City employees receiving payments from the cashier operations currently prepare deposits for each business day. Duplicate deposit slips accompany all deposits. Upon verification of the deposit, the bank returns one copy of the deposit slip. If any deposited check is returned for insufficient funds or any other reason, the bank is instructed to redeposit the check electronically by converting the check to an ACH collection. If the ACH is rejected, the item is presented a second time. If the item is rejected again, it is forwarded to the City Collections Office for processing.

Other activity in this account includes incoming wire transfers, bond payments, investments, accounts payable disbursements, etc. The City initiates wires and ACH payments monthly for lease payments, investments, payroll taxes, and other miscellaneous payments. This account requires a sweep investment program that removes collected funds daily to a minimum peg balance and replaces the funds the next business day with interest. Investments in the past have been as high as \$25.0 million overnight and average \$5.0 million daily. **This account should not be an interest bearing account.** The City does not want to manage collateral required for this account other than for moneys not invested overnight. Positive pay, full account reconciliation, ACH blocks and filters, check to ACH conversion, and check truncation with CD Rom imaging of the front and back of all checks is required for this account. Approximately 8000 checks are disbursed from this account yearly with positive pay files transmitted to the bank weekly. Any manual check disbursements will require access to the bank reporting system to update positive pay files.

Payroll Account

The Payroll account is required to be a zero balance account used for check disbursements for employees not using direct deposit. There are twenty-six pay periods for employees. The City employs approximately 283 full time equivalent people. Approximately 250 checks per month are disbursed using this account with a higher number of checks during the summer for seasonal help. Positive pay, full account reconciliation, ACH blocks and filters, and check truncation with CD Rom imaging will be required for this account. Payroll is disbursed bi-weekly and a positive pay file is created and transmitted bi-weekly.

Municipal Court Account

This account is used to deposit and disburse municipal court bonds and alcohol evaluation fees. In the course of a year, the City makes approximately 120 deposits and writes approximately 460 checks, and maintains average daily balances of \$75,000. This account cannot earn income, therefore is not subject to a sweep investment program. Positive pay and ACH blocks and filters will be

required on this account. The bank must be capable of receiving an Excel spreadsheet file or provide access through the bank internet reporting system to update the positive pay outstanding check file.

Golf Course Accounts – Different Taxpayer ID Number than the City Accounts

Payroll Account

Payroll is completed bi-weekly with ACH deposits of approximately 200 per annum and check disbursements of approximately 1000 per annum. Positive pay and ACH blocks and filters will be required on this account. The golf course uses an outside accounting service to prepare the payroll, initiate the ACH payments, write checks and make tax deposits. The current vendor is ADP. Funding for the payroll is made from the City's General Operating Account using an intra-bank transfer. This is not a zero balance account because the account is technically under a different taxpayer number than the City.

Food and Beverage Account

This account is used for all food and beverage sales/receipts including credit cards at the golf course. The golf course contractor remits payments to the City based on a management contract. The deposits are made daily and balances average \$5,000.00. Manual checks are written on this account and it will require positive pay in addition to ACH blocks and filters. The bank must be capable of receiving an Excel spreadsheet file or provide access through the bank internet reporting system to update the positive pay outstanding check file. Approximately 300 checks per annum are written on this account. This is not a zero balance account because the account is technically under a different taxpayer number than the City.

All accounts but the golf course accounts are currently reconciled on a fully automatic basis.

MINIMUM QUALIFICATIONS FOR PROPOSING BANKS

This section lists the qualifications and criteria to be considered in evaluating the banks interested in providing the services specified. Specific responses to each of the following items must be provided in the response to the RFP. To be considered, an institution must meet or exceed the following:

1. Is Federal Deposit Insurance Corporation (FDIC) insured.
2. Be eligible to be a depository of City funds "public money" pursuant to K.S.A. 9-1401 and K.S.A. 12-1675, et.seq, as amended, with a full service branch in or near Leawood, Kansas. All responding banks must complete Exhibit A.
3. Be an on-line cash and securities member of the Federal Reserve.

