



Purchasing Services

**CITY OF WACO**

Post Office Box 2570  
Waco, Texas 76702-2570  
254 / 750-6640  
254 / 750-8063 fax  
[www.waco-texas.com](http://www.waco-texas.com)

---

## **REQUEST FOR PROPOSALS**

### **RFP No: 2010-031**

**Service: REQUEST FOR DEPOSITORY BANKING SERVICES PROPOSALS**

**CLOSING TIME: 2:00 PM CST, FEBRUARY 19, 2010**

---

#### **NOTICE**

Upon receipt of this document, you agree to complete the form below and fax this page to 254-750-8063 or scan and e-mail to [bryang@ci.waco.tx.us](mailto:bryang@ci.waco.tx.us).

Failure to submit this form will transfer the sole responsibility of obtaining all addenda to the Proposer and releases the City of any liability regarding this matter.

<b>Your Name:</b>
<b>Company Name:</b>
<b>Company Address:</b>
<b>Phone Number:</b>
<b>Fax Number:</b>
<b>E-mail Address:</b>



**CITY OF WACO, TEXAS**

**REQUEST FOR DEPOSITORY BANKING SERVICES PROPOSAL**

- I. INTRODUCTION**
- II. PROPOSAL SUBMISSION INSTRUCTIONS**
- III. SELECTION PROCESS**
- IV. CITY FINANCIAL OVERVIEW**
- V. FINANCIAL INSTITUTION QUALIFICATIONS**
- VI. REQUIRED SERVICES**
  - Banking Services**
  - Merchant Services**
- VII. OPTIONAL SERVICES**
- VIII. DEPOSITORY COMPENSATION**

- ATTACHMENT A: BANK SERVICES PROPOSED FEES
- ATTACHMENT B: HISTORICAL RATES
- ATTACHMENT C: MERCHANT SERVICE ACCOUNTS AND ACTIVITY
- ATTACHMENT D: CORPORATION AUTHORITY AND RESOLUTION
- ATTACHMENT E: DRUG-FREE WORKPLACE ACT CERTIFICATION
- ATTACHMENT F: LITIGATION DISCLOSURE
- ATTACHMENT G: MINORITY/WOMEN OWNED BUSINESS CERTIFICATION
- ATTACHMENT H: BID AND PROPOSAL PROTEST PROCEDURE
- ATTACHMENT I: INSTRUCTIONS FOR CONFLICTS OF INTEREST QUESTIONNAIRE
- ATTACHMENT J: RESIDENT CERTIFICATION



**CITY OF WACO, TEXAS**

**REQUEST FOR DEPOSITORY PROPOSALS**

**I. INTRODUCTION**

The City of Waco ("City") is using this Competitive Sealed Proposal process to request formal proposals and secure a vendor for banking and depository services, to include merchant services, from qualified financial institutions with service to begin May 1, 2010 and extend through April 30, 2013 with one possible two-year extension, if approved by the City Council. Upon expiration of the initial term or period of extension, the Depository will agree to hold over under the terms and conditions of the contract for such period of time as is reasonably necessary to re-solicit and select a new Depository.

The objective of this Request for Proposal ("RFP") is to identify the financial institution (the "Proposer") most capable of providing the highest level of service at the lowest cost to the City. Through this contract the City intends to minimize banking costs, improve operational efficiency, and maximize earnings. This RFP, which represents the City's cash management goals, specifies all the required qualifications, banking services required, activity volumes on accounts, method and terms of compensation, submission instructions, and contract award provisions.

This RFP includes merchant services as a required service. The City is anticipating that the depository will provide merchant services, directly or through a third party, as part of this contract as it is currently structured.

**II. PROPOSAL SUBMISSION INSTRUCTIONS**

By submitting a proposal in response to this RFP, the Proposer is deemed to agree to the City's mandatory contract and service provisions contained herein. Any banking institution submitting a proposal is deemed to have read, understood and agreed to all terms, conditions and requirements set forth in the specifications. **The RFP and the proposal submitted will be incorporated into and form the basis of the final bank depository services contract.**

**1. Schedule for Proposal Submission**

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

January 15, 2010	Release of Request for Proposal
January 22, 2010	Deadline for submission of questions regarding RFP (2:00pm CST)
January 27, 2010	Responses to questions provided to known proposers (2:00pm CST)
February 19, 2010	Deadline for proposal submission (2:00pm CST)
March 23, 2010	City Council Action to Award Contract
May 1, 2010	Contract commencement

The current banking contract term expires April 1, 2010 but extends by operation of law until a new

service provider's services are fully operational or a new contract with the existing provider is awarded. It is understood that an overlap of services will be necessary as the City transitions accounts and clears checks, etc. but all services must be operational in a new depository by June 30, 2010.

## 2. Proposal Format

In order to equitably evaluate each Proposer's ability to meet the service needs of the City, a standard format for all proposals is required. A response must be given to each item in Sections V through VII in the order given along with completion of Attachments. Only proposals submitted in the prescribed format and using the provided Attachments will be considered and evaluated for contract award. The City anticipates and appreciates concise and complete proposals. Additional explanatory information or materials may be included.

An electronic copy of this RFP is available upon request but proposal submission must be in paper. A copy of the primary sections of the Proposal submitted should also be provided on a CD.

Proposals will be considered responsive only if all questions are completed and related materials provided. The City requests that answers be kept as concise as possible. If it is necessary to provide additional materials, include these as referenced exhibits. Proposals deemed non-responsive will be rejected from consideration.

**Cover Letter:** A cover letter must accompany the proposal signed by an individual authorized to bind the institution and state that the proposal is valid for 180 days from the submission date. The cover letter can contain an executive summary of the proposal but should not contain any information not submitted as part of the proposal. The cover letter may not exceed one (1) page in length. (See also Attachment D.) The cover letter shall provide full contact information for the individual(s) with authority to negotiate during the period of proposal evaluation. Verification of authority shall be obtained by the City of Waco in accordance with all applicable local, state, and federal laws and regulations.

The following Attachments must be completed and submitted as part of the Institution's proposal.

- **Attachment A: Bank Services Proposed Fees**  
Attachment A to this RFP represents a compilation of historical data on service levels from the City's 2009 account activity. Complete this Attachment with the fees proposed. All additional or different fees associated with the required and optional services must be added to the Attachment. Fees not indicated on the Attachment will not be honored during the contract period. If unanticipated services are added during the contract period, the fees will be no more than the then-current published service fees.
- **Attachment B: Historical Rates**  
Attachment B must be completed with the net earnings rates as indicated. Any information regarding the specific accounts/rates being quoted should be made on the Attachment.
- **Attachment D: Corporation Authority and Resolution**
- **Attachment E: Drug-Free Workplace Act Certification**
- **Attachment F: Litigation Disclosure**
- **Attachment G: Minority/Women Owned Business Certification**
- **Attachment I: Conflict of Interest Questionnaire**
- **Attachment J: Resident Certification**

Proposers are expected to examine all terms and conditions of the RFP and respond accordingly. Failure to do so will be at the Proposer's risk of being considered unresponsive. No more than one proposal may be submitted in response to this RFP by the Proposer.

**Contract Provisions:** Proposer will be required (in Section V) to submit all its agreements (even if not directly referenced or required in this RFP) which will be required to be executed under the contract for services rendered. Any changes required by the City to the agreements will be made and agreed upon before award of the contract is made by the City. The depository contract will encompass by reference this RFP and the proposal submitted.

**Right to Terminate:** Both parties reserve the right to terminate the depository contract entered into as a result of this RFP for any reason or for no reason upon giving one hundred eighty (180) days written notice. The City further reserves the right to terminate the depository contract without notice for non-performance by Depository of any of the contract requirements thirty (30) days after providing specific written notification of the deficiency.

State and local law govern this RFP and any depository contract resulting from such, including Texas Local Government Code, Chapters 105 and 131, Texas Government Code, Chapter 2257, and the City of Waco Charter. In the event there is a conflict between the terms of this RFP or any contractual term or condition, state and local law shall control and shall have the effect of making void the conflicting term or condition.

### 3. Submission of Sealed Proposals

Five (5) copies of the response to this request for proposals must be submitted in a sealed envelope, identified as "PROPOSAL FOR DEPOSITORY SERVICES" and received via mail, express mail or courier, by 2:00 o'clock P.M., February 19, 2010.

If proposal is MAILED, it must be mailed to:

Purchasing Services Dept.  
ATTN: Mr. Bryan Gray  
P.O. Box 2570  
Waco, Texas 76707  
(254) 750-6640

[bryang@ci.waco.tx.us](mailto:bryang@ci.waco.tx.us)

Mail is NOT DELIVERED to the North 4<sup>th</sup> Street address. DO NOT mail proposals to the 4<sup>th</sup> Street address.

If proposal is by EXPRESS MAIL or COURIER, it must be delivered to:

Purchasing Services Dept.  
ATTN: Mr. Bryan Gray  
1415 North 4<sup>th</sup> Street  
Waco, Texas 76707-2570

**Proposal Rejection:** Fax-transmitted or electronically mailed proposals will NOT be accepted and may be returned by the City at its option.

Proposals received after the advertised closing time and date, regardless of the mode of delivery, will be refused and destroyed. It will not be returned to the Proposer. Notice of the rejection will be sent through e-mail to the contact individual.

This RFP does not commit the City of Waco to award a contract or to pay costs incurred for the preparation of proposals.

The City reserves the right to:

- reject any and all proposals,
- negotiate points of the depository contract,
- accept a proposal not prepared and submitted in strict accordance with the provisions of the RFP, by waiving informalities, minor irregularities, and/or technicalities in a proposal but only if exercising such a waiver does not impact competition or result in functionally unacceptable services and is in the best interests of the City,
- waive any defect, irregularity or informality in the proposal or proposal procedures,
- request additional information or require a meeting with bank representatives for clarification,
- cancel and/or reissue this request for proposal,
- modify deadlines,
- accept any proposal or portion thereof most advantageous to the City,
- retain any or all provisions of a proposal if any provision or resulting contract is deemed invalid,
- select any proposal and award a contract deemed to be in the City's best overall interest.

