

REQUEST FOR PROPOSAL HPUC BANKING SERVICES

INTRODUCTION

Pursuant to Minnesota Laws 1949, Chapter 422, the Hibbing Public Utilities Commission was established. Thus, the Commission has full and exclusive control over the provisions of water, electric power, natural gas, and steam services and the facilities used in providing these services to the City of Hibbing. There is a five member Commission whom are appointed by the City Council of the City of Hibbing to set the strategic direction and policies for the public utilities.

The Hibbing Public Utilities Commission (HPUC) is a business type activity providing water production and distribution, electric power production and distribution, natural gas distribution, and steam production and distribution and has an approximate annual operating budget of \$35 million.

A. PURPOSE AND SCOPE

The Hibbing Public Utilities Commission (HPUC) is seeking proposals from qualified banking institutions (the “bank”) to provide various banking services. The objective is to identify the banking institution(s) that can offer the most comprehensive services at the most competitive rates. Please acknowledge receipt of this banking services proposal via e-mail to pennyl@hpuc.com. Please provide a contact person and their e-mail address. All addendums and responses will be sent to your contact going forward.

Through this Contract the HPUC intends to minimize banking costs, improve operational efficiency, and maximize investment capabilities. This Request for Proposal (RFP) represents the cash management goals, specifies all banks’ required qualifications, the banking services required, the estimated activity volumes on all accounts, the method and terms of compensation, submission instructions and the contract award provisions.

It is the intent of the HPUC to maintain most banking services with one bank, yet maintain some diversity for investment purposes.

B. ELIGIBLE BANKS MINIMUM QUALIFCAITONS

A proposed bank must be a Federally or State of Minnesota chartered banking institution with offices located in Minnesota, and in St. Louis County within close proximity to HPUC headquarters in Hibbing, Minnesota. The proposed bank must comply with HPUC investment policy and Minn. State Statutes 118A and 427. To assure a close working relationship, to facilitate available services, and to support local business, the HPUC may give priority to those banks with full service capabilities within the City of Hibbing. Any required statement regarding equal opportunity and affirmative action should be included if required/desired. The proposal submitted will become part of the final Contract.

C. PROPOSAL SUBMISSION INSTRUCTIONS

Format

In order to fully and equitably evaluate each bank's ability to meet the banking services needs of the HPUC, a standard reply format is required. Each proposal must include a response to each item in the RFP in the order given. Only proposals submitted in the prescribed format, and using the exhibit forms

provided will be evaluated for Contract award. If a bank cannot meet a service requirement, the bank should enter "No Proposal" for the specific requirement.

Timeline (Subject to Change*)

RFP distributed to banks January 23, 2019
Questions from all banks February 6, 2019
Proposals due from banks March 1, 2019
Recommendation to Hibbing Public Utilities Commission April 9, 2019
Banking services start May 1, 2019

Response Date

The bank's proposal must be received by HPUC no later than Friday, March 1, 2019. Proposals must be clearly marked "BANKING SERVICES PROPOSAL" and mailed or electronically delivered (email) responses to:

Hibbing Public Utilities Commission
Jean M. Lane
Finance Director
1902 E. 6th Avenue
Hibbing, MN 55746
jeanl@hpuc.com
Phone 218.262.7719

Late proposals will not be considered. Amendments to proposals will be considered only if they are received by the above deadline. A corporate official, legally authorized to bind the bank, must sign the proposal.

Should there be any questions reading the RFP process or specific aspects of the RFP, please contact the Finance Director by email, on or before February 6, 2019.

D. SELECTON CRITERION

The HPUC reserves the right to select the bank it feels will best support the HPUC'S banking needs. The HPUC will entertain voluntary, alternate proposals for services not included in RFP.

The selection criteria will include but are not limited to:

- Treasury Management Service Fees
- Earnings Credit Rate
- Customer Service
- Investment/Sweep Yield
- Availability and Commitment of Implementing New Technologies
- Availability Schedule Applied to Deposit Items
- Safety and Credit Worthiness of Bank
- Quality of References

E. RIGHT TO REJECT PROPOSAL

The HPUC reserves the right to waive any information or irregularities in any proposal, and to reject any or all proposals.

