

REQUEST FOR PROPOSAL

DEPOSITORY

**Estill County Board of Education
253 Main Street
Irvine, KY 40336**

Released 03/18/16

Opening 04/11/16 at 10:00 am local time

**Direct questions pertaining to the RFP to Angela Howell, Finance
Director at angie.howell@estill.kyschools.us or (606)723-2181**

**Estill County Board of Education
253 Main Street
Irvine, KY 40336**

Invitation to Quote

General Conditions and Specifications

1. Information pertaining to any item or condition in this invitation may be obtained by communicating with Ms. Angela D. Howell, Director Of Finance, Phone (606) 723-2181, extension 2241 or email: angie.howell@Estill.kyschools.us.
2. This request is being considered as a "price quote" rather than a bid since it is for professional services. Please consider all statements as such.
3. The intent of this invitation is to receive quotes from local financial institutions to serve as the official primary depository for the Estill County Board of Education for fiscal years beginning July 1, 2016 and ending June 30, 2018. A secondary depository may be appointed by the Board as recommended by the Superintendent as needed for investments or construction accounts.
4. All banks wishing to quote are required to submit a proposal on the attached "Official Quote Form". No alternate quotes will be considered unless the Official Quote Form requested has been completed, signed, and submitted.
- 5.. The Official Quote Form must be signed by an officer or member of the quoting firm who is authorized to legally bind the firm.
6. The proposals will be reviewed by Ms. Angela D. Howell, Finance Director, at 10:00 am local time on April 11, 2016 and presented to the Estill County Board of Education at a subsequent Board meeting. No proposals will be accepted after that date and time.
7. **One copy of the completed proposal is to be submitted in a sealed envelope**, to the address above, **ATTN: Angela D. Howell**, clearly designating Depository-RFP. A duplicate copy is to be retained by the financial institution submitting the proposal. The proposal must be received no later than the closing time indicated above. The proposal may be hand delivered on the date of the opening, provided it is presented no later than the opening time indicated above.
8. All proposals shall be effective from date of opening for a period of **ninety (90) days**, and no proposal may be withdrawn prior to that time.

9. The Board of Education, with the approval of the primary depository, may extend this quote contract for three additional periods of one (1) year. The bank contract will be renewed by June 30th of each year if in agreement.
10. The Board of Education reserves the right to waive defects and informalities in proposals, to reject any or all proposals, or to accept any proposal as may be deemed to its interest, and to award by item, combination of items or lot.
11. Monthly statements of all accounts, along with canceled checks (sorted numerically), are to be furnished to the Board by the primary depository within three banking days following the close of each month. Monthly statements must include information concerning the number of deposits and withdrawals, monthly and year-to-date interest earned. Check imaging is an acceptable form of a monthly statement as long as it lists the checks in numerical order.
12. All operating accounts of the Estill County Board of Education will be deposited in the primary depository. All accounts shall be afforded the same terms described herein and in the Official Quote Form, including, but not limited to, the interest rate paid on deposits and no service charges.
13. This depository contract shall also apply to construction accounts established as a result of selling school revenue bonds, and the primary depository bank shall pledge securities of the United States Government having a fair market value at least equal to 103% of the balance of these accounts. The securities pledged for construction accounts are in addition to the requirements shown in Item VI of the quote document. The depository contract may not include revenue bond sinking funds or bond redemption and interest accounts, with these depositories being selected at the discretion of the Estill County Board of Education.
14. The Board of Education reserves the right to use any or all investment vehicles offered by the financial institution which the Board in its discretion deems to be the most advantageous to the Board.
15. The Board of Education requires that all accounts of the district (including any school activity accounts) be designated as interest bearing checking accounts.
16. The primary depository selected will be expected to extend credit as needed on legally drawn notes of the of Estill County Board of Education for amounts not in excess of the Board's legal borrowing limit as provided in KRS 160.540 at a rate of interest stipulated by the primary depository in its quote not to exceed the greater of 6% per annum or 70% of the federal reserve discount rate on ninety (90) day commercial paper in effect in the federal reserve district in which the loan is made. The Board of Education reserves the right to negotiate the most favorable terms for such borrowings, and is not limited to borrowing funds from the primary depository.