**Proprietary Information:** ALL PROPOSALS SUBMITTED WILL BE SUBJECT TO THE TEXAS PUBLIC INFORMATION ACT. Each Proposer must clearly mark each page of the bid that contains trade secrets, proprietary information, or other confidential commercial or financial information which the Proposer believes should not be publicly disclosed. Disclosure of information as result of a public information request will be determined in accordance with the Texas Public Information Act. You are not encouraged to submit such data and information unless it is absolutely required to understand and evaluate your response. If such data and information is submitted, you agree that the City shall not be liable for disclosure of such data and information if the data:

- Is or becomes publicly available; or
- Was known to the City without restriction at the time of receipt; or
- Is disclosed inadvertently despite the exercise of the same degree of care as the City takes to preserve and safeguard its own proprietary or confidential information; or
- Was independently developed by the City; or
- Is obtained from a third party which has an unrestricted right to disclose the information.

In the event a request for public information is filed with the City which involves a Proposer's proprietary information submitted to the City in a proposal, the Proposer affected by such public information request will be notified by the City of the request in order to give the affected Proposer an opportunity to provide correspondence to the Attorney General as to why such information should not be released.

#### 4. RFP Questions

There is no **pre-proposal conference** anticipated. Questions regarding this RFP, or the services requested, will be accepted in e-mail form at [bryang@ci.waco.tx.us](mailto:bryang@ci.waco.tx.us), including the RFP number (2010-031) in the subject line, on or before 2:00 pm CST January 22, 2010. Responses to all material questions submitted will be communicated through e-mail to all known Proposers by 2:00 pm CST January 27, 2010. Any explanation desired by a Proposer regarding the meaning or interpretation of the RFP must be requested in e-mail from Purchasing in accordance with this procedure.

Contact with any City staff, except Purchasing, in regard to this RFP is strictly forbidden and could result in rejection of the proposal. Oral explanations or instructions given before the award of the contract are not binding and do not form a part of, or alter in any way, the written depository contract.

### **III. SELECTION PROCESS**

#### **1. Selection Criteria**

The following criteria, in order of their general priority, will be relied upon by the City to evaluate the proposals and to make a recommendation to the City Council for award of the depository contract:

- responsiveness and ability to provide services required,
- banking services costs,
- customer service,
- earnings potential and funds availability,
- experience and continuity of bank and bank officials, and
- creditworthiness of the bank.

All proposal responses will be evaluated in accordance with these criteria. Customer service and service capabilities are critical elements for the City. In the current environment, creditworthiness and bank continuity are especially critical elements and a genuine concern. Along with service, the City will consider the cost of those services as well as the earnings potential of idle cash under the contract. These elements will be combined during the evaluation of the proposals.

#### **2. City Modifications to RFP**

Any correction, addition, deletion, or amendment to this RFP by the City will be in the form of a written amendment or addendum and communicated to each Proposer by e-mail. The City will rely on the information submitted by the Proposer as Page 1 of this RFP requires.

#### **3. Variations from the RFP Requirements**

It is the intention of the City to procure services similar or equal to those set forth in this RFP. Variations from or additions to the services being sought should be noted clearly in the proposal with the appropriate question. Any alternative service or variation should be identified and include a description and explanation as to how the variation meets the City's requirements.

Submission of a variation does not guarantee that the Proposer has submitted a service or item which is in accordance with, or complies with, the RFP. The City has the option of rejecting any and all variations and rejection of a variation may result in the City rejecting the proposal.

#### **4. Modification or Withdrawal of Proposal**

A proposal **CANNOT** be altered or amended after the closing time. Proposals may be modified or withdrawn prior to the closing hour and date by written notice to the Purchasing Division. No proposal may be withdrawn for one hundred eighty (180) days after the closing time and date without an acceptable reason submitted in writing and with approval of the Purchasing Services Department.

Any actual or prospective Proposer who believes they are aggrieved in connection with the awarding of this proposal may file a protest in accordance with the City's bid protest procedure, a copy of which is attached as Attachment H.

## 5. Award of Depository Contract

A City staff committee and an outside consultant will review the proposals submitted and one or more Proposers may be asked to make a presentation to the staff committee. City staff may request additional information. The committee will make a recommendation to the City Council on the contract award. The Council may authorize contract negotiations to begin without further discussion with Proposer(s). The City reserves the right to request additional information or oral discussions/presentations in support of the written proposal.

Acceptance of a proposal will be in the form of a contract. Unless and until the City and the Proposer sign the depository contract, neither party is contractually bound to the other party. The City expects that a Master Depository Contract will be executed and supported by additional individual service agreements for the particular banking services chosen by the City for implementation. This RFP and the accepted proposal will be attached to, and made a part of, that Master Depository Contract.

By mutual agreement during the contract period, the parties may modify or change the services provided by Depository to the City. It is anticipated that the range of services described in this RFP will be used for the contract term. However, the City may discontinue any service after thirty (30) days written notice to Depository. Should new services be added, the service will be provided at a negotiated level not to exceed the then-current bank published rate.

## IV. CITY FINANCIAL OVERVIEW

The City currently maintains the following fifteen (15) accounts. Historical collected balances for the accounts outlined below are based on twelve months of data. Representative month averages by account are shown below. The aggregate ledger balance averages \$1.0 million. Tax revenue is received from December through February and service revenue is received throughout the year. All accounts are currently stand-alone but the City will be considering a master-ZBA sweep structure.

Description	October 2009 Collected Balance	Type Acct
Combined Fund	\$ 425,000	Interest Bearing
Clearing Account	\$ 100,000	Interest Bearing
Health Insurance Fund	\$ 5,000	Interest Bearing (will be eliminated)
Flexible Benefits Fund	\$ 20,000	Interest Bearing
Pay Flex	\$ 88,000	Interest Bearing
Visa/MC Revenue	\$ 75,000	Interest Bearing
Cafeteria Plan	\$ 7,000	Interest Bearing
Payroll Warrant (Transit)	\$ 0	Interest Bearing
Payroll Warrant 2	\$ 95,000	Interest Bearing
Assessment Fund 03	\$ 0	Interest Bearing
Debt Service Fund 03	\$ 0	Interest Bearing
Redemption Fund 03	\$ 0	Interest Bearing
Administrative Expense Fund 03	\$ 10,000	Interest Bearing
Transit—3 <sup>rd</sup> Party	\$ 27,000	Interest Bearing
Controlled Disbursement Account	\$ 0	Interest Bearing

The majority of banking activity occurs in the City's Combined Account which acts as the master account. The City currently uses a controlled disbursement account for payables. The accounts are not currently structured as ZBAs but the City is anticipating a potential change from the controlled disbursement structure to a ZBA structure transferring to the Combined Account and then a sweep to a money fund, when rates allow, with possible use of an internal bank account. Most wires, securities transactions,

transfers, and ACH transactions process through the Combined Account. Utility credit card payments as well as other credit card payments are currently clearing through the Visa/MC account and deposited directly into that account.

The Clearing Account is used for to receive property tax ACH deposits from the County, Western Union off-site collections for utility payments, to make ACH payroll tax deposits, and to make other state tax payments from the City. The Pay Flex account funds flexible spending accounts that are administered by a third party. The Payroll Warrant Accounts are maintained as imprest accounts for funding payroll checks and direct deposits. The Health Insurance Fund will be eliminated.

Bi-weekly payroll checks and ACH credits are made from the Payroll Warrant Account for approximately 1,600 total employees and a gross monthly payroll of \$5 to \$6 million. An additional tri-weekly payroll of approximately \$70,000 is paid as checks and direct deposit. Bi-weekly payroll checks for Waco Transit are paid from the Waco Transit—3<sup>rd</sup> party payroll account. Direct deposit is used currently by 82% of the total employees. The bank will be expected to follow standard SWACHA regulations for deposit of employee funds on the scheduled date as defined by the City.

Attachment A volumes are based on a one year aggregated account history. The chart below indicates general service type usage by account.

	<b>Controlled</b>	<b>Positive</b>	<b>Partial</b>	<b>Full</b>	<b>CD</b>	<b>ACH</b>	<b>Wires</b>
	<b>Disburs.</b>	<b>Pay</b>	<b>Recon</b>	<b>Recon</b>	<b>Media</b>	<b>Activity</b>	<b>Transfers</b>
Controlled Disbursement	x	x	x		x		
Health Insurance Fund		x		x			
Flexible Benefits Fund		x		x		x	
Pay Flex		X					
Visa-MC Clearing		x				x	
Cafeteria Pan		X					
Clearing Account		X				x	
Payroll Warrant		X	x				
Payroll Warrant		X	x		x	x	
Combined Fund		X	x			x	x
Assessments		X					
Debt Service		X					
Redemption		X					
Administrative Expense		X					
Transit—3 <sup>rd</sup> Party						x	

The Finance Department has total control of banking, accounts payable and payroll operations. All reporting and reconciliation will be accomplished through the Finance Department.

Any or all City funds may be maintained and invested by the City outside this contract. The City will be under no obligation to maintain time or demand funds in the bank except when fees are paid under a compensating balance basis.

## V. FINANCIAL INSTITUTION INFORMATION

*The proposal must include a response to each question in this Section.*

To be qualified, the Proposer must be a federally or State of Texas chartered depository institution headquartered, or with branch facilities physically located, in the City of Waco. The Proposer must also qualify as a designated Texas Depository under Chapter 404 of the Texas Government Code.

### 1. **Creditworthiness**

In order to fulfill the City's fiduciary responsibility to protect public funds, each bank submitting proposals shall provide the following in response to this question.

- a. Provide an audited annual financial statement for the most recent fiscal period. The financial statements may be submitted in electronic form or provided as a reference link on the internet. The bank will be required to submit an audited statement to the City each year of the contract period, as soon as it is available. Confirm agreement to this requirement.
- b. Provide certification of the bank's Community Reinvestment Act (CRA) rating by its rating agency. The bank will be required to notify the City of any change in this rating during the contract period, as soon as it is publicly available. Confirm agreement to this requirement.
- c. Provide the bank's most recent four quarters rating from an independent rating agency such as Highline, Veribanc, or comparable bank rating agency. (As an alternative, supply the most recent senior and subordinate debt ratings of the holding company.) The bank will be contractually liable for notifying the City within thirty (30) days of any change in any of these ratings during the contract period. Confirm agreement to this requirement.
- d. Does the Proposer qualify as a designated Texas Depository under Chapter 404 of the Texas Government Code?
- e. Define the insurance coverage carried (or self funded) by the Proposer for worker's compensation and liability coverage.