F. TERM OF BANKING SERVICE AGREEMENT

The HPUC is requesting proposals for a four (4) year contract term for this banking services Agreement with the option to extend for an additional two (2) year period, at the same terms. Either party has the option of discontinuation of the Agreement with 90-day written notice.

G. SERVICES REQUESTED

The HPUC currently has two local depository accounts: one general checking; and the second for payroll. HPUC staff takes daily deposits (cash and checks) to a local bank branch for processing, normally using drive up windows and walk in branch offices. Nightly drop box deposits are made on occasion. Duplicate deposit tickets are received by the Accounting/Human Resources Coordinator. HPUC currently has approximately 2,000 accounts payable checks which are issued yearly, with the frequency bi-weekly. ACH payments are also used with approximately 400 payments annually. Payroll is issued bi-weekly, and has several mandated and voluntary deductions issued which is processed internally by the Accounting/Human Resources Coordinator.

- ❖ Financing Services
 - ❖ Purchasing Card Program
 - ❖ Investment Services
 - ❖ Line of Credit
- *Interest/Non-interest Bearing Accounts (including checking, savings, money market, sweep, etc.):* HPUC currently maintains several checking, savings and money market accounts. It is our intent to maximize our earning potential, while keeping costs down. Please provide a description of accounts offered by your financial institution, the costs for each account and any interest rate earned on each account. Please include any costs or fees associated with the services described in this Section in the attached proposed fee structure (Exhibit A).
 - *Branch Deposits:*
 1. What is the cut-off time to ensure same-day ledger credit?
 2. What types of bags do you allow/require?
 - Do you provide these bags?
 - Do you charge for these bags?
 3. Are deposit slips and or checks provided?
 4. How do you determine and calculate availability of deposited items?
 - How often are they updated?
 - Do you use a standard schedule?
 - Do you use an accelerated schedule?

Please indicate any costs or fees associated with the services described in this section in the attached proposed fee structure (Exhibit A).

- ❖ *Account Reconciliation Services:*
 1. Provide a brief description of each account reconciliation service that the bank offers. Please provide sample reports.
 2. Describe the product features including but not limited to:
 - File Transmission Time Windows
 - File Layout

- Imaging Capabilities for checks
- Reporting Capabilities- Paper vs. Electronic vs. Internet
- Technical Capabilities
- System Requirements

Please indicate any costs or fees associated with the services described in this section in the attached proposed fee structure (Exhibit A).

❖ *Internet Banking Services: Including balance reporting, wires, ACH transmissions, check inquiry, and Stop payments*

1. Provide a brief description of the information reporting services that the bank offers. Please provide sample reports.
2. Describe the products features including but not limited to:
 - Applications/Modules available within the service
 - Hours of Access/Time Windows
 - Level of detail provided for prior day and for intraday information
 - History Retention
 - Export Capabilities
 - Internal Control Options/Security Features
 - Imaging Capabilities
 - Technical Capabilities
 - Reporting-Paper vs. Electronic vs. Internet
 - System Requirements
3. Returned Items
 - Describe your procedure for handling non-sufficient fund checks deposited into a HPUC account.
 - Can returned items be automatically re-deposited? If so, how many times?
4. Stop Payments
 - Can stop payments be placed manually? On-line?
 - Can the period be extended?
 - Can you request stop payments for a range of checks? What is the limit of the range?
5. Wire Transfers
 - What methods of initiation does the bank offer? Is there opportunity for the treasurer to wire transfers on line?
 - What are the opening hours and the cut-off times in Eastern Standard Time for initiating wire transfers to ensure same-day execution?
 - What is the cut-off time for incoming domestic wire transfers to receive same day credit?
 - Does the bank's wire transfer system have the capability of warehousing instructions for future dated wire transactions?
 - Does your bank have the capability to require different levels of requestor/approval for wires and/or ACH payments?
6. E-Mails
 - Does your banking institution require the use of secure e-mail? If so what type of encryption is used? And for what type of communications?