17. This depository contract shall include no service charges for servicing any and all accounts of the Estill County Board of Education or charges for any other banking service such as stop payments, cashiers checks, overdraft charges, interim bank statements, checks returned for insufficient funds, electronic transfers, wire transfers, account inquiries, etc.
18. The primary depository selected must be able to accept a magnetic tape or data transmission of direct deposit credits, and shall be able to transmit to the Federal Reserve, credit unions, other banking institutions, etc.
19. The primary depository selected must agree to serve as Federal Tax Depository for the Estill County Board of Education at no charge to the Board.
20. The primary depository shall agree to negotiate with the Estill County Board of Education to allow the Board to take advantage of any new type of service(s) or new investment procedure(s) that may become available and permissible for Boards of Education during the term of this contract.
21. The primary depository shall continue to pay interest at the deposit rate established by this quote document on any funds remaining in any accounts at that financial institution until all outstanding checks have cleared if the financial institution should no longer be designated as the primary depository.
22. The primary depository shall keep the Board of Education informed in writing of banking hours and times of day when deposits and withdrawals are accepted and/or posted.
23. The primary depository shall appoint one employee of the financial institution to be the person responsible to the Board's Treasurer for compliance with the terms of the adopted proposal and to make sure all transactions of the Board are handled promptly and efficiently.
24. The official depository shall furnish written information weekly concerning the current interest rates for the various accounts and investment instruments available to the Board of Education. This information may be furnished electronically via email or through online banking services.
25. The Board of Education reserves the right to negotiate any or all terms of submitted quotes from financial institutions.
26. Federal Excise Taxes or Kentucky Sales and Use Taxes are not applicable to any purchase made for use of the Board of Education. Proposals should not include any such taxes. Purchase Exemption certificates will be furnished as required.
27. The Estill County Board of Education does not discriminate on the basis of race, color, national origin, age, religion, creed, marital status, sex, or handicap in employment, educational programs, or activities as set forth in Title IX, Title VI, and Section 504.

- 28.. KRS 45A.455 prohibits conflicts of interest, gratuities or kickbacks to employees of the Board of Education in connection with contracts for supplies or services whether such gratuities or kickbacks are direct or indirect, KRS 45A,990 provides severe penalties for violations of the laws relating to gratuities at kickbacks to employees which are designed to secure a public contract for supplies or services.

29. The primary depository shall provide a formatted file via email to the Estill County Board of Education to allow for the electronic reconciliation of the monthly bank statement through the MUNIS financial system utilized by all Boards of Education in the state of Kentucky. The format of said file will be given to the primary depository upon acceptance of the contract.

**ESTILL COUNTY BOARD OF EDUCATION
253 Main Street
Irvine, KY 40336**

**OFFICIAL QUOTE FORM
FOR
DEPOSITORY FOR BOARD OF EDUCATION ACCOUNTS**

The Estill County Board of Education reserves the right to negotiate any or all of the terms of submitted quotes from financial institutions.

I. Interest Rate

In accordance with Item 19 of the General Conditions and Specifications, all accounts of the Estill County Board of Education shall be serviced without charge. The bank agrees that no minimum balance shall be required at any time and the bank shall factor any and all expenses of servicing the Board's accounts into the interest rate shown below.

Interest shall be paid on all deposits maintained by the Estill County Board of Education, including school activity accounts, starting on the date of deposit.

Interest shall be calculated based on the Federal Funds rate. The rate is subject to change on the first business day of each month. The rate + or – the basis points stated below will be calculated on a 365-day per year basis for the actual number of days within the month and paid on the daily collected balance. Interest shall compound daily and be paid monthly on the last business day of each month.

Plus (+) _____ basis points

Minus (-) _____ basis points

(Note: Complete only one line)

The Estill County Board of Education requests that a minimum or floor be set for the interest rate paid on all accounts held at the primary depository. Please indicate such a rate for this quote: _____

II. **Direct Deposits**

As of January 1, 2008, the Estill County Board of Education implemented 100% direct deposit of all payroll checks. The undersigned bank agrees to compensate the Board _____ additional basis points to the interest rate. (This reflects a reduction in the bank's operating cost of originating electronic entries versus processing paper documents.) The bank further agrees that employees of the Board may open one (1) checking or one (1) savings account at the bank to permit direct deposit transactions to be handled efficiently. This account will not require any minimum balance and the employee will be permitted to withdraw the full amount from the account without penalty. The employee also will be able to withdraw up to the full amount from the account via the bank's ATM machine (subject to the ATM machine's limitations), and an ATM card will be provided to the employee at no charge. The bank may also provide additional benefits to Board employees through an employer or work group as indicated below or attached in a separate document:

III. **Loans**

The bank agrees to extend credit as needed on legally drawn notes of the Estill County Board of Education for amounts up to the board's legal borrowing limit at a rate not to exceed the greater of _____ percent per annum (maximum of 6%) or _____ percent (maximum of 70%) of the federal reserve discount rate on ninety (90) day commercial paper in effect in the federal reserve district in which the loan is made in accordance with KRS 160.540 (copy attached). The bank acknowledges that the Board's awarding of this depository agreement to the bank shall not preclude the Board from seeking other financing arrangements for loans that may be needed during the term of this depository agreement.

IV. Location of Offices

The following is a listing of this financial institution's branch office(s):

Branch Office	Location
_____	_____
_____	_____

V. Collected Funds

For investment purposes, we agree to credit the Board's account on the day funds are collected by the bank.