### 2. **Customer Service**

Service will be a primary focus of the evaluation. Describe the bank's philosophy and approach to satisfying this need through the following responses.

- a. Describe the bank's philosophy of customer service. What is distinctive about the bank's approach to customer service? How does the bank anticipate satisfying the City's need for customer service?
- b. How many individuals does the bank have in the local bank? How will the bank provide the City with relationship support for its services?
- c. What approach, service, or program functions will be instituted to provide the optimal service? What services are provided at the holding company level? What at the local level?
- d. How will local service and overall contract performance be monitored at the holding company level?
- e. What, if anything, is distinctive about the bank's approach to customer service? How will this benefit and impact the City?
- f. What is distinctive about the bank's approach to its service automation? How does the bank intend to support the new and ongoing automation needs of the City? How will this impact the City now and throughout the contract period?
- g. Are there any new services planned which may impact the City? When are these planned to be available?
- h. Is there any bank availability policy which differs from the availability schedule? If so, define specifically and define any elements which may delay City funds.

- i. Is the bank offering any transition or retention incentives? Describe fully and quantify completely.
- j. What support will the bank be able to offer the City in a disaster situation to maintain stable banking functions? Focus on systems, telecommunications and power, operational facilities, and transportation.
- k. The City requires the right to use a third party auditor to review the City's accounts, collateral, transactions, and bank records at any reasonable time. Confirm agreement with this condition.
- l. The Depository will be required to review the City's Investment Policy and certify to that review in accordance with Texas Local Government Code 2256. Confirm agreement with this requirement.

### **3. References.**

List references from three comparable Texas public entity clients. For each reference, include the length of time under contract, a client contact, title, and telephone number.

### **4. Depository Agreement and Service Agreements**

Provide a copy of all agreements (even if not directly referenced or required in this RFP) which will be required to be executed under the contract for services rendered (including depository and collateral agreements). Any changes required on the agreements will be discussed and agreed upon before award of the contract is made by the City.

### **5. Implementation timeline.**

The contract period will commence May 1, 2010. The City recognizes that not all services and funds will be transferred by this date but expects that all services should be available by that date and that all services should be transferred by June 30, 2010. Collateral should be in place before funds are transferred.

Provide a proposed, detailed timeline for implementation of the contract. Include each activity required defined by its responsible party and assigned responsibilities. Denote any limitations or potential delay points.

Provide a separate timeline for implementation of merchant services.

The timeline must 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 to the City.

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 City having the right to terminate the contract, but the exercising of such right to terminate the contract does not limit any other remedies the City may have for damages or other relief under law.

## VI. REQUIRED SERVICES

*The proposal must include a response to each of the questions in this Section and all associated fees must be detailed on Attachment A. Attachment A should contain all costs associated with providing these services and any cost so associated but not defined in Attachment A will not be honored under the contract.*

It is the City's intent that the contract negotiated between the City and the Depository selected through this process will encompass all the services and conditions required here. Additional services offered by the Proposer may be included. The Required Services are minimum requirements, and any Proposer refusing or failing to provide such minimal services will not be considered for selection as the Depository.

### REQUIRED SERVICES – BANKING SERVICES

#### 1. Account Structure

The City does not currently utilize sweeps. All accounts are interest bearing and traditionally fees have been paid through a combination of compensating balances and fees. A listing of the current accounts and services in use is found in Section IV. Under this contract, the City will require the option to pay for services on a fee or compensating balance basis. The City wants to focus more directly so that all its funds are continuously earning at the best, then-current interest rates. An automated, daily sweep to a money market mutual fund (or bank alternative, if applicable and competitive) should be proposed in order to reach full investment goals and to minimize collateral requirements. The City recognizes that money market funds are not currently an option with the low market rates but expects their use during the contract period.

An SEC registered government, or enhanced government, money market fund rated AAA by at least one nationally recognized rating service should be used for the sweep. If the bank has a valid alternative to an SEC money market fund which is in compliance with the City's Investment Policy, it may be presented. Neither a repurchase agreement nor an off-shore account of any type is acceptable as a sweep investment vehicle.

- If a fee basis with a sweep is utilized for compensation purposes, all or certain accounts will be swept daily by the bank to a zero balance (or rounded minimums) daily.
  - If a compensating balance with a sweep is utilized for compensation purposes, all accounts will be swept daily by the bank to the target compensating balance.
  - On a compensating balance basis, any excess earnings credit/debit shall be carried over for net settlement on a semi-annual basis.
- a. Describe the bank's ability to provide a ZBA-Master structure and indicate whether the individual accounts would be swept first to a master account or be swept directly from individual accounts (for interest application). Indicate your most cost beneficial structure. Include classifications of accounts (ZBA or other) to be used in the structure.
  - b. Will sweep activity be reported on a daily detail basis (each debit and credit) or summarized on a monthly basis? Preference would be to not provide daily detail for reconciliation purposes.
  - c. Will interest from the sweeps be applied at the account level if the sweep is from the individual accounts?

- d. Provide the prospectus for the sweep fund. An AAA-rated, SEC registered government fund must be utilized for the sweep.
- e. If the bank can not provide a sweep mechanism, or if alternative account types are proposed for the accounts (especially while rates are low), describe the account structure proposed including the type of accounts (interest bearing, money market, ZBA, etc.) along with the overall account structure. What would the rate index basis be?
- f. Is the sweep processed as the last transaction of the day? If it is a next day sweep, describe the collateral provisions for funds held overnight.

The City may be required or may desire to open additional accounts or close/change accounts during the contract period. Any new accounts shall be charged at the same contracted amount.

## **2. Automated Cash Management Information Access**

The City requires web-based, automated cash management services and daily balance reporting (inter-day and intra-day) for timely access to balance information and transactions. It requires a high degree of automation within all service areas such as ACH and reconciliation. Imaging of all checks and image retention is required. Imaging of deposit slips and deposit items also is preferred. Preferably statements and account analyses will be available in electronic form along with archiving of information.

The City requires timely access to downloadable information for download to the City's accounting software for reconciliation of all accounts .

Minimum on-line services should include online balance reporting, stop pays, positive pay, account transfers, and wire transfers. Daily balance reporting should include detail on all transactions with summary reporting on closing ledger and collected balances along with one-day float, at a minimum.

- a. Fully describe the bank's on-line service capabilities and systems, with examples. List system's online capabilities (i.e. balance reporting, wires, positive pay, stop pay, etc.) and describe any differentiation on transaction and summary account types.
- b. Describe fully the ability to search on historical transactions and reports as well as the ability to retrieve and download historical images.
- c. Are all reporting processes and services web-based?
- d. Do the bank's systems include a cash forecasting module or capability?
- e. Detail the availability of prior day and intra-day detail and summary reporting. When is prior day information available? Is intra-day information real-time or delayed? Specify.
- f. Detail the level of information available on both prior and intra-day reporting.
- g. Define the history retention features available.
- h. Can customized reports draw across reporting modules and activities? Describe and detail cross functionality features.
- i. Describe back-up procedures for use by the City with any interruption in the automated system delivery of information or transaction input functions.
- j. Describe provisions for off-site backup and continuation of services in local or regional disaster situations.
- k. Describe the security protocol for online services. How is authentication and authorization provided? How and by whom is the administration of the security module established and maintained?
- l. What are the hours of available technical support? Where is the technical support located? How is support provided normally?
- m. Submit samples of major screens and reports available or provide a website and sign-on information for an on-line review of all the City functions, if available. If not available, submit screen prints.

### 3. Standard Collection and Deposit Services

Standard commercial deposit services for certain accounts. Twenty-four hour deposit capability is required to accommodate City department activities. A number of geographically separate City departments (such as Solid Waste) are responsible for their own deposits and these are made on a daily basis. A contracted armored car service is also used for a number of locations including City Hall. The City anticipates continuation of one daily deposit by a security service (with an average of 950 individual deposits per month). Deposits include checks, coin, and currency. (Credit card documents are not included in the deposits.) The City acts as its own lockbox for utility payments which could change if the image lockbox optional service is implemented. Currently checks are processed at a branch and coin/currency is delivered to the vault for processing. All check deposits are batched with tapes attached. Coin/currency is not rolled/strapped. The City does not encode checks. The City currently uses "Click2Gov" (through Sungard) to collect credit card utility payments which are further transmitted through Vital. The software aggregates transactions and then transfers data daily directly to the acquirer (currently First Data through JPMorgan Chase).

All deposits received by the bank's established deadline must be processed same day. Immediate verification is not required. The bank shall guarantee immediate credit on all incoming wire transfers, on-us items, and securities maturities and coupons. All other checks clearing will be based on the bank's published availability schedule or remote processing schedule. Failure to timely credit the account will require payment reimbursement to the City at the then-current Fed Funds rate.

The City does not now utilize representation of checks through ACH (RCK) but may consider its use during the contract period. Checks are currently represented automatically one time.