4. Have an acceptable quality rating by a nationally recognized bank rating organization. Banks should provide the current rating in the response to the RFP.
5. Provide 102 percent collateralization of all City deposits including interest with collateral permitted by Kansas Statute and be in compliance with the City Investment Policy. The use of surety bonds issued by AAA rated insurance companies permitted to do business in Kansas is an acceptable alternative to using securities for collateral. The use of letters of credit issued by the Federal Home Loan Bank is also acceptable for collateral. It is contemplated that the City and the selected bank will enter into a security agreement related to the collateral.
6. Have the capacity of providing all services internally. The City desires that the responding banks provide all required services without the use of joint ventures, consortiums, or contract service providers because of control issues. The City will determine the acceptability of such arrangements with the objective of the RFP being the “total solution”.
7. Maintain insurance requirements as detailed in the section titled Contract Requirements, page 21.

SCOPE OF SERVICES REQUESTED

Details of the services to be provided to the City are separated into three categories.

1. Required Banking Services

These are services listed in Exhibit B, which **must be provided** by the selected bank. Except for non-essential deviations or acceptable alternatives, all services are mandatory.

2. Optional Banking Services

These are services, listed in Exhibit C, which the City may desire to use depending on the availability and the price of the service offered. Also, the City may desire to utilize these services, **but allow a second bank to provide the services**. Proposals are not required to address any of these optional services in order to be considered an acceptable proposal.

3. Other Value Added Banking Services

These are services not otherwise identified in this RFP that the proposing bank may offer to the City. Please submit your proposal on Exhibit D for any additional services that you wish the City to consider. Include all necessary attachments and discussion materials to clarify the services being offered including the cost of the services.

REQUIRED BANKING SERVICES AND NECESSARY BANK INFORMATION

Availability of Funds Deposited

The City desires to know the collected funds availability schedule for its deposits. These deposits include checks, credit card collections, money orders, cash, ACH credits, and wires from local, regional, and out-of-state banks. The City requires updates as the schedule changes. Also describe the latest daily deposit time for fastest availability on deposits.

Automatic Sweep

The requirement of this RFP is an automated sweep product for the investment of end of day balances over any target balance level established based on the method of payment for services selected by the City. The proposal should include all options available to public entities in Kansas, and include your Bank's twenty four-month (two years) earnings history ending May 31, 2005, earnings benchmark, and all costs associated with the program. A sweep arrangement will be necessary only for the General Operating Account.

On-Line Treasury Information

Describe in detail your on-line communications capabilities for balance inquiry including immediate and delayed clearing balances, item image retrieval, wire and ACH transfer initiation, stale date check management, stop pay management, positive pay management, lockbox deposit information, investment maturities and transactions, monthly activity analysis and monthly billing for services rendered, daily sweep information, safekeeping data access, and any other on-line information that is available to the City. Also describe the training available and appropriate controls regarding the City accounts using on-line access. The City requires access to information via the Internet for security reasons. It is expected that finalist banks being interviewed August 23, 2005 will demonstrate the on-line information reporting system at the City conference room which has internet access.

Daylight Overdrafts

Please provide details on any daylight overdraft issues that may concern your bank. It is likely that in managing the external investment program of the City that payment for an investment purchase may occur before the receipt of funds from an investment sold or matured or from other sources. This could cause an occasional daylight overdraft that will be cured before the end of the banking day.

Positive Pay and Automated Account Reconciliation

The City requires the use of a positive pay account reconciliation and fraud prevention program. As checks are disbursed, the City will provide the bank with a computer readable record file detailing the check number, date, payee, and dollar amount of each item. Only those items reported by the City will be allowed

to clear the account. The bank shall provide the City with a daily list of exception items for payment approval or rejection. **The City requires that the exception items not be paid as the automatic default, unless approved by the City.** In the response please describe your capability of showing the images on line via computer access for any exception items.

At the end of each month the account reconciliation consists of outstanding items. The City requires information be provided electronically to reconcile its accounts. Information is expected within three business days of month-end. **Responding banks should describe their systems, how manual check notification is handled, and how stale dated checks will be handled.** The City requires that the positive pay program be integrated with the bank teller operations to maximize controls. In the response, please describe the status of the on-line teller access.

Also, the City desires information with regard to accepting payee information as an additional control item on the positive pay file and exception item information. The City expects the bank be able accept payee information in addition to check number, date and dollar amount as part of the positive pay control features.

As part of the response to this RFP, please give five references of other positive pay customers of similar size as the City. Reverse positive pay is not an acceptable alternative for the City.