❖ *Check Imaging with two (2) Years History Capability*

1. The HPUC needs the ability to access paid checks for a minimum of 2 years. Please provide a detailed explanation of how your financial institution could accommodate these requirements.

Please include any costs of fees associated with the services described in this Section in the attached proposed fee structure in Exhibit A.

❖ *ACH Processing: Debit and Credit*

The HPUC uses ACH processing for paying many vendors and has 200 payments yearly. Currently, the HPUC uploads a file weekly/bi-weekly to submit these payments via a web based product with dual control. Additionally, Payroll is issued bi-weekly with several employee mandatory and voluntary deductions. HPUC has approximately 81 employees including Commission members. The HPUC receives a few payments from the State of Minnesota and the Federal Government via ACH Deposit.

1. Describe the service delivery method (direct transmission, PC-based system, web based) that you recommend based upon the information outlined for our organization.
2. Describe the products features including but not limited to:
 - Transmission procedures
 - Transmission time windows/ACH hours of operation
 - Process for reversing/deleting files
 - Electronic reporting capabilities
 - Security features
 - System requirements

Please include any costs or fees associated with the services described in this Section in the attached proposed fee structure (Exhibit A).

❖ *ACH Debit Block*

The HPUC would like to review the use of debit block to prevent unauthorized persons for companies from electronically debiting our bank account. HPUC will establish a short list of vendors that have our authorization to debt our bank account for their payments.

1. Describe how your financial institution would handle this feature for our organization.

Please include any costs or fees associated with the services described in this Section in the attached proposed fee structure (Exhibit A).

❖ *Financing Services*

1. Please explain what services are available.

Please indicate any costs or fees associated with the services described in this section in the attached proposed fee structure.

❖ *Purchasing Card Program*

Currently the HPUC uses 27 purchasing cards in the HPUC. The annual amount of purchases is approximately \$50,000 annually with the intent of increasing this amount.

1. Please explain what services are available.

Please indicate any costs or fees associated with the services described in this section on the attached Exhibit A.

❖ *Investment Services*

BASIC INFORMATION

The HPUC is permitted by law and Commission policy to invest surplus funds in accordance with Minnesota State Statutes 118A and 427. The HPUC will develop an Investment Policy.

Some of HPU investments include short term certificates of deposit, treasury notes, and money market fund investments. Currently these investments amount to \$8.9 million.

HPUC would like to know what your institution has available.

- Please describe the investment options your bank can offer to the HPUC. Would HPUC be able to see interest rates on monthly statements or on-line?
- What safekeeping or custodial arrangements are available for investments purchased by the HPUC, either from the bank or from another provider?
- What methods (telephone, computer, other) are available for the HPUC to communicate information regarding investment transactions to your bank?
- Does your bank offer automatic sweep of available balances into money market or other investments? Please describe. Please provide monthly average yields for the last twelve (12) months on the sweep vehicle recommended in this proposal.
- How soon after a deposit is made to a checking account are funds swept to the investment vehicle? Describe this process in detail.

Please indicate any costs or fees associated with the services described in this Section in the attached proposed fee structure in Exhibit A.

OTHER AVAILABLE SERVICES

For this section, please describe any products or services not specifically mentioned here, which your bank offers, and which you believe would be beneficial to the HPUC.

Please indicate any costs or fees associated with the services described in this Section in the attached proposed fee structure in exhibit A.

PRICING PROPOSAL

Please see attached completed Pricing Proposal Spreadsheet (Exhibit A). All fields must be completed and any blank or zero amounts in a field will mean no cost to the organization.

1. Do we compensate your financial institutions for services by explicit fees, compensating balances, or a combination of the two?
2. How are your financial institution's monthly earnings credit rates calculated?
3. Provide historical rates for the last year.

Please indicate any costs or fees associated with the services described in this section in the attached proposed fee structure in exhibit A.