- a. What is the bank's daily cut-off time to assure same day ledger and, pending availability, collected credit at (a) banking center, (b) branch, and (c) vault?
- b. What deposits must be made to a vault? Where is the vault located? What delay may occur with vault deposit? Describe the process if the vault is not located in Waco.
- c. Where are the nearest vault services? Does the bank require deposit to the vault for any reason? Are any transfers necessary?
- d. Does the bank provide for location tracking on deposits? Describe.
- e. Is deposit reconciliation available? Describe the process and options.
- f. Does the bank require or prefer strapping and rolling? What are the cost options/benefits/requirements for separating cash and checks? Coin and check?
- g. Is there any limit to the number of deposits in one bag? Are these handled as separate advices?
- h. When are credit/debit advices sent to the City from the deposit locations? Are these advices sent electronically? What delivery options are available? (Preference will be given to electronic delivery.) Are images of originals provided with each advice?
- i. Does the bank have any program to actively assist the City in collection through ACH for vendors or ongoing repetitive citizen payments?
- j. Does the bank provide any online portal services for payment of City bills which could be added to the City website to facilitate credit card payments for various activities? (See also merchant services below.)
- k. Do daily online reports include activity by account and location? Are all deposits designated by location and tracked as such through the reporting?
- l. How does the bank handle discrepancies in deposit amounts? What dollar limits are used for decisioning? What settlement process is followed?
- m. How and when does notification of return items take place? List the elements reported (date, status of return, reference number, account numbers and routing number, amount, etc.).
- n. What type deposit bags are used or required? Are these available from the bank?

- o. Are dual verification security measures used on all receipt of deposits (immediate and post) at each deposit location?
- p. Are deposits or credits delayed for any reason?
- q. If provisional credit is given on deposit before verification, when does verification occur?
- r. How much advance notice is required on coin and currency orders? Can orders be placed on line? Is there any minimum purchase requirement? What is the turn-around time on orders?
- s. Include a list of all the bank's deposit locations within the City's limits (banking center, branch, and vault).
- t. Price and report the total fees which would apply to the following sample deposit outlined below. (This does not reflect a normal City deposit and is used for cost comparison purposes only.)

**SAMPLE DEPOSIT:**  
 The sample deposit would be made (a) in four (4) tamper-proof deposit bags, (b) with strapped where possible as shown below, (c) with coins that are not rolled, (d) with tapes attached to bundled but not endorsed checks. The breakdown on the deposit is:

Currency			
Denom.	# Straps	Loose \$	Total \$
\$100	5	\$ 300	\$ 20,300
\$ 50	6	\$ 600	\$ 15,600
\$ 20	4	\$ 340	\$ 4,340
\$ 10	9	\$ 70	\$ 4,570
\$ 5	22	\$ 175	\$ 5,675
\$ 1	50	\$ 14	\$ 2,514
			\$ 52,999
Coins			
\$ .25			\$ 427
\$ .10			\$ 114
\$ .05			\$ 10
\$ .01			\$ 2
			\$ 553
Checks			
	280 checks		\$140,252
			<u>\$ 140,242</u>
			\$ 193,794

**Remote Electronic Check Acceptance and Conversion**

The City does not currently use remote deposit but is interested in evaluating remote check acceptance, through back-office conversion, for deposit of both consumer and commercial checks at one City Hall location initially and possibly adding other remote locations during the contract period.

- a. Describe the bank's process and capabilities for remote capture. Describe equipment needs, capabilities, and limitations. A web-based system would be required.
- b. Discuss and define any additional *virtual* collection services offered for the capture of both the check and remittance document.
- c. Does the bank provide remote deposit processing currently? Give three references for comparable entities including a contact name and number.
- d. Can batches be prepared and forwarded at multiple times during the business day? What is the final cut-off time? Are there any limitations on batch size or number of transmissions per day?

- e. If a check is accepted and subsequently returned by the bank NSF, define the process. What obligations/liabilities does the City have? The bank? How will collection be made?
- f. What options does the City have in scanners for use with the process in various volume locations? Is this equipment available through the contract: purchase or lease? List the equipment required along with its approximate cost(s).

#### 4. **Standard Disbursing Services**

Standard disbursing capability for all accounts is required. Payment of all City checks without charge upon presentation especially for City employees is required. Checks are currently being written on the controlled disbursement and payroll accounts with third parties issuing checks for the Waco Transit payroll and for the City's Pay Flex account. The City is using one controlled disbursement account currently with daily activity for vendor accounts payables only but is investigating the cessation of this service under the new contract. The City requires positive pay services with payee name verification.

The City does not have a mandatory direct deposit policy but actively encourages its employees to move to direct deposit. Currently, 82% of the average 1,600 employees use direct deposit. Manual payroll checks are also written. Currently pay cards are not used but are discussed as an optional service later in this RFP.

- a. When is daily check clearing information available online through intra-day reporting? How long are transaction details maintained online?
- b. Does the bank image all checks? Are all checks truncated? What options are available?
- c. The City requires that the bank shall cash free of charge all on-us checks especially for City employees regardless of the individual's account status with the bank. Confirm agreement with this condition.
- d. Describe any payment consolidation services available. What data transfer options are available for payment consolidation systems?
- e. Define and illustrate the payee information provided the City for single and multiple payments.
- f. Describe the handling of exception or non-standard items through the payment consolidation process. Describe the error tolerance limitations and subsequent handling requirements.
- g. Define your controlled disbursement services. Which bank is designated for controlled disbursements? How many Fed letters are received daily and by what times? Is positive pay in place on the controlled disbursement accounts?
- h. When and how is controlled disbursement clearing information available? Is this information available online?
- i. Describe the controlled disbursement funding process? Are transfers charged?
- j. Are the controlled disbursement points designated a high dollar group sort (HDGS) endpoint?
- k. What percentage of items is collected on first presentment? On second presentment? Do the locations also clear from local clearinghouses?
- l. What is the average daily amount and number of items processed at the controlled disbursement location?
- m. As a matter of policy, does the endpoint contract with other banks to accept direct presentments?
- n. Does the endpoint authorize cashing of over-the-counter checks?
- o. Can third party ACH debits be charged to the controlled disbursement endpoint? Can they be blocked?

## 5. Positive Pay

To safeguard against fraudulent checks, positive pay is required on all check writing accounts with payee verification. Currently positive pay is used on all but one account currently. The City requires positive pay services with complete indemnification for fraudulent checks. The proposal must provide a fully automated and web compatible transmission process. Transmissions will be made as part of each check run. Manual check information must be able to be input and transmitted online.

The City may combine positive pay services with partial or full reconciliation services. Currently two accounts use full and four use partial reconciliation services.

- a. Describe data transmission file and timing requirements for check registers. Are transmission charged by file and by detail item?
- b. Is positive pay input for manual checks available on-line? Describe fully.
- c. Is exception reporting and handling managed totally online? Describe.
- d. How and when (specific time) is positive pay exception information reported to the City? Is e-mail notification available or must the City check for exceptions?
- e. What is the response deadline (specific time deadline) for City exception elections?
- f. Describe your payee verification process. What check elements are being verified by the process during clearing?
- g. Does the bank review exceptions such as encoding errors for possible repair before creating a City exception item?
- h. Are all checks, including those received over-the-counter by the tellers, verified against the positive pay file before processing? How often is teller information updated? If not verified, what are the process, liability, and security on OTC transactions?
- i. Are positive pay services provided without charge when provided in tandem with reconciliation services? Describe alternatives and pricing structures available (detail is required on Attachment A.)
- j. What is the bank's liability policy for fraudulent checks hitting the accounts? The City's liability?
- k. What are the available default dispositions for payment or return? (pay, hold, do not pay)
- l. Can the bank provide fraud control paper check stock?

## 6. Wires and Internal Transfer Services

The City currently uses wires rather than ACH and has approximately 40 outgoing and 9 incoming wires each month in addition to one average monthly CHIPS transaction. Most outgoing wires are repetitive and input online.

Incoming wire transfers must receive same day credit. Wire initiation and release should be available online. The City will require compensation for delays caused by bank errors at that day's Fed Funds rate.

- a. Can all wires and CHIPS transactions be initiated and monitored on-line?
- b. Can repetitive templates be created and stored? Is there a fee for wire and transfer template storage?
- c. What level of authorization/release do repetitive or non-repetitive wires require? Is authorization for repetitive and non-repetitive the same?
- d. Is future dating of wires and transfers available? How far in advance?
- e. State wire access, posting, and cut-off times.
- f. State the bank's policy on the use of ledger balances for outgoing wires in anticipation of scheduled activity or incoming wires.
- g. Can internal account transfers be processed totally on-line? Book debits/credits?

## 7. Account Reconciliation

The City currently uses full reconciliation on two accounts and partial reconciliation on four accounts.

- a. Describe your partial and full reconciliation services.
- b. Specify data transmission requirements.
- c. Is the bank currently able to send transactions which can post directly to the City's ledger system?
- d. When are reconciliation reports available? Are they online or paper? How long are they maintained online? Are they downloadable? Do they contain images of checks?
- e. Provide samples of all reconciliation reports.

## 8. Optical Imaging

In an effort to reduce paper handling and storage, the City is focused on imaging of documents as much as possible.

- a. Describe the bank's optical imaging process and what items are captured (checks, statements, deposit slips, deposited items, etc.).
- b. Describe what images are available on-line? When? How long are images available on line?
- c. Are all images downloadable? Describe.
- d. Is a monthly CD provided? When is it available?
- e. What detail and reports are available on the monthly CD?
- f. What other archiving facilities are available through the bank?

## 9. ACH Services

ACH service is currently used for payroll direct deposit (for 82% of an average 1,600 total employees). The City uses wires for pool and paying agent transactions currently. The City also uses a direct debit for approximately 1,500 utility payments per month. The water utility bills on a weekly cycle. ACH is not heavily used for vendor payments but the City would like to expand this use.

Approximately 7,000 credits are originated monthly and 550 credits received monthly, with addenda. The City requires pre-notification and filters/blocks on all accounts.

- a. Is online ACH service available for individual transactions as well as by transmission for batched files? What are the cut-off times for each?
- b. Describe how are individual ACH transactions input online?
- c. What is the policy and process for handling of ACH returned items?
- d. Can ACH items and files be future dated?
- e. What specific filters and blocks are available on the accounts? Define and describe all your fraud filter options.
- f. What policy and process is used for file and item reversals and deletions?
- g. Are ACH addenda shown in their entirety on-line and on detail reporting, reports and statements?
- h. Does the bank routinely pre-note? Is the pre-note charged as a standard ACH transaction?
- i. Will the City incur a transmission and/or file processing fees for on-line individual ACH transactions? Describe?

## 10. Safekeeping Services

All City investments will be made by the City Finance Department or its investment adviser and instructions for safekeeping will be given to the bank by an authorized individual in writing. The bank will be required to provide book-entry safekeeping services through the bank or a correspondent. Correspondent processing is not preferable.