Account Analysis

The City requires that a monthly account analysis be presented within ten days from cut-off date. The account analysis must show at a minimum the following information:

- Account number(s)
- Period covered
- Average ledger balance
- Average collected balance
- Services rendered to include type of service and quantity
- Per unit charge for each service per the banking agreement
- Extended charges of each type of service provided
- Total monthly charges of all services provided
- Calculation of required compensating balances, or earnings credit provided by the balances and the effective annual earnings rate if the City desires to pay for services by maintaining balances

A compensating balance formula should be described, and any written clarification of the formula should be enclosed. Also describe the earnings allowance computation and basis for the earnings rate.

Designated Account Liaison

The City will require the selected bank to designate a senior officer as a liaison. This officer must be capable of coordination of all City activities with the bank, and be able to resolve any problems or issues that may arise. Please designate the bank officer who will be responsible for the City relationship and include background information on the individual.

Record Retention

The bank should maintain records for the City for the term of seven years after the completion of the contract.

Employee Payroll

The bank must have the ability to provide employee payroll using ACH payments. In addition, free checking must be available for all employees who utilize the City's direct deposit for their pay, currently 195 employees.

Banking Supplies

The bank will provide lockable or disposable deposit bags, endorsement stamps, and printed deposit slips for all accounts.

Cancelled Check Safekeeping

Please describe your cancelled check safekeeping to include imaging of the front and back of each processed check. The City requires monthly check image information to be on CD Rom for easy storage and research as well as using Internet computer access. Also please describe your capability of viewing images of the front and back of checks on-line via computer during the month before images are delivered to the City on CD Rom and, please describe software requirements for viewing images on the CD Rom.

ACH Filters and Blocks

The City requires the ability to place ACH filters and blocks on its accounts to minimize the potential of fraudulent withdrawals. Please describe your program and all costs associated with implementing filters and blocks.

Check to ACH Conversion for NSF Second Presentment Checks (RCK)

The City requires NSF checks be converted to ACH and presented for collection rather than a second presentment of the check. Please provide information and costs with regard to this service.

Check to ACH Conversion, and Remote Check Image Deposit Service

The City currently receives a substantial volume of check payments over-the-counter at the cashier operations in City Hall, Court, the Police Department, Parks & Recreations offices and the Golf Course. There are procedures to convert these payments to ACH presentment at the counter that would avoid the City making check deposits to the bank. Please describe the service available to the City and clearly define costs and implementation procedures including equipment requirements. **Please provide five references of other customers of similar size as the City that use this service.**

Also with the implementation of Check 21, it is anticipated that the operating bank could accept quality images of checks in file format over the internet and collect payment of these checks via image presentment. Please describe any service available to the City and clearly define costs and implementation procedures.

The City uses multiple cashier software program modules to record receipt information. In some cases, the software provider has arrangements with equipment providers to scan and image checks into files for reconciliation and transmission for remote collection interface with banks. Please describe the bank's experience in interfacing with Eden Systems, Crescent Systems and Vermont Systems (RecTrac).

Web Solutions Assistance

The City expects to use the internet allowing City residents to make reservations and other payments with credit cards and ACH transactions from checking accounts. Please describe how the bank could assist the City in developing this service.

Disaster and Back-up Plans

Describe your bank's disaster and back-up plans and capabilities. The City must have access to cash, securities, and information at all times.

Safe Deposit Box

The City needs a large safe deposit box to be used for computer back-up tape storage. The box must be available for access on a daily basis.

Safekeeping Services

The following services are required in the Safekeeping Services agreement:

Safekeeping Accounts. The City has a need for two different types of accounts. These safekeeping accounts are considered to be a 02 classification accounts, which distinguishes them from “trust” accounts, which are generally not desired because of expense.

1. Directly Purchased Securities. The City has an investment portfolio, which holds US Government and US Agency marketable securities purchased through banks and brokers. These securities when purchased must be delivered to the safekeeping agent on a delivery versus payment (DVP) basis and the securities must be titled by the safekeeping agent to the City. Sales of securities owned by the City and held by the safekeeping agent are also delivered on a DVP basis. Same day funds settlement should be available for all transactions.

2. Securities posted by banks for collateral regarding City deposits in banks. The City intends to hold in safekeeping all securities required as collateral from all banks with which the City does business. Each bank will require a sub-custodial account where securities are held in joint custody, the collateralizing bank and the City. The safekeeping agent will accept confirming instructions from both the City and the depositing bank when any change is required in the collateral securities held in safekeeping. The safekeeping agent shall return cash from interest payments on securities and maturities. It is assumed there is a requirement for up to two sub-custodial accounts. For collateral safekeeping, the City requires a tri-party agreement be executed between each bank, the City and the safekeeping agent. Please provide a proposed draft of this agreement, including an outline describing the responsibilities of each party. The City will also require the execution of a Depository Trust Agreement with the operating bank, which is also the safekeeping agent, with regard to collateral required from the bank. It is expected that each depository bank that deposits collateral with the safekeeping agent will pay for the services used.

