



City of San Antonio

ADDENDUM I

SUBJECT: Request for Proposals for Depository Banking, Lockbox, and Merchant Banking Services, (RFP 16-086), Scheduled to Close: Tuesday, August 30, 2016; Date of Issue: Monday, August 1, 2016

FROM: Denise D. Gallegos, C.P.M., CPPB
Procurement Administrator

DATE: August 11, 2016

THIS NOTICE SHALL SERVE AS ADDENDUM NO. I - TO THE ABOVE REFERENCED REQUEST FOR PROPOSALS

THE ABOVE MENTIONED REQUEST FOR PROPOSALS IS HEREBY AMENDED AS FOLLOWS:

1. **Add:** Pre-Submittal Conference Sign In Sheets, dated August 9, 2016, this document will be posted as a separate attachment.
2. **Revised:** RFP Section 010 – Submission of Proposal, revising the physical address location to read as the following:

“Physical Address:

Office of the City Clerk

Attn: Finance Department, Financial Management Division “RFP for DEPOSITORY BANKING, LOCKBOX, AND MERCHANT BANKING SERVICES”

100 Military Plaza

1st Floor, City Hall San Antonio, Texas 78205”

3. **Revised:** RFP Section 010 – Submission of Proposal, Proposal Format, 7th line in paragraph revised to read as the following:

“All pages shall be numbered ~~and printed one-sided.~~”

QUESTIONS SUBMITTED IN ACCORDANCE WITH SECTION 011, RESTRICTIONS OF COMMUNICATION:

Question 1: Can you describe the escrow services for certain equipment lease purchase financing transactions, which include investment of funds in escrow? (Page 6 of RFP)

Response: The City requests that the selected Respondent be able to provide escrow services for the proceeds of certain equipment lease purchase financing transactions, which included the setup of bank account(s) and coordinating the setup of money market mutual funds where funds held in escrow are invested until drawn down.

Question 2: Electronic Check Processing - What is the equipment you currently use and what is the volume of checks processed through each of the 3 locations? Which 3 locations/departments are currently using? (Page 6 of RFP)

Response: Scan equipment is currently provided by existing depository (Digital Check/Teller Scan-230-65DPM). See Depository RFP Attachment A-1 for volume. The Departments that are currently using electronic check processing are Finance (two locations) and Airport.

- Question 3: What is your requested daylight overdraft limit?
Response: Approximately \$20M to 25M.
- Question 4: What is the size of your typical payroll ACH file? AP ACH file?
Response: The average size of the City's AP ACH file is \$2.7 million with 100 payees. The average size of the City's Payroll ACH file is \$18.04 million with approximately 13,000 payees.
- Question 5: Who is currently providing safekeeping/custody services for the \$1.2 billion portfolio referenced on page 7-8 of the RFP?
Response: The City's current depository, Frost Bank, provides this service.
- Question 6: What is the City currently paying for safekeeping/custody services?
Response: The objective of this RFP is to get current market pricing independent of the City's current contract. The Respondent's proposed pricing should include the cost of these services.
- Question 7: On pages 7-8 and 42-43 of the RFP, it asks for safekeeping services and indicates that the assets are held in trust. What kind of assets make up the \$1.2 billion and are they held in custody or trust? In order to provide pricing, please provide the following:
- Total number of accounts maintained including how many are separately managed
 - How many commingled funds are held in the portfolio and total market value of the commingled funds?
 - How many alternative/mirror image items are held in the portfolio and total market value of the alternatives?
 - Average monthly cash sweep balance maintained
 - If the City holds any global securities, a breakdown by country of the market value and trading estimates
 - Annual or monthly trading estimates for buys/sells/maturities (these can be one total), CMO/assets and mortgage backed principal and interest payments, and pooled security principal and interest payments
 - Do you hold any physicals? If yes, how many?
 - Estimate of the number of incoming wires
 - Estimate of the number of outgoing wires
- Response: The City's investment portfolios are currently held in trust.
The City has four separate investments portfolios that are held in four trust accounts all of which are managed internally.
Two of the City's portfolios have pooled funds. The market value for each account as of March 31, 2016 was \$1.2 billion, \$102.8 million, \$10.3 million, and \$1.525 million.
The City does not hold any alternative/mirror image items in its portfolio.
The City does not utilize a cash sweep for these trust accounts as no cash is held in these accounts.
The City does not hold any global securities.
On average, annually the City has 81 maturities with a par/maturity value of \$1.2B and 90 purchases with a par/maturity value of \$1.3B.
The City does not hold any physical securities.
The estimated annual number of incoming coming wires is 81.
The estimated annual outgoing wire is 90.
- Question 8: Beyond what is included in the RFP, does the City require any other reporting for Custody/Safekeeping/Trust? If so, please provide the details and a sample report, if possible.
Response: The City's reporting requirements are outlined in the RFP.
- Question 9: What is the City's current Earnings Credit Rate?
Response: The City's Earnings Credit Rate is calculated as the previous month's average 91-day T-Bill Auction Discount Rate plus 25 basis points; however, in no event is the ECR lower than the floor rate.
- Question 10: What is the City's monthly average collected balance and ledger balance?
Response: The average monthly collected balance is \$6.7M and the average monthly ledger balance is \$9.0M