All securities must be cleared on a delivery versus payment (DVP) basis and ownership clearly and timely documented. All interest payments and maturities shall be given immediate credit.

The City anticipates an average of between forty (40) and fifty (50) securities in FRB or DTC safekeeping at any time. Ownership of the securities must be perfected and evidenced by an original safekeeping receipt sent directly to the City within one business day.

The bank's brokerage services will not be used for investment purchases in order to perfect DVP. Certificates of deposit may be purchased from the bank but these will be on a competitive basis.

- a. Is online information available for securities? For clearing? For safekeeping? Describe.
- b. Describe bank safekeeping arrangements proposed. Identify any correspondent bank used for custody.
- c. If a correspondent is to be used, define the process and confirm same-day crediting/debiting on all transactions. Describe any additional City actions required.
- d. Define the structure of fees charged. Are services bundled under safekeeping by cusip or Par amount or are charges made for individual clearing, safekeeping and income distribution?
- e. How are safekeeping fees charged? Are they detailed on the account analysis?
- f. The City desires call and maturity notification. How and when can this be provided?
- g. Are notifications sent on all transactions (purchase, sale, calls, and maturities)? When and how?
- h. What time are delivery instructions required? Is this a firm cut-off? Is there a fee charged for late instructions.

## 11. Collateral Requirements

The City requires a bank that is fiscally strong and able to provide the services described on an uninterrupted basis. As public funds the City falls under provisions of the Public Funds Collateral Act (Texas Government Code Chapter 2257) with additional restrictive City requirements. If funds are, for any reason, not swept all un-invested time and demand funds above FDIC insurance coverage must be collateralized to 102% with securities authorized by the City. Authorized collateral will include only:

- Obligations of the U.S. Treasury, and
- Obligations of the U.S. Agencies and Instrumentalities FHLB, FNMA, and FHLMC, including letters of credit, but to exclude subordinated debentures and mortgage backed securities.

All securities pledged to the City will be held by a City approved independent third party institution outside the bank's holding company. The bank will be responsible for the pricing of securities and continuous monitoring and maintenance of margin levels. Preferably the custodian would provide market values on the securities. The custodian is required to provide a monthly report directly to the City on the collateral pledged.

The collateral agreement (or depository agreement detailing collateral requirements) shall be executed under the terms of FIRREA by the bank, the City, and the custodian and approved by resolution of the bank's Board or Loan Committee. If the Federal Reserve is used as custodian Circular 7 Pledgee

Agreement will be executed and appended to the agreement.

If collateral pooling is offered by the depository, the City reserves the right to chose or not to choose this pledging mechanism. A full evaluation of the pooled collateral program offered will be made by City staff and presented to the City Council based on risk and cost considerations before final decisions are made. The City intends to minimize collateral costs through use of the sweep mechanism.

The following conditions must be met.

- Collateral must be held in an independent third party bank approved by the City outside the bank's holding company.
  - Initial collateral will be provided for the City five days prior to deposit of funds in accordance with State law.
  - All deposits will be collateralized, above FDIC insurance, at 102% of principal plus accrued interest at all times.
  - The bank is responsible for the daily monitoring and maintaining of collateral margin requirements.
  - Pledged collateral will be evidenced by original safekeeping receipts/report sent directly to the City by the custodian and the City will receive a report of collateral pledged including description, par, market value, and cusip monthly directly from the custodian.
  - Substitution rights will be granted if the bank/custodian obtains the City's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping. Collateral value will be maintained during substitution at 102% or above.
  - The bank shall execute a tri-party safekeeping agreement with the City and the custodian for custody of pledged securities in full compliance with FIRREA. Approval of the agreement will be made by resolution of the bank's Board or Bank Loan Committee.
- a. Confirm agreement to the collateral conditions stated above.

## **12. Account Analysis**

A monthly account analysis report shall be provided for each account and on a consolidated account basis.

- a. Provide a sample account analysis.
- b. State how and when the analysis will be available each month.
- c. Is the analysis provided online? How long is the analysis maintained on-line?
- d. Is the analysis also imaged on the monthly CD-ROM?

## **13. Monthly Statements**

The bank will provide monthly account statements on individual accounts and on a consolidated account basis. All accounts are on a monthly cycle using the calendar month as cut-off. Timeliness of reporting is critical.

- a. Provide a sample statement.
- b. When and how are statements available? Are statement provided in both paper and electronic formats?
- c. When is the statement available online?
- d. How long are statements maintained online?

#### **14. Account Executive**

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

- a. Provide the outline for the client support structure to be provided the City by the bank. What level of support is provided by the local representative?
- b. Explain how the proposed client support level will address problems and promote ongoing communications on a timely and efficient basis.
- c. Provide the name and title of the proposed account executives.
- d. How are technical problems, questions, or changes to be handled?
- e. How are daily operational difficulties to be handled?
- f. Does support involve an 800 number?
- g. What kind of technical support is available after business hours and on weekends?

#### **15. Overdrafts**

Every effort will be made by the City to eliminate net aggregate daylight and overnight overdraft situations.

- a. State the bank's policy regarding aggregate overdraft charges and the fees, if any.

#### **16. Stop Payments**

The City currently averages eight (8) stop pays and 24 renewals a month and requires a minimum of six months for the stop pay period. Currently the City has automatic renewals in place for all stop pays. An automated input process is required.

- a. Describe the stop pay service and the bank's policy on stop pays.
- b. How long do standard stop pays and renewals remain in effect? What time options are available?
- c. How is a stop pay renewal or cancellation accomplished?
- d. Is there a fee for renewals?
- e. What is the deadline for same day action?
- f. Will the on-line system verify if the check was cleared before accepting the stop pay?

### **REQUIRED SERVICES – MERCHANT SERVICES**

Merchant services are considered to be an integral part of the depository contract. The City currently has eighteen (18) merchant accounts as detailed by activity on ATTACHMENT C. The City accepts Visa, MasterCard and Discover as well as debit cards and accepts the cards as POS and online but the equipment can not accept a PIN number.

## **Firm Stability and Background**

Describe the Proposer's background as a merchant services provider including major lines of business and name, number and location of divisions or operating units. Are the merchant services provided directly by the Proposing depository or as a joint venture with another vendor/acquirer? If a third party acquirer/provider is used, describe the nature of the business relationship.

Provide a brief history and background of the Proposer's merchant card services.

Describe your organizational structure especially as it applies to service provision and merchant services customer service.

How long has the Proposer offered merchant card processing services? What is the future strategy as it relates to merchant services?

What related merchant services, if any, do you offer?

Do you use a third party for any segment of customer services or card processing services? If yes, explain fully.

## **2. Firm Competitive Position and Future Commitment to Providing Services**

What differentiates you and the service offered from that of other acquirers/processors/Proposers?

How do you plan to stay current and competitive in merchant services?

What major changes do you see occurring in merchant services in the next five years? What are the plans to help your customers move to new technologies? What approach is the firm taking in the development of new services?

Explain the Proposer's representation on MasterCard or Visa boards or committees.

What new services or features have you implemented in the past two years? Do you have any new services/technologies in implementation currently?

Does the Proposer anticipate major changes in hardware in the next three years? If so, what changes should the City anticipate and how should it plan for those changes on hardware issues?

What formal or informal relationships do you have and how can they be leveraged in merchant card processing?

## **3. References and Current Client Base**

Specify the category and number of customers for which the Proposer is currently providing card processing services. What was the total transaction count and dollar amount processed from 2005-2009?

What is the daily average number of transactions currently processed? What is the maximum daily processing capacity?

Where are the processing centers? Is the processing structure designed for redundancy to address disaster situations?

What would the City's volume ranking be among your customers, given the current number of transactions?

How many merchant accounts does the Proposer serve currently? What is the total average yearly dollar volume?

Provide the names, e-mail addresses and phone numbers of three public references with comparable volumes and communication capabilities who are currently using the card processing services. Select a mix of long-standing and recently acquired customers.

Explain why the Proposer believes it was able to win its last two customers rather than its competitors.

#### **4. Relationship Representatives**

List the names, titles, phone, location, and e-mail addresses and provide *brief* biographies of the relationship representatives and senior management that would be directly involved in and responsible for the contract.

Describe the relationship management team that will service the account, as well as their functional responsibilities and their position in the overall firm. Will there be local representation?

How many employees does the firm have in each functional area involved in providing this service? What is the expected turn-around time on issue resolution? Is there any guarantee on the timing and escalation of issues?

How often will the representative normally meet with the City to assure that it is receiving the lowest discount/interchange rates and prevent downgrades?

#### **5. Card Acceptance/Interface Processing**

Does the Proposer support all major payment types, debit cards, gift cards, corporate cards, and other emerging options? Does support vary for any of these?

Describe the hardware necessary for acceptance of credit and debit cards (a) with card present and (b) card not present, (c) using an IVR application, (d) via e-Commerce (internet), and (e) pin-based debit. What equipment are you recommending or requiring for the System? Does the Proposer provide the equipment on a lease or purchase basis? Describe the equipment maintenance plan? What is the turn around time on repairs/substitutions?

Describe the software necessary for acceptance of credit and debit cards (a) with card present and (b) card not present, (c) using an IVR application, (d) via e-Commerce (internet) and (e) pin-based debit. Describe the interface requirements and all compatibility issues.

Describe the process involved for acceptance of credit and debit cards in the five situations described above.

The City uses SunGard Public Sector financial software with the company's web-based payment option (Click2Gov) to accept utility payments on-line. These payments are batched and transferred directly to the merchant service provider by the City. Can the Proposer process transactions from this and various gateways? Describe fully. Indicate all payment gateways supported and address all fees for setup, monthly recurring charges and per transaction fees on Attachment A.

Describe the process to add additional third party gateways.

Describe telephone authorization options in the case of communication failures.

What supplies will be provided with a maintenance contract, if applicable?

How is PCI compliance tested/confirmed? What requirements are in place? What testing or support is available? How are merchants certified?