Mark to Market Valuation

The safekeeping bank will be required to value all securities in the City investment account and all securities in the collateral accounts at least monthly. The City is responsible for monitoring collateral value against deposits in banks. Security pricing procedures should be described in the response.

Computer Access to Information

The City requires access to information using personal computers via the internet. Access should be available on a daily basis to “live” current data. Proposing banks must provide information on how this requirement will

be accomplished as well as what safeguards exist to restrict information to only those persons authorized by the City.

Monthly Reports

The safekeeping bank shall prepare monthly summary reports for each account showing at a minimum, holdings at month-end and a schedule of transactions for the month. Reports should be available within 10 working days of month-end.

Portfolio Performance Reporting

The City requires the safekeeping agent provide accounting and performance reporting with regard to the City's investment portfolio. The City desires a reporting system that can facilitate accounting for multiple investment portfolios the City manages as a result of fund accounting, including interest accruals, premium amortizations and discount accretions.

These reports should include information related to marketable and non-marketable securities (CDs) held in the City's portfolios. Please describe the types of reports that are available, including the frequency of the reports. Also describe whether or not the reports are available through computer access. Attach copies of reports for evaluation by the City.

OPTIONAL BANKING SERVICES

The City requests the proposing banks offer any optional services or make any recommendations it believes would enhance the cash management capabilities of the City. All proposing banks are encouraged to make suggestions or add additional information not requested in this proposal. Banks are encouraged to describe factors that distinguish their institution from potential competitors. However, all respondents must submit a proposal on all required services in the proposal format provided.

Optional services requested in the RFP should be summarized on the attached Exhibit C and can be accompanied and supported by other material. The City may elect to use some or all of the optional services but not necessarily with the primary operating bank. Other services offered by the responding bank should be summarized labeled as Exhibit D and should include supporting descriptive materials and information on why the City should consider the additional services.

Lockbox services for deposits the City collects for Alarm Permits and Court collections are not allowed for a variety of reasons and therefore should not be presented as additional optional services.

Credit Cards

The City allows the use of credit cards, Master Card, Visa, and American Express to make payment for various services. The City requires ten credit card processing machines. Three at the Golf Course, one at the Nature Center, one at the Parks and Recreation office at City Hall, one for the Finance department at City Hall, two at the Court, one at the Planning Department, and one at the Police Department. The Golf Course volume is approximately \$1.2 million per annum with approximately 15,250 transactions. The Nature Center has an annual volume of \$20,000 with approximately 400 transactions. The Parks volume is approximately \$100,000 involving approximately 1,200 transactions. City Hall has an annual volume of approximately \$1.0 million involving 5500 transactions. Courts have an annual volume of \$215,000 involving 1400 transactions.

The Financial Institution will be expected to provide the following needed Electronic Card Payment Services.

- Fast authorization and settlement for all major credit, private label and purchasing cards
- Reliable transaction processing
- One-to-one service relationships
- Flexible settlement and reporting options
- Facilitation of equipment deployment and repair
- Merchant customer service and terminal support
- Secure transaction processing for merchant and customer protection
- Commerce-enable to Web site
- Competitive, low discount rates based on average credit card sales(s) volume
- Electronic credit card deposits into any business checking account
- Low equipment prices or leases
- Availability and service of a local credit card center

Please describe your credit card services, new service implementation procedures, all fees involved and any other information necessary for the City to make a decision. Also the City uses multiple cashier software program modules to record receipt information. Please describe the bank's experience in interfacing with Eden Systems, Crescent Systems and Vermont Systems (RecTrac).

Procurement Cards (Purchasing Cards)

The City is considering the use of purchasing cards and may have the need for up to 50 cards allowing employees to manage small purchases and employee travel expenses. The expected annual volume of purchasing card activity is \$300,000. Please describe your program to include all costs, accounting information to be provided to the City, controls for the use of the cards such as per day limits, volume rebates available, etc., and how the program would be implemented.

Please describe your capability of attaching an expense code on the bill for each card for accounting purposes. Also describe any rebate opportunities that may exist in using the purchasing cards, and attach any contracts or agreements that must be executed by the City.