VI. Collateral

A. Execution of Bond of Depository and Collateral

A Bond of Depository for Public School Funds will be executed by the primary depository and collateral deposited in escrow to secure said bond as hereafter set out. The Bond of Depository form (see attached copy) includes a pledge of collateral in the amount of the required penal sum. Said Bond of Depository should cover the Estill County Board of Education funds in the estimated amount of \$24,000,000 (the precise amount will be determined later) effective July 1, 2016, for the full term of this agreement subject to approval of the Kentucky Department of Education (KDE). The amount of the Bond of Depository is determined by KDE and may fluctuate from year to year. In the event the amount of Board of Education funds on deposit, including certificates of deposit, exceed the Bond of Depository amount, the primary depository is to pledge additional collateral for any such excess funds on deposit with a fair market value equal to the excess amount.

B. Types of Collateral

All collateral pledged by the official depository selected must have a fair market value equal to at least 103% of all deposits (including all investment instruments) of

the Estill County Board of Education and shall consist of U.S. Government Bonds, Kentucky School Building Revenue Bonds, and/or Federal Government Agency Obligations. Repurchase Agreements for either class of collateral are unacceptable security. The collateral represents the total amount required to cover all funds and investments. At no time shall the collateral be reduced or substituted without prior approval of the Estill County Board of Education. Such approval shall not be granted without the execution of a new bond, which shall have prior approval by KDE.

C. Safekeeping receipt(s)

As security for this bond, the depository bank shall deposit with its escrow agent, collateral in an amount equal to the penal sum of the bonds. This collateral shall consist of United States Government Bonds, Kentucky School Revenue Bonds and/or Federal Government Agency obligations of the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation. The escrow agent will execute a safekeeping receipt for collateral which will include an endorsement as follows (the form of the endorsement on the safekeeping receipt may be amended so as to modify the endorsement in any manner required by the rules and regulation of the Federal Reserve Banks providing that the collateral pledged for safekeeping in connection with the bond depository is deposited in a federal reserve bank):

"The securities described herein have been pledged as collateral to funds on deposit in Irvine, Estill County, Kentucky to the credit of the Estill County Board of Education, Irvine, Kentucky under terms of a depository agreement. These securities may not be withdrawn or substituted except with the written consent of the Board of Education. The original of this receipt has been delivered to the Estill County Board of Education, Irvine, Kentucky."

Note: In addition, if at any time the deposits of the Estill County Board of Education exceeds the bond amount that has been pledged, the Depository Agent shall pledge additional securities. Also, should the depository institution, at any

time, substitute a different type of collateral, it shall notify the local board of education immediately.

VII. Length of Contract

The quotations and undertakings offered herein will be valid for the fiscal years beginning July 1, 2016 and ending June 30, 2018.

VIII. Other Banking Services Requested

- a. Provide safe deposit box for Board use.
- b. Free access to online banking and training relevant staff on such services.
- c. Monthly statements ending on the last day of each month to be made available to the Board and Schools within three (3) banking days following the close of each month.
- d. No fees for purchase or sale of securities.
- e. No fees for processing checks, deposits, stop payment, return checks, or any other banking fees that may be associated with the accounts.
- f. Provide bank bags as required.
- g. The auditing firm that annually audits our books may require the assistance and cooperation of your bank, such as a record of all investments and check copies, and other information they may deem necessary.

IX. Annual Report

Provide a copy of the financial institution's most recent annual financial report.

X. Additional Banking Services *(use this section to describe other banking services)*

Please list any other products or services that your bank can provide the Estill County Board of Education that are not listed in this RFP document. Products that will increase the efficiency of the financial operations of the Estill County Board of Education will be evaluated at the time of the RFP.

XI. Designated Employee

_____ shall be the employee of our financial institution who will be responsible for compliance with the terms of this depository agreement.

XII. Type of Financial Institution

We have read and understand the General Conditions and Specifications for Board of Education accounts and agree to comply with all said stipulations should we be selected as your official primary depository. Our institution is a: (check the following description that applies)

_____ **Commercial Bank** and is a member of the Federal Deposit Insurance Corporation, and as such, we propose to accept and hold in SECURED CUSTODY funds belonging to the Estill County Board of Education, and to pay out any funds on order of the board as provided by law. We hereby offer our quote to the Estill County Board of Education of Estill County under terms and conditions as above specified

_____ **Savings and Loan Association** and is insured up to \$100,000 by the Federal Government (GAF) and as such we propose to accept and hold in SECURED CUSTODY funds belonging to the Estill County Board of Education, and to pay out any funds on order of the Board as provided by law. We hereby offer our quote to the Estill County Board of Education under terms and conditions as specified above.

Bank Name: _____

Signature: _____ **Date:** _____

Name: (print) _____ **Title:** _____

Address: _____

Telephone: _____ **Email:** _____