#### **6. Authorization Processing**

What authorization methods are supported and which are recommended (e.g., dial, mainframe dial remote job entry, lease line, frame relay, Internet)? List and describe alternatives. List any processor specific hardware needed to support each option.

What are the procedures to reverse/recall an incorrect authorization? Describe how an after-authorization return would be handled.

Describe any limitations on processing such as assigned "windows" for obtaining authorizations or settlement, number of files allowed per day, the number of transactions and/or dollar limits per file, or dollar amount per transaction authorized and settled? What limitations are

set by batch? Daily processing? Are there any limitations on the number of files transmitted each day? Any limitations at all daily?

Does the Proposer maintain direct authorization and settlement links to the various card organizations, or utilize a third party network for authorizations? Describe your configurations. Is your firm introducing to a direct processor or is it the direct processor?

Do merchants incur any monthly access fee to connect to the authorization network?

Describe your AVS (address verification and shipping date compliance) process.

Describe the procedures to be followed if a transmission request is denied authorizations.

Provide any authorization differences between various card types.

Provide average response times for dial and lease-line authorization methods for both peak and normal periods.

What is the maintenance and/or replacement policy for leased equipment?

## **7. Settlement Processing**

Describe the settlement process workflow for all parties explaining any differences by card type. Provide a funds availability schedule by card type. Is all funding next day? Describe. Is any expedited funding available?

What is the settlement transmission time frame for Visa and MasterCard? Does this differ at any time? Include daily cut-off times.

What is the cut-off time that sales transactions can be transmitted to meet settlement times?

Do settlement times affect the processing/discount expense?

Is settlement made by ACH or Fed wire? Can settlement details be passed with ACH transactions?

Do you allow for multiple settlement accounts by merchant?

Are settlement amounts listed separately on the bank statement or will they appear as one daily sum? What level of detail is available? Will Saturday and Sunday activity be combined into Monday activity?

Are settlements on gross amount and fees charged monthly?

Describe recovery procedures for lost batches.

## **8. Ticket Retrieval and Chargebacks**

Describe the ticket retrieval request process along with turn around times. Is this accomplished totally electronically? Does the firm support document imaging other than facsimile for transmission of or response to a retrieval request?

What response times and process is required for ticket retrieval? How do these time frames compare to Association rules? State the average elapsed time from receipt of a retrieval request to merchant receipt.

Define the chargeback cycle. What percentage of chargebacks is currently handled without merchant involvement? Does the firm have a standard rule-based logic to facilitate dispute resolution processing?

On average, how often are chargebacks reversed? State your reversal rates (without merchant involvement) in total and by chargeback type in the last 12 months.

Will the firm provide a designated contact person or a department to help manage chargebacks specifically?

What reporting is used? What tools do you have for reconciliation and reporting on chargebacks?

Are credit card chargebacks and debit adjustments netted from daily proceeds, or are they debited separately? Are funds debited from the operating account or a separate escrow account? Can the information be tied back later? Show examples.

Will the City receive credit of merchant fees for chargebacks? When are they credited?

Does the firm have the capability to archive, retrieve transaction information, including signatures for bankcard transactions and non-bank card transactions? What information is stored and for what period of time? What system is available to the merchant to enable retrieval of this information online?

## **9. Debit Card Processing**

Does the firm support BIN (Bank Information Number) file management to differentiate between debit and credit card transactions?

Describe the debit card processing capabilities. Which networks are used? Which are supported? What differences, if any, in workflow occur from credit cards?

Describe the firm's PINLESS debit card processing.

Describe what changes would be necessary to accept PIN transactions. From your client's histories does this appear to be a necessary change for the City?

Are debit card transactions routed automatically to the lowest cost network?

## **10. Technical System Capabilities**

Describe the processing platforms pertinent to the recommended solutions. Provide system specifications.

Is the firm's processing software CPS (Custom Payment Service) compliant?

Does the firm's software provide for integration in interface alternatives (such as XML, SOAP, Java, C++, COM, Perl, etc?)

What is the process for handling test transactions? Are test cards provided and if so, what types?

How far back are transactions verified with AVS? Describe the process.

Outline the security measures in place for the protection of data transmitted for processing. Are all the major verifications available (CVV for Visa, CID for AmEx, and CVC for MC)? Do you support CVV2 (Card Verification Value 2)?

Is data imaging (e.g., signature capture) available? If so, describe.

Is the firm able to process smart card transactions? If so, describe.

Does the firm have virtual terminal capabilities? If so, describe.

## **11. Transmission Issues**

Describe the recommended transmission method and options (e.g., dial, lease line, batch, real-time, Internet) including limitations and advantages/disadvantages.

Describe the monitoring and notification process if a transmission fails.

Does the processing system identify and eliminate duplicate transactions?

Are there any limitations on the number of files transmitted each day?

## **12. Security**

How are PCI compliance initiatives handled? How do you qualify merchants?

How are clients made aware of new PCI initiatives and general information?

What PCI training is available? Are there charges for these services?

Describe the security measures used to prevent unauthorized user access to either the system or the data.

Describe procedures and policies in place to prevent internal fraud. Where does liability fall in the process of recouping loss due to such fraud?

Describe all fraud protection tools.

### 13. Disaster Recovery

Is there a continuity plan for processing systems and platforms in a disaster situation? Describe local and system-wide back up and/or redundant systems.

What is the expected time frame to become operational should a catastrophic event occur at a merchant site? What support is available?

What is the up-time percentage the last two years? Over the past year, what was the longest period that you were unable to authorize transactions? Describe the situation, including the source of the problem and the time it took to fix the problem.

### 14. Information Reporting

*Complete and timely online reporting is a critical factor. The City 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. The firm should make every effort to fully describe and illustrate the reporting capabilities in their response.*

- a. Describe all reports available and the software used to receive and view reports. Provide an overview of reporting cycles, procedures, and capabilities. 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 download capabilities, level of customization, and drill down capabilities available on online reporting and reports. Describe the daily and/or monthly reconciliation reports available to the merchant.
- c. What is the standard delivery time frame for reports and statements?
- d. What delivery methods are used for reports on reports and statements?
- e. Are reports archived? Can all reports be downloaded?
- f. Is historical information regarding sales, refunds, and chargebacks maintained in a database for access by the merchant? If a merchant needs historical reports (from a previous reporting period) or a specific time frame how are they made available? How far back are reports available? How long is reporting data stored in your system? How much time does it take to retrieve historical reports or data?
- g. Describe how multiple merchant numbers are reported and the flexibility afforded the merchant for customizing the reports. Can the City "roll up" specific groups for reporting independent of other groups?
- h. Can reports be tailored? What charges are involved in customized reports?
- i. Describe ad hoc reporting capabilities.
- j. Provide a sample statement.

### 15. Implementation

The agreement implementation target date for these services is May 1, 2010 however the City realizes that immediate implementation may not be feasible. Address the schedule for implementation for all merchants to come online as quickly as possible.

Describe the merchant training process with regard to (a) new merchant training or re-training from a prior processor and (b) ongoing training (e.g., courses offered, frequency, location, and cost).

After initial implementation, how are new merchant accounts established? How long is that process?

How are updates of PCI and industry-related rules or regulatory changes distributed?  
Is there any newsletter covering industry issues, rules, and regulations provided? How often?  
Provide the latest copy.  
Are fraud-management training or awareness programs provided?

## **16. Customer Service**

- a. Is customer service available 24/7? How is it provided? Are there any charges?
- b. Describe the promotional support you provide (e.g., signs, supplies, funds for specific purposes, advertising allowance). Is there any cost for this support?
- c. Describe the firm's customer service organizational structure.
- d. Will a specific customer service representative be assigned to handle this account?
- e. Does the firm have scheduled periodic meetings with customers to review the service?
- f. Describe your multilingual customer service support capabilities.
- g. What are the hours of operation for the customer service unit in the Central Time Zone?
- h. Describe the dispute process and procedures for both cardholders and merchants.
- i. Does your system identify and eliminate duplicate transactions automatically? Describe process.
- j. Does the firm offer processing solutions to perform (a) deferred billing, (b) installment billing and (c) recurring billing?
- k. Describe maintenance and replacement services for leased equipment.
- l. Do you periodically provide cost-of-acceptance analyses for clients to ensure the best application and advantage?

## **17. Pricing and Contracts**

Describe the firm's overall pricing structure. Is the firm offering a fixed cost plus surcharges fee or an interchange plus fee?  
List all of the firm's possible "non-qualified surcharges" categories (such as reward card fees, etc.) The fees for these are to be included on Attachment A.  
When are discount fees deducted from the DDA account? Are discount fees calculated on gross or net sales?  
Are order charge slips, signs, imprinters and other supplies available? How are the orders handled? What is the normal shipping time?  
How are customers notified of association price adjustments? Processor fees for the contract are set for the contract period? What if any prices are adjusted on a regular basis (semi-annual or annual)? Define and describe.  
Provide a copy of the anticipated applications and contract to be signed.

## VII. OPTIONAL SERVICES

*The proposal must include a response to each question in this section and all fees associated with the two services must be shown on Attachment A. If the service is not available respond as "Not available".*

The City continually investigates new services for use and possible inclusion under its banking services contract. The following services are not currently required but will be evaluated in terms of availability, feasibility, service levels, services provided and charges for current, or future, use under the contract.

The City will make its determination during the contract period as to whether a particular service will be used. If the service is initiated later in the contract period the services and charges stipulated in this proposal will be applied. If the bank currently does not offer the service but is planning to offer the service during the projected contract period, it should so stipulate along with the anticipated date of activation.

### 1. Pay Cards – Stored Value Cards

The City currently does not utilize stored value cards (as pay cards or for other uses) but will consider it during the contract period especially for payroll. Users must have the ability to use the cards at point-of-sale as a debit card and/or for cash withdrawals at financial institutions and ATMs.

The purchasing ability of the cards must be limited to the stored value of the card. The City is authorized to assess fees from the user for issuing the stored value cards. The City must provide an opportunity for card holders to access the total amount of their funds either through ATM withdrawals or counter presentation without incurring a fee at the bank's own facilities.