The City also has the following requirements:

1. **On-line access using the Internet to view all transactions.**
2. **The ability to request the issuance of new cards using the Internet.**
3. **Card expiration dates should be added to the file information.**
4. **The issuing bank must be able to accept file information directly from the City accounting system. Tyler Technologies, Eden Systems is being used by the City. (www.edeninc.com)**
5. **The issuing bank must be able to work with the credit card provider to create an acceptable file that can be sent to the City for utilization by Eden Systems software.**

Electronic Vendor Payments

The City currently pays some of its vendors by other than a check and desires to expand its ability to pay vendors electronically. Please describe any electronic payment system your bank provides. Are payments made from a batch file or individually? Describe any economic advantages to the City in paying vendors electronically. Does the bank have any way of linking to the City accounts payable files to facilitate ACH payments?

Courier and Armored Car Services

The City deposits a large volume of cash and checks daily. At the present time the City uses a service officer with the police department to make deposits from various City locations and would like to consider the use of an outside courier or armored car service for this function. Please describe your service to include pick-up and subsequent deposit times for best funds availability and define the costs. The City is evaluating whether it should have its own contract with a Courier/Armored car service or have the bank make arrangements for delivery and would like the opinion of the responding banks. With check to ACH conversion, and check image transmission to the operating bank, it is expected that most check deposits will be eliminated.

OTHER VALUE ADDED BANKING SERVICES

Please feel free to describe any other added banking or related services that your bank would be willing to offer by summarizing on Exhibit D.

PROPOSAL STIPULATION REQUIREMENTS

The following stipulation requirements are being requested in this Banking Services RFP:

1. **A bank must bid on all required services and complete each exhibit.**
2. The proposal should not be expensive or extravagant. It should be simple and easily understood. Proposals must be submitted in the format provided in this RFP including completion of all exhibits showing all costs associated with the RFP response. Supporting material must be provided including all proposed contracts required for services. Excessive and unnecessary information may be irritating to the readers.
3. An original proposal and 10 copies are to be provided.
4. A duly authorized official of the bank must sign the proposal, including Exhibit A and initial each page of the response.
5. The following bank profile data is required:
 - The 2004 year-end financial statements. If the bank is owned by a holding company, submit financial statements for both the bank and holding company.
 - If the responding bank is privately owned, please list the major shareholders.
 - Describe how the City would rank relative to other customers of the bank in relationship to size, complexity of service, availability and expertise of bank personnel, etc.
 - Provide your most recent Sheshunoff rating or a rating provided by a nationally recognized rating agency.
6. Each response should include resumes of key management and staff members to be assigned to the account. It is important for the City to understand who will be providing services.
7. An organization chart depicting the various departments, including contacts that would be involved in the City relationship is requested.
8. Provide information regarding your community reinvestment and community involvement within Leawood, Kansas.
9. Provide a list of five names and addresses, phone numbers, fax numbers, and e-mail addresses of customers of similar size and complexity to the City's requirements, together with the name of the contact person. These references should be using services as outlined in the RFP. Also describe the length of time the reference customer has been using bank services.

10. Describe the location of the nearest bank branch(s) that the City can use for all transaction activity.

METHOD OF COMPENSATION

Each month the bank shall prepare an account analysis and/or billing statement defining ledger and collected balances, services performed, and other costs incurred by the City. The City requests flexibility in the payment for bank services as follows:

By Fees: Compensation to the bank may be in direct fees paid to the bank.

Or

By Compensating Balances: The City would maintain balances sufficient to pay for services averaged over a negotiated period of time, from all accounts, to pay for services.

Or

By Zero Interest Time Deposit: The City would purchase a zero interest time deposit anticipating that there would be no Federal Deposit Reserve Requirement.

Or

By a combination of the above at the discretion of the City.

The banks making proposals should address the payment for services in their response describing costs associated with the alternative payment methods. It is important to describe the earnings allowance on compensating balances, and the earnings credit computation methodology. It is expected that if the City elects to pay for services with balances, any surplus earnings above expenses would revert to the City annually. All charges shall be in conformity with those specified in the Banking Services Quotation Form Exhibit B and C.

All bank accounts are to be **non-interest bearing**. All excess balances from the general operating account will be deposited into the bank’s “sweep” investment program daily automatically. Interest will be paid daily from the sweep arrangement.

EVALUATION OF PROPOSALS

Proposals will be evaluated by a committee appointed by the City on the criteria of least total cost and maximum desired services made available to the City. The City reserves the right to make an award to any bidder or to decide not to award the business to any bidder.