- Question 11: Would the City please provide a complete analysis statement, outlining all accounts and services tied to each account?
Response: The information provided in the pricing schedule accurately details the information from the account analysis statements.
- Question 12: Does the City have an account structure in diagram form that it would be willing to share?
Response: The City currently does not have an account structure in diagram form.
- Question 13: Who is the City's armored carrier?
Response: Dunbar Armored, Inc.
- Question 14: Does the City currently utilize an overnight investment sweep? If so, what is the rate, investment, and average monthly balance?
Response: Yes, the City utilizes a Repurchase Agreement as an investment sweep. The rate of the Repurchase Agreement is 95% of the fed funds effective rate for the repurchase date.
- Question 15: For the outlying capture of deposited items, is the City using bank provided software/equipment or does the City utilize an Image Cash Letter process through a third party vendor? If vendor – who is that vendor?
Response: The City is utilizing software/equipment provided by its current depository.
- Question 16: For the City's controlled disbursement account – where are those checks drawn off? Would the City consider an out of state disbursement account if it can add value and benefit?
Response: The City's current controlled disbursement account checks are drawn out of Corpus Christi, however, the City will consider an out of state disbursement account if it can add value and benefit.
- Question 17: What are the makes and models of the City's existing terminals (credit card machines)?
Response: Please see RFP Exhibit 9.
- Question 18: What is the processing volume split/share by percentage for each of the payment channels: Website, Telephone, Mail, and In-person?
Response: Website - 17%
Telephone - N/A
Mail - N/A
In-person - 83%
- Question 19: What will the City's proposed gift cards be used for?
Response: The City currently does not utilize gift cards, however, would like to learn more about possible opportunities to utilize.
- Question 20: What existing gateways/applications support the existing 13 on-line payment portals?
Response: The existing gateways/applications include Orbital, Net Connect, and Authorize.net.
- Question 21: Are card payments taken via lockbox?
Response: The City does not accept credit card payment via lockbox.
- Question 22: What are the transaction counts and volumes for the City's electronic check processing services by transaction type?
 - Electronic check conversion at the point of sale
 - Internet initiated check debits
 - Check guarantee/verification
Response: The City does not utilize an electronic check processing service; the City currently utilizes remote capture as a back office function with equipment provided by its current depository.

Question 23: Does the City use any devices specific to electronic check processing (electronic check conversion and check guarantee/verification)? If so, what are the makes and models?

Response: The City currently utilizes remote capture as a back office function with equipment provided by its current depository (Digital Check/Teller Scan-230-65DPM).

Question 24: Please clarify what is to be included in each of the following:

- The original (1)
- The copies (12)
- The CD (1)
- Reference Proposal Requirements, page 13 and page 17

Response: The City is requesting that the (1) original Respondent submission include **ALL** proposal requirements listed in the RFP Section 008 – Proposal Requirements in regards to either Section A, B, and/or C; including (1) electronic copy of the original submission in a CD or USB flash drive containing a PDF version of the entire submission and an excel version of the Cost/Compensation Schedules (Attachment A-1, B-1, and/or C-1).

The City is requesting that the (12) copies of Respondent submission include all proposal requirements listed in the RFP Section 008 – Proposal Requirements **EXCEPT** the Cost/Compensation Schedules (Attachment A-1, B-1, and/or C-1 and Excel version), Local Preference Program Forms (Attachment A-4, B-4, and/or C-4), Veteran-Owned Small Business Preference Program Forms (Attachment A-5, B-5, and/or C-5), and Financial Information.