The City will be responsible for marketing the use of the program and has total discretion on the distribution of the cards. The banking institution is required to provide card holders with all processing and transaction information. Services expected from the bank would include at a minimum:

- embossing, encoding and distributing cards as directed by City
  - provision of electronic statements to cardholders via on-line web access
  - administration of accounts: maintenance of accounts, application of funds, authorization of transactions, related tracking
  - customer service functions
- a. Does the bank currently provide stored value cards or a comparable service? How long has this process been available?
  - b. How many customers use the service? Provide three public references.
  - c. Which program (authorization mark) does your program use? (Visa, MasterCard, etc.)
  - d. Describe the enrollment process. Is enrollment online and does it provide for batched and individual item processing? Are there limitations on the batches?
  - e. What are the costs to the City associated with inactivity (dormancy) or liquidation of stored value amounts? To the end-user?
  - f. What does inactivity trigger?
  - g. Can the term of the program be matched to the depository contract?
  - h. Describe your customer servicing. Is multi-lingual customer service staff available?
  - i. Describe data transmission requirements and deadlines?
  - j. Define all potential services charged to the card holder.

2. Image Lockbox

The City currently does not use any lockbox service for receipt and collection of utility bills or other receivables. A lockbox service would be used to collect payments and transmit daily files with detail for downloading to City customer files. The current utility remittance document is shown below. The account number is 13 digits (all numeric). The utility currently processes 22,000 to 23,000 physical check payments mailed monthly with a daily billing cycle.

Payment  
**Coupon**

PLEASE FOLD ON PERFORATION BEFORE TEARING - RETURN BOTTOM PORTION WITH YOUR PAYMENT  
MAKE CHECKS PAYABLE TO THE CITY OF WACO WATER OFFICE

ACCOUNT INFORMATION	
ACCOUNT:	231884-217439
SERVICE ADDRESS:	
CYCLE-ROUTE:	19-09
SERVICE PERIOD:	11/19/2009 to 12/18/2009
BILLING DATE:	12/29/2009
DUE DATE:	01/12/2010

AMOUNT DUE
NEW CHARGES DUE BY 01/12/2010
51.84
AMOUNT ENCLOSED
51.84

REMIT PAYMENT TO:

000231884000217439000000051848

CITY OF WACO WATER OFFICE  
PO BOX 2649  
WACO, TX 76702

- Describe the lockbox service to be provided. Describe the work flow and processing of payments at your facilities.
- When and how is information available daily?
- Describe the potential implementation timeline. When could the lockbox be implemented?
- What level of technical assistance would be given to the City to implement the lockbox and design or redesign the remittance document?
- Where is the lockbox facility located? What address (city, not street or specific location) would be used for remittance on each?
- When is mail collected and delivered to the facility? How many times daily? How many hours of operation each day?
- Can the lockbox handle remittances paid by credit card?
- Describe the major components of your quality control checkpoints.
- Is image processing currently in place? Are there imaging costs for each item (check and remittance document)? Is there a separate fee assigned for the transmission of images? Describe the fee structure.
- Will mail be processed on all shifts including weekends?
- Do you process wholesale and retail lockbox on the same equipment? If so, how are payments prioritized?
- How are returned checks handled and what information does the City receive on that account information for posting to the City systems?
- Is there a formal procedure for responding to and correcting errors and problems? If yes, please describe including average response time.
- Provide the names, contact names and telephone numbers of at least three comparable public lockbox clients.

- o. In the case of system failure, what are the back-up arrangements for processing? What delays would be expected in such a situation?
- p. Describe the data transmission process (BAI, 823, 820, or other) and provide all sample reports to be received. What transmission protocol is used? What options are available? Is their full MICR capture?
- q. What is the earliest transmission time that information is available on the daily deposit(s)? Intra-day? Is this information available on-line?
- r. Who is responsible for handling adjustments and error resolution? How?

## **VIII. DEPOSITORY COMPENSATION**

The City will require the ability for payment for services on both a fee and compensating basis. The costs will be evaluated against earnings potential based on historical rates at the bank. A decision of the method to be used will be made initially only after analysis of the proposals and on an on-going basis as interest rates change.

If fees are chosen, the bank may direct debit the designated account after a five day City review and approval period each month. The City may or may not leave funds in the bank dependent upon the availability of a sweep mechanism and the interest rates being offered by the bank. All fees shall be fixed for the entire contract period as proposed on Attachment A. Only fees listed on Attachment A will be accepted.

If a compensating balance basis is chosen, the bank will be responsible for establishing and maintaining the compensating target balance at the published Earnings Credit Rate (ECR) with a sweep. If a carry-over settlement be required it will be calculated on a semi-annual basis.

Each proposal must include a completed Attachment A listing all charges applicable to the services outlined in this proposal. The basis of the charge (per item or per account/month) should be clearly noted. If services or unbundled charges needed to provide this service are not currently listed on Attachment A, add same by name and include applicable fees.

Clearly stipulate how software and account maintenance charges are to be charged for various services.

## ATTACHMENT D

### CORPORATION AUTHORITY AND RESOLUTION

When an instrument is signed on behalf of a corporation, documentation must be submitted that states the person signing on behalf of the corporation has the authority to do so. That documentation may be in the form of a resolution approved by the Board of Directors, charter provisions, or by-laws.

If a corporation has a document authorizing one or more individuals to enter into contracts or execute and deliver any instrument in the name of the corporation that it may deem necessary for carrying on the business of the corporation, a certified copy of that document may be submitted. The secretary of the corporation must certify that the submitted document is a true and correct copy of the resolution and has not been revoked, amended, or altered and is still in full force and effect. (A certification form is presented below for your convenience.)

If a corporation does not have such a document authorizing someone to enter into a contract on behalf of the corporation, a resolution form is attached for your convenience.

#### CERTIFICATION

I, \_\_\_\_\_, certify that the attached resolution was  
(Secretary of Corporation)

adopted by the Board of Directors of

\_\_\_\_\_  
(Corporation)

at a meeting on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and has not been revoked, altered, or amended and is still in full force and effect.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name), Secretary

**RESOLUTION**

BE IT RESOLVED by the Board of Directors of \_\_\_\_\_  
that

\_\_\_\_\_ (Name of Corporation)  
\_\_\_\_\_ is hereby authorized to execute a contract with the City  
of \_\_\_\_\_  
(Name)

Waco, Texas, for Design Plans for the Renovations and Improvements to the Depository Banking Services pursuant to City of Waco RFP No. 2010-031.

Said \_\_\_\_\_, Secretary, is authorized to attest the signature binding the corporation.

\_\_\_\_\_  
Corporate Name

(Corporate Seal) By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary of Corporation

**CERTIFICATION**

I, \_\_\_\_\_, certify that the above resolution was adopted by  
the \_\_\_\_\_  
(Secretary of Corporation)

Board of Directors of \_\_\_\_\_ at a meeting held on the \_\_\_\_ day  
of \_\_\_\_\_ (Corporation)  
\_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name), Secretary)

## **ATTACHMENT E**

### **DRUG-FREE WORK PLACE ACT CERTIFICATION**

1. The contractor certifies that it will provide a drug-free work place by:
  - (a) Publishing a statement notifying employees that unlawfully manufacturing, distributing, possessing or using a controlled substance in the contractor's work place is prohibited and specifying the actions that will be taken against employees for violation of such prohibition.
  - (b) Establishing a drug-free awareness program to inform employees about:
    - (1) the dangers of drug abuse in the work place;
    - (2) the contractor's policy of maintaining a drug-free work place;
    - (3) any drug counseling, rehabilitation, and employee assistance programs that are available; and
    - (4) the penalties that may be imposed upon employees for drug abuse violations in the work place.
  - (c) Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by paragraph (a).
  - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the contract the employee will:
    - (1) Abide by the terms of the statement; and
    - (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the work place no later than five (5) days after such a conviction.
  - (e) Notifying the City of Waco within ten (10) days after receiving notice under subparagraph (d) (2), from an employee or otherwise receiving actual notice of such conviction.
  - (f) Taking one of the following actions, within thirty (30) days of receiving notice under subparagraph (d) (2), with respect to any employee so convicted:
    - (1) Taking appropriate personnel action against such an employee, up to and including termination;  
or
    - (2) Requiring such an employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.
  - (g) Making a good faith effort to continue to maintain a drug free work place through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

2. The contractor's headquarters is located at the following address. The addresses of all other work places maintained by the contractor are provided on the accompanying list.

Name of Contractor: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_

County: \_\_\_\_\_

State: \_\_\_\_\_

Zip Code: \_\_\_\_\_

**SIGNED BY:** \_\_\_\_\_

**PRINT OR TYPE NAME AND TITLE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**THIS COMPLETED FORM MUST BE RETURNED WITH PROPOSAL**

## **ATTACHMENT F**

### **LITIGATION DISCLOSURE**

Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

1. Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One                      YES                      NO

2. Have you or any member of your Firm or Team been terminated (for cause or otherwise) from any work being performed for the City of Waco or any other Federal, State or Local Government, or Private Entity?

Circle One                      YES                      NO

3. Have you or any member of your Firm or Team been involved in any claim or litigation with the City of Waco or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One                      YES                      NO

If you have answered “Yes” to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

**COMPLETED FORM MUST BE RETURNED WITH BID/PROPOSAL**

# ATTACHMENT G

## CITY OF WACO Purchasing Services Minority/Women Owned Business Certification

The City of Waco is committed to assuring that all businesses are given prompt, courteous, and equal opportunity to provide goods and services to the City. To achieve this goal, the City Council requests the minority women owned status of each vendor on the City vendor list.

**Definition:** A Disadvantaged Minority and Woman owned Business Enterprise means a business concern owned and controlled by socially and economically disadvantaged individuals. This means any business concern that a) is at least 51% owned by one or more socially and economically disadvantaged individuals; or in the case of publicly owned businesses, at least 51% of the stock which is owned by one or more socially or economically disadvantaged individuals; and b) whose management and daily operations are controlled by one or more other socially and economically disadvantaged individuals who own it. The groups included in this program are Black, Non-Hispanic, Native American, Asian or Pacific Islander, Hispanic, and Women.