The selected bank must agree to negotiate in good faith and make best efforts to execute the resulting agreement as soon as possible following receipt by the bank of written notification of selection. In the event the selected bank cannot or will not execute such an agreement, the City may award its banking services to the next most qualified bank, or the City may call for new proposals, at its option.

Proposals submitted will be reviewed on the following evaluation criteria:

- Qualified depository for public funds in accordance with Kansas Statutes.
- Scope of proposed services.
- Costs of services and effectiveness of total services performed.
- Community re-investment and community involvement.
- Experience, expertise, and qualifications of key bank personnel assigned to the City.
- Financial strength and stability of bank.
- Value of any new products or services suggested.
- Breadth, quality and experience in providing required and optional services.
- Quality level of services to be performed and proposed approach to cost control, service level monitoring and administration.
- Clarity, completeness, and timeliness of information provided for evaluation by the City.
- Locations used to service the City.
- Responses to reference checks.
- Quality of the interview with bank personnel.

The proposal submitted would be the primary document upon which each bidder will be evaluated. All proposals will first be screened to determine minimum institution qualifications as outlined in the beginning of this RFP. Proposals that do not meet this requirement will automatically be rejected and therefore will not undergo further evaluation.

All proposals and related reference information submitted in response to the RFP will become the property of the City and will not be returned. The City will use discretion with regard to disclosure of proprietary information contained in any response, but can not guarantee that information will not be made public. As a public entity, the City is subject to making records available for disclosure after approval of the contract.

Each offeror, by submitting a proposal, waives any right of confidentiality as to the proposal.

Those banks whose proposals are ranked acceptable or potentially acceptable may be interviewed.

PRE-PROPOSAL DISCUSSION CONFERENCE

The City has scheduled a pre-proposal conference with proposing banks in order to clarify any questions related to the RFP. It is highly recommended that those banks interested in bidding attend this conference. The bidder's conference will be held with all banks simultaneously, on Monday July 11, 2005 at 2:00 pm at the City offices. All requests for information will be provided to bidders at that time. All requests and questions regarding this proposal should be forwarded in writing no later than 1:00 pm Friday July 8, 2005 to:

Kathy Rogers
Finance Director
City of Leawood
4800 Town Center Drive
Leawood, KS 66211
Phone 913-339-6700 x121
Fax 913-339-6781
E-mail kathy@leawood.org

PROPOSAL SUBMISSION PROCESS AND DEADLINES

Any questions regarding the RFP or services to be provided shall be submitted to the City in writing prior to the pre-proposal conference. No oral requests for clarification or explanation of the proposal will be made at anytime, with the sole exception of the pre-proposal conference. Prospective bidders must register their name, address, and contact information at the pre-proposal conference to ensure any written correspondence which may clarify and/or make changes to the RFP are provided to each prospective bidder. Failure to register with the City as a prospective bidder may result in the bidder having inaccurate or incomplete information on which to submit a valid bid.

An individual having full authority of the offeror to execute the proposal and to execute any resulting contract must sign each proposal. Exhibit A and other exhibits must be submitted with all proposals.

Proposals and modifications shall be time-stamped upon receipt and held in a secure place until the established due date. The City reserves the right to reject any or all bids for banking services at its discretion.

All sealed proposals from interested financial institutions must be received on or before 1:00 pm July 29, 2005 clearly marked "Banking Services Bid" to:

Kathy Rogers
Finance Director
City of Leawood
4800 Town Center Drive
Leawood, KS 66211

One original and ten copies shall be submitted.

Proposed Schedule

- | | |
|---|-----------------|
| • Distribution of RFP and Publication | June 24, 2005 |
| • Questions Regarding Proposals Due 1:00 pm | July 8, 2005 |
| • Pre-proposal Conference 2:00 pm | July 11, 2005 |
| • Proposals Due 1:00 pm | July 29, 2005 |
| • Discussion/Interview | August 23, 2005 |
| • City Award Contract | September, 2005 |
| • Contract Implementation beginning | October, 2005 |

CERTIFICATION BY BANK

Before accepting funds or engaging in transactions for the City, an official of the approved bank shall be required to submit a certification that:

1. Bank agrees to undertake reasonable efforts to preclude imprudent transactions involving City funds.
2. Bank agrees to notify the City in advance of a change in senior relationship managers.
3. Bank agrees to notify the City of any new or modified services offered by the bank that would be beneficial for the City.
4. Bank agrees to provide the City with annual financial statements.
5. Bank is an institution eligible to be a depository of public funds under Kansas Statutes.