The CD or Flash Drive submission should include **ALL** proposal requirements listed in the RFP Section 008 – Proposal Requirements in regards to either Section A, B, and/or C in PDF version of the entire submission and an excel version of the Cost/Compensation Schedules (Attachment A-1, B-1, and/or C-1)

Question 25: Please clarify what is included in the 15-page limit. The City's questions are 10 pages, and Attachment A part one is a form.

Response: The 15-page double-sided page limit is individually placed for each Attachment A, B, and/or C regarding the Respondent Questionnaire, Attachment A/B/C, Part Two.

Question 26: Please clarify if proposal is to be double sided or single sided.

Response: We are requesting that submissions be double-sided.

The following questions are specific to the Excel pricing sheet –

Question 27: Under **GENERAL SERVICES**: On the pricing sheet, you have **Special signature items** – two signatures required. Is this a requirement?

Response: Yes, certain accounts of the City have an ordinance requirement for two signatures.

Question 28: Under **ACH** section: What is the difference between **EPA Monthly Service** and **ACH Blocking**-is one reviewable and one not?

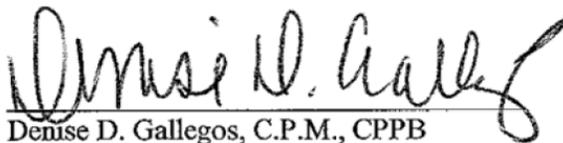
Response: Please refer to the definitions of services provided under Depository RFP Attachment A-1.

Question 29: Under **Wire** section: Client shows **Branch Officer Wire Out Non-Rep** – Wire called into the Wire Room by Bank Employee for a correspondent customer. Do you have a signing authority go into a local branch to request a wire transfer? Also, show **Fed Wire Out Type 10- Non Rep** – showing same definition as above. Are these one in the same and what is a Type 10? In addition, have **Book Transfer Non-repetitive** – transfer between accounts initiated by Bank employee. Same question?

Response: Some of the City's accounts have a requirement for dual signatures. In these instances, wire forms with the dual signatures are provided to the City's main banking contact for processing. Both Branch Officer Wire Out Non-Rep and Fed Wire Out Type 10- Non Rep are the same. On occasion when payments to vendors are requested and the vendor's bank is the same and the City's depository bank a books transfer is processed instead of a wire.

Question 30: Does the City desire to augment their receivables services with an Electronic Bill Present and payment service that would allow for presentment of bills and the payment for services via the City of San Antonio website?

- Response: The City is currently in the process of implementing a point of sale system to provide this service; however, the City will review any additional services that are available.
- Question 31: Does the City desire to augment their receivable suite of services with an Electronic Lockbox service that provides for efficient processing of remittances that are made by consumers via their own bank's online bill payment service?
- Response: The City is interested in receiving information regarding other available services.
- Question 32: Does the City's Emergency Medical Services lockbox require a HIPAA compliant processing environment?
- Response: The Emergency Medical Services lockbox is not required to be HIPAA compliant.
- Question 33: Please describe the nature of the OCR lockbox. What are the payments relative to?
- Response: This is a Citywide lockbox that receives payments pertaining to health permits, alcohol permits, monthly parking fees, retiree health premiums, Public Improvement Special Assessment Tax levy payments and other miscellaneous invoices.
- Question 34: Does the City have an interest in "intelligent safe" services in lieu of traditional vault depository?
- Response: The City is interested in receiving information regarding other available services.
- Question 35: Currently are any tax payments processed through lockbox? If so, what kind?
- Response: The City currently does not process any property tax payments through the lockbox; however, the City does process the Public Improvement Special Assessment Tax levy payments through the lockbox.
- Question 36: Does the City currently utilize an investment sweep product today? If so, what is the average balance in the sweep account?
- Response: The City utilizes a Repurchase Agreement as an investment sweep. The average balance that is swept into the Repurchase Agreement daily is \$1.4 million.
- Question 37: Which armored truck company does the City currently utilize?
- Response: Dunbar Armored, Inc.
- Question 38: Does the City currently pay fees, or are they offset with an Earnings Credit?
- Response: Yes, the City's fees are offset with an earnings credit.
- Question 39: Will the City be awarding all three contracts to a single financial institution, or could it be split among two or three?
- Response: Up to three contracts may be awarded.
- Question 40: What would the typical amount of a Daylight overdraft?
- Response: Approximately \$20M to 25M.


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