**Certification: Proposer declares a minority and/or women owned business status:**

\_\_\_ YES                      \_\_\_ NO

**If yes, check one of the blocks (indicate male or female):**

**Black, Non-Hispanic M/F** \_\_\_;    **Native American M/F** \_\_\_;

**Asian or Pacific Islander M/F** \_\_\_;    **Hispanic M/F** \_\_\_\_\_. **Woman Owned** \_\_\_\_\_.

COMPANY NAME: \_\_\_\_\_

AUTHORIZED SIGNATURE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**MUST BE SUBMITTED WITH YOUR BID/PROPOSAL**

## ATTACHMENT H

### **BID AND PROPOSAL PROTEST PROCEDURE**

Adopted October 12, 2004

1. Any actual or prospective bidder or proposer who believes they are injured as a result of a bid or proposal posted by the City of Waco may file a protest. Only written protests may be considered. A written protest includes a protest sent by email or facsimile to the purchasing services department of the city.
2. The protest must be in writing and delivered to the purchasing services department of the City of Waco. The protest may be delivered in person to the department offices located at 1415 North 4<sup>th</sup> Street, **Waco, Texas**, or by certified mail, return receipt requested, to the following address:

**Purchasing Services  
c/o City of Waco  
Post Office Box 2570  
Waco, Texas 76702-2570**

3. The department must receive the written protest within five (5) business days from the date of receipt of notification of city staff's bid award recommendation being submitted to the Waco City Council for award.
4. The written protest must include the following information before it may be considered by the city:
  - (a) name, mailing address, and business phone number of the protesting party;
  - (b) identification of the bid or proposal being protested;
  - (c) a precise and concise statement of the reason or reasons for the protest which should provide enough factual information to enable the city to determine the basis of the protest; and
  - (d) any documentation or other evidence supporting the protest.
5. The purchasing services department, in necessary conjunction with the department responsible for the bid or proposal solicitation, will attempt to resolve the protest, including, at the purchasing services director's option, meeting with the protesting party. If the protest is successfully resolved by mutual agreement, written verification of the resolution of each ground addressed in the protest will be provided to the city manager or designee assistant city manager.
6. If the purchasing services department is unable to resolve the protest, the protesting party may request the protest be reviewed and resolved by the city manager or designee assistant city manager.
7. A request for the city manager's review must be in writing and received by the purchasing services department within three (3) business days from the date the purchasing services department informs the protesting party the protest cannot be resolved. The request for review must be delivered in person

to the purchasing services department at the address stated above or by certified mail, return receipt requested, to the mailing address stated above.

8. If a protesting party fails or refuses to request a review by the city manager within the three (3) days, the protest is deemed finalized and no further review by the city is required.
9. Applicable documentation and other information applying to the protest may be submitted by the protesting party to the purchasing services department before review by the city manager. If the protesting party requests a review by the city manager, such documentation will be forwarded to the city manager or designee assistant city manager for consideration. The city manager or designee assistant city manager may likewise notify the protesting party or any city department to provide additional information.
10. The decision reached by the city manager or designee assistant city manager will be final, but the protesting party may still appear before the city council during the hearing of visitors session.

**INSTRUCTIONS FOR CONFLICTS OF INTEREST QUESTIONNAIRE**

H.B. 914, passed during the 2005 Texas legislative session, as amended by H.B. 1491 passed in 2007, requires certain persons who wish to conduct business or be considered for business with a city to file a “conflict of interest questionnaire.” The Texas Ethics Commission (TEC) created the conflict of interest questionnaire (FORM CIQ). These laws are codified in Chap. 176 of the Texas Local Government Code.

***What vendors/persons are subject to Chapter 176?***

- The word “person” includes a partnership, corporation or other corporate body, including those performing professional services. Such partnerships or corporations act through individuals, but it is the partnership or corporation that would be seeking to do business with the city.
- Any “person” who contracts or seeks to contract for the sale or purchase of property, goods, or services with a local governmental entity
- An agent of a person who contracts or seeks to contract for the sale or purchase of property, goods, or services with a local governmental entity
- A vendor shall file a completed conflict of interest questionnaire if the person has a business relationship with a local governmental entity and:
  - (1) has an employment or other business relationship with an officer of that local governmental entity, or a family member of the officer that results in taxable income exceeding \$2,500 during the 12 month period preceding the date a contract is executed or a contract is being considered; or
  - (2) has given an officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value of more than \$250 in the 12 month period preceding the date a contract is executed or a contract is being considered

***What triggers the requirement to file a “conflict of interest questionnaire”?***

When a person begins (1) contract discussions or negotiations with the city or (2) submits an application, response to request for proposals or bids, correspondence, or another writing related to a potential agreement, Form CIQ must be completed. Whether the person initiates the discussion or the city initiates the discussions, Form CIQ must be completed. Even if the vendor has no affiliation or business relationship with an officer or employee of the city, Form CIQ must be completed and submitted

***To what type of contracts does the bill apply?***

Any written contract and any implied contract, such as purchase orders, procurement card purchases, utility purchases, or any exchange of money or other consideration for some service or property. The monetary amount or value of the contract/purchase does not matter.

***When must a vendor file the conflict of interest questionnaire?***

No later than seven days after the date the person: (a) begins contract discussions or negotiations with the city, or (b) submits an application or response to a request for proposals or bids, correspondence, or another writing related to a potential agreement with a city, or (c) becomes aware of an employment relationship with a local government officer or family member of the officer, or (d) becomes aware of a qualifying gift..

***What has to be revealed?***

Section 176.006 requires disclosure of a person’s employment or business relationships. This includes each employment or business relationship with a corporation or other business entity with respect to which a local government officer services as an officer or director or holds an ownership interest of 10% or more.

***How do I go about filling out the Conflict of Interest Questionnaire form?***

[Each number below corresponds with the number on FORM CIQ:]

1. Fill in the full name of the person who is trying to do business with the City. If the person is a corporation, partnership, etc., then it is the name of that corporation, partnership, etc., that is required on Form CIQ.
2. Check box if the form is an update to a form previously completed. Updates are required by the 7th business day after an event that makes a statement in a previously filed questionnaire incomplete or inaccurate. Updates are also required by September 1 of each year in which the person submits a proposal, bid or response to the City of Waco or begins contract discussions or negotiations with the City.
3. Complete this Section by listing the name of the local government officer (member of City Council or City Manager) with whom there is an affiliation to or business relationship and you checked the "Yes" box in Section 3 A, B, or C. If there is more than one local government officer (City Council or City Manager) with whom there is an affiliation or business relationship, more than one page two may be needed to provide information on each local government officer.
4. State whether the local government officer named on the form receives or is likely to receive taxable income, other than investment income, from the vendor filing the questionnaire.
5. State whether the filer receives or is likely to receive taxable income, other than investment income, from or at the direction of the local government officer named on the form AND the taxable income is not received from the local governmental entity.
6. State whether the filer is employed by a corporation or other business entity with which the local government officer serves as an officer or director or holds an ownership interest of 10% or more.
7. Describe each employment or business relationship with the local government officer named on the form.
8. Signature box. Person completing form must date and sign the form. If the form is being completed for a corporation, partnerships, etc., the person signing should be someone who is authorized to act on behalf of the corporation, partnership, etc.
9. **Chapter 176 of the Texas Local Government Code can be accessed at <http://www.statutes.legis.state.tx.us/SOTWDocs/LG/htm/LG.176.htm>**

**A signature is required in box #4 regardless of any other entry on the form.**

**CONFLICT OF INTEREST QUESTIONNAIRE**

**FORM CIQ**

**For vendor or other person doing business with local governmental entity**

This questionnaire reflects changes made to the law by H.B. 1491, 80th Leg., Regular Session.

**OFFICE USE ONLY**

*This questionnaire is being filed in accordance with Chapter 176, Local Government Code by a person who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the person meets requirements under Section 176.006(a).*

Date Received

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. *See* Section 176.006, Local Government Code.

A person commits an offense if the person knowingly violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.

**1. Name of person doing business with local governmental entity.**

**RFB / RFP / Contract #**

**2.  Check this box if you are filing an update to a previously filed questionnaire.**

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)

**3. Name of local government officer with whom filer has employment or business relationship.**

\_\_\_\_\_  
Name of Officer

**This section (item 3 including subparts A, B, C & D) must be completed for each officer with whom the filer has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.**

**A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the filer of the questionnaire?**

Yes                       No

**B. Is the filer of the questionnaire receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?**

Yes                       No

**C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?**

Yes                       No

**D. Describe each employment or business relationship with the local government officer named in this section.**

**4.**

\_\_\_\_\_  
**Signature of person doing business with governmental entity**

\_\_\_\_\_  
**Date Signed**

# ATTACHMENT J

## RESIDENT CERTIFICATION

Chapter 2252 of the Texas Government Code “CONTRACTS WITH GOVERNMENTAL ENTITY, SUBCHAPTER A. NONRESIDENT BIDDERS”:

In accordance with Chapter 2252 of the Texas Government Code, a governmental entity may not award a governmental contract to a nonresident bidder unless the nonresident underbids the lowest bid submitted by a responsible resident bidder by an amount that is not less than the amount by which a resident bidder would be required to underbid the nonresident bidder to obtain a comparable contract in the state in which the nonresident’s principle place of business is located.

- (1) "Government contract" means a contract awarded by a governmental entity for general construction, an improvement, a service, or a public works project or for a purchase of supplies, materials, or equipment.
- (2) "Governmental entity" means a municipality, county, public school district, or special-purpose district or authority.
- (3) "Nonresident bidder" refers to a person who is not a resident.
- (4) "Resident bidder" refers to a person whose principal place of business is in this state, including a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

I certify that as defined in Texas Government Code, Chapter 2252 that:

Yes, I am a Texas Resident bidder;\_\_\_\_\_ No, I am not a\_\_\_\_\_Resident bidder.

COMPANY NAME:\_\_\_\_\_

PRINTED NAME:\_\_\_\_\_

SIGNATURE:\_\_\_\_\_

**COMPLETED FORM MUST BE RETURNED WITH BID**