CONTRACT REQUIREMENTS

All banks submitting proposals in response to this RFP must include in their proposal drafts of contracts for those banking services included in each proposal.

The award of any contract for banking services pursuant to this RFP process is contingent upon the bank(s) receiving the award and successfully negotiating a contract for those banking services with the City. In the event the selected bank(s) will not execute an agreement that satisfies the contract terms required by this Section or the City is unable to negotiate a contract it deems acceptable with the selected bank(s), the City may withdraw its award for banking services with the selected bank(s) and award its banking services to the next most qualified bank, or the City may call for new proposals at its option.

The following contract terms must be included in all contracts for banking services. The City reserves the right to modify these contract terms by amendment, addition or deletion as it deems appropriate. A City Attorney will be available at the discussion/question conference on July 11, 2005.

RIGHT OF CITY TO TERMINATE AGREEMENT

- 1. Termination for Cause.** Without in any manner limiting the right of the City to terminate this Agreement or declare the BANK in default thereof for any reason set forth herein or in the Request for Proposal documents, if the work to be done under this contract shall be abandoned by BANK; or if this Agreement shall be assigned by BANK otherwise than as herein provided; or if the BANK should be judged as bankrupt; or if a general assignment of its assets should be made for the benefit of its creditors; or if a receiver should be appointed for the BANK or any of its property; or if at any time the City determines that the performance of the work under this contract is being unnecessarily delayed, that the BANK is violating any of the conditions or covenants of this Agreement, that it is executing the same in bad faith or otherwise not in accordance with the terms of said Agreement; then, in addition to other rights the City may choose to exercise, the City may, at its option, serve written notice upon the BANK of the City's intention to terminate this Agreement, and, unless within ten (10) days after the serving of such notice upon the BANK a satisfactory arrangement be made for the continuance thereof, this Agreement shall cease and terminate unless the City otherwise agrees to continue the Agreement. In the event of such termination, the City shall immediately serve notice thereof upon the BANK, and the City may change its banking institution. When BANK's services have been so terminated, such termination shall not affect any rights or remedies of the City against BANK then existing or which may later accrue. Similarly, any retention or payment of monies due BANK shall not release BANK from liability.
- 2. Termination for Convenience.** City reserves the right, in its sole discretion and for its convenience and without cause or default on the part of the BANK, to terminate this Agreement by providing sixty (60) days prior written notice of such termination to BANK. Upon receipt of such notice from City, BANK shall meet with City and, subject to City's approval, determine what work shall be required of BANK in order to bring the City's business to a reasonable termination in accordance with the request of the City. Any termination of the Agreement for alleged default by BANK that is ultimately determined to be unjustified shall automatically be deemed a termination for convenience of the City.

INDEMNITY

1. Definitions

For purposes of indemnification requirements, the following terms shall have the meanings set forth below:

- a. The "BANK" means and includes BANK, all of its employees,

agents and assignees, and all of its affiliates and subsidiaries, its subcontractors and/or assignees and their respective servants, agents and employees; and

- b. "Loss" means any and all loss, damage, liability or expense of any nature whatsoever, whether incurred as a judgment, settlement, penalty, fine or otherwise (including attorney's fees and the cost of defense).

2. Indemnity

For purposes of this Agreement, BANK hereby agrees to indemnify, defend and hold harmless the City, its employees and agents from any and all "Loss" where "Loss" is caused or incurred or alleged to be caused or incurred in whole or in part as a result of the negligence or other actionable fault of the BANK. It is agreed as a specific element of consideration of this Agreement that this indemnity shall apply notwithstanding the joint, concurring or contributory or comparative fault or negligence of the City or any third party and, further notwithstanding any theory of law including, but not limited to, a characterization of the City's or any third party's joint, concurring or contributory or comparative fault or negligence as either passive or active in nature; provided, however, that the BANK's obligation hereunder shall not include amounts attributable to the fault or negligence of the City. Nothing in this section shall be deemed to impose liability on the BANK to indemnify the City for loss when the City's negligence or other actionable fault is the sole cause of loss.