GENERAL BANKING INFORMATION

❖ *Financial Strength*

1. Safety & Soundness
 - Identify key measures of the bank's financial strength (e.g., capital ratios, market capitalization total assets)
2. Credit Ratings
 - Provide ratings for the bank and/or subsidiary bank from the following agencies: Standard & Poor's/Moody's. Include ratings for Bank Financial Strength, Bank Deposits, and Issuer rating.
3. Financial Statements
 - Each proposer must submit with their proposals copies of their annual financial reports for the past two (2) years.
4. Provide bank ownership information

❖ *Account Servicing*

1. Bank Contacts
 - List names, titles, telephone and fax numbers and email addresses for key bank contact personnel. Also provide a brief resume for each contact.
2. References
 - Each proposer should include four (4) references of customers who have used services similar to those included in this request. Please provide name, address, telephone number, and email address for each reference.
3. Proximity
 - Provide the distance of your nearest branch to the HPUC headquarters.
4. Competitive Position and Future Commitment
 - What differentiates your products/services from other providers?
 - What new services or features does the bank plan to offer, and within what time frame?
 - Provide any additional information, which you believe to be relevant to this RFP and your capabilities to provide the services requested, e.g., product brochures, and articles in trade journals.
5. Disaster Recovery
 - Provide an overview of the bank's disaster recovery plan.

6. Implementation

- What is the average lead-time required for implementation, including but not limited to the following services?
 - Account Opening
 - Information Reporting
 - Other

NON-DISCRIMINATION

Upon submission of this proposal, the Financial Institution agrees that he/she will comply with the Federal Civil Rights Act of 1964 as amended; the Federal Civil Rights Act of 1991 as amended; the Americans with Disabilities Act of 1990 as amended; the Elliot-Larson Civil Rights Act, Article 2, Act No. 453, Public Act of 1976 as amended; the Michigan Handicapper’s Civil Rights Act, Article 2, Act No. 220; Public Act of 1976 as amended, and all other applicable Federal, State, and Local laws and regulations.

Specifically , providers are required not to discriminate against any employee or applicant for employment with respect to such person’s hire, tenure, terms, conditions, or privileges of employment, or any other matter directly or indirectly related to employment because of such person’s race, color, religion, national origin, ancestry, age, sex, or disability as defined by law. Breach of this covenant may be regarded as a material breach of the contract or purchase agreement and may be processed as provided under the State of Minnesota laws.

My signature certifies that the proposal as submitted complies with all terms and conditions as set forth in this RFP.

I hereby certify that I am authorized to sign as a Representative for:

Bank Name: _____

Official Completing Proposal:

Title: _____
Phone: _____
Date: _____
Printed Name: _____
Signature: _____

ATTACHMENT A
BANKING SERVICE CHARGES

Any and all anticipated service charges must be shown on this form to be applicable under the agreement.
Add additional lines as required.

<u>Service Unit</u>	<u>Unit Charge</u>	<u>Cost of Service</u>
Account Maintenance	Per Month	
Daily Balance Reporting	Per Month	
Zero Balanced Accounts		
Master Account	Per Month	
Subsidiary Accounts	Per Month	
Credits Posted	Per Transaction	
Debits Posted	Per Transaction	
Encoding Charge	Per Transaction	
ACH Processing	Per Transaction	
Origination of File	Per Transaction	
ACH Deletions	Per Transaction	
ACH Entries	Per Transaction	
Returned Checks	Per Transaction	
Controlled Disbursements	Per Account/Per Month	
Reconciliation	Per Transaction	
Sort List Tape	Per Transaction	
Sort and List	Per Transaction	
Items Deposited		
Deposits	Per Transaction	
Commercial Deposits	Per Transaction	
Group I Items	Per Transaction	
Group II Items	Per Transaction	
Group III Items	Per Transaction	
Group IV Items	Per Transaction	
Stop Payments	Per Transaction	
Wire Transfers		
Incoming	Per Transaction	
Outgoing	Per Transaction	
Investment Safekeeping		
S/keeping interest/credit	Per Transaction	
S/keeping receipt deposit	Per Transaction	
S/keeping outgoing	Per Transaction	
Securities DVP FRB	Per Transaction	
Securities DVP NY	Per Transaction	
Check Printing	Per Transaction	
Deposit Books	Per Transaction	
Extra Statements	Per Transaction	
Disposable Bank Bags	Per Transaction	
Special Handling		
Purchasing Cards	Per Month	
Origination Fee	Any	