INSURANCE

During the performance of this contract, the BANK agrees to maintain for the duration of the contract insurance coverage of the types and minimum liability as set forth below. Before entering into a contract, the successful bank shall furnish to the City a Certificate of Insurance verifying such coverage and identifying the City as a loss payee on the valuable papers coverage. The certificate holder on the Certificate of Insurance shall be as follows:

City of Leawood, Kansas
C/o Finance Director
4800 Town Center Drive
Leawood, KS 66211

Prior to any material change or cancellation, the City will be given thirty (30) days advanced written notice by registered mail to the stated address of the certificate holder.

- A. Banker's Professional Liability, including fiduciary liability coverage

\$2,000,000 per occurrence and as an annual aggregate.

B. Banker's Blanket Bond

Coverage must be provided on Banker's Blanket Bond Standard Form 24 with a minimum limit of \$3,000,000 per loss under Insuring Agreements A-Fidelity, B-On Premises and C-In Transit. A minimum limit of \$2,000,000 shall be provided under Insuring Agreement E-Securities. Computer Crime coverage, in an amount not less than \$2,000,000, is to be provided either by endorsement to the Banker's Blanket Bond or by separate bond. If courier/messenger service is to be utilized for pickup and delivery of receipts, this service must also be covered under the Banker's Blanket Bond.

C. Valuable Paper Coverage

It shall be the responsibility of the awarded bank to carry open-peril coverage to replace or reproduce physical securities which are held as collateral.

D) Employers Liability

Bodily Injury by Accident	\$500,000 each accident
Bodily Injury by Disease	\$500,000 policy limit
Bodily Injury by Disease	\$500,000 each employee

E) Workers' Compensation. Workers' Compensation statutory (includes all states endorsement).

F) Automobile Liability-

The policy must pay all sums the Bank must legally pay as damages because of Bodily injury or Property Damage claims arising from the ownership, maintenance or use of all owned, hired and/or non-owned vehicles.

A) Liability \$1,000,000

B) Uninsured Motorist Coverage \$1,000,000

COMPLIANCE WITH EQUAL OPPORTUNITY LAWS, REGULATIONS, RULES AND LAWS

The BANK agrees that:

1. The BANK shall observe the provisions of the Kansas Act Against Discrimination (K.S.A. 44-1001 et seq.) and shall not discriminate against any person in the performance of work under the present Agreement because of race, religion, color, sex, national origin, ancestry or age;
2. In all solicitations or advertisements for employees the BANK shall include the phrase "equal opportunity employer" or a similar phrase to be approved by the Kansas Human Rights Commission ("Commission");
3. If the BANK fails to comply with the manner in which the BANK reports to the Commission in accordance with the provisions of K.S.A. 44-1031 and amendments thereto, the Bank shall be deemed to have breached the present Agreement, and it may be canceled, terminated or suspended, in whole or in part, by the contracting agency;
4. If the BANK is found guilty of a violation of the Kansas Act Against Discrimination under a decision or order of the Commission which has become final, the BANK shall be deemed to have breached the present Agreement, and it may be canceled, terminated or suspended, in whole or in part, by the contracting agency; and
5. The BANK shall include the provisions of paragraphs 1. through 4. above in every subcontract or purchase order so that such provisions will be binding upon such subcontractor or vendor.

The BANK further agrees that the BANK shall abide by the Kansas Age Discrimination In Employment Act (K.S.A. 44-1111 et seq.) and the applicable provision of the Americans With Disabilities Act (42 U.S.C. 1201 et seq.) as well as all other federal, state and local laws, ordinances and regulations applicable to this project and shall furnish any certification required by any federal, state or local laws, ordinances and regulations applicable to this project and shall furnish any certification required by any federal, state or local governmental agency in connection therewith.

EXHIBIT A

CITY OF LEAWOOD KANSAS

REQUEST FOR PROPOSALS-BANKING SERVICES

BANK NAME _____

**APPLICATION TO ACT AS DEPOSITORY FOR FUNDS OF THE CITY OF
LEAWOOD KANSAS**

To: Kathy Rogers
Finance Director
City of Leawood, Kansas
4800 Town Center Drive
Leawood, Kansas 66211

The undersigned certifies that the bank submitting this proposal is an institution eligible to be a depository of public funds pursuant to Kansas Statutes.

The undersigned hereby proposes, if selected by the City, to furnish the services as described in the response to this RFP at the prices and terms stated, subject to all instructions. By submitting this signed proposal, initialed on each page, the bank officially agrees to provide the services requested and this agreement covers all the terms, conditions, and specifications of this proposal. The prices shall remain fixed for a period of three years.

Proposing Bank: _____

By: _____

Title: _____