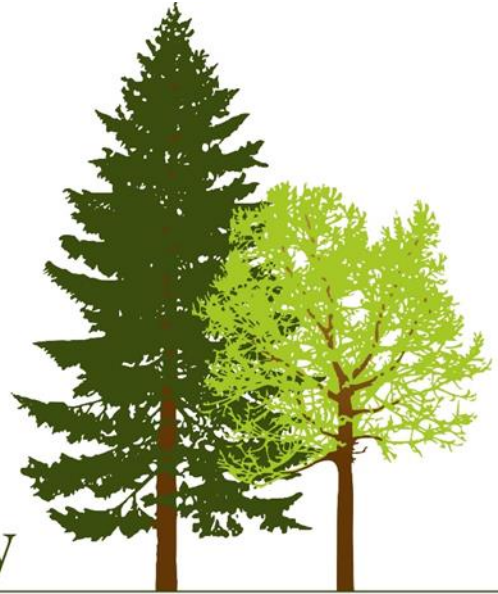


Town of Woodway



WASHINGTON

REQUEST FOR PROPOSALS

BANKING SERVICES CONTRACT

Issued: August 28, 2023

Deadline: Noon on Thursday, September 28, 2023

TABLE OF CONTENTS

Introduction..... 3
Description of Current Operating System..... 3
Town Volume of Activity 4
Time Schedule/Bid Process 4
Procedural Instructions 5
Required Qualifications 8
Required Banking Services..... 9
Optional Banking Services 12
Compensation 13
Evaluation Criteria for Selection of Banking Services Proposal 14
Banking Services Proposal Template 16
Proposed Banking Services Contract..... 24

INTRODUCTION

The Town of Woodway, located just north of the King/Snohomish County line, is a small residential community nestled in the trees along Puget Sound. Town Hall is run by a small, dedicated staff who closely collaborate with our volunteer Mayor and five-member Council. Cooperation with surrounding communities allows Woodway to maintain its rural ways without compromising on vital services. Woodway's current population is approximately 1340 residents and 470 homes.

The Town of Woodway is soliciting proposals to obtain a banking relationship that provides maximum services and competitive pricing to the Town. The intent of this Request for Proposal (RFP) is to select one financial institution to provide basic banking services to the Town of Woodway, Washington. However, the Town may also elect to award an agreement to the winning proposer for any or all optional services.

The Town of Woodway invites qualified local financial institutions to submit proposals for the provision of banking services as described in the attached specifications. Written proposals using the official forms provided herein must be delivered to Woodway Town Hall, 23920 113th Place W., Woodway, WA 98020 by **noon on Thursday, September 28, 2023**.

DESCRIPTION OF CURRENT OPERATING SYSTEM

The Town of Woodway currently maintains one main account for claims checks and payroll checks. The main account performs as the general operating account and receives all Town revenues and maturing investments. Disbursements from this account are made by check, wire transfer, and ACH.

The Town has a contract with a third-party for electronic payment processing of utility and other payments and does not anticipate amending that agreement. Payments through the third-party include credit/debit card payments, ACH/EFT payments, and bill pay checks initiated by the customer's bank. The Town currently has merchant accounts through Chase and American Express for utility payments and general services and accepts credit/debit cards as a means for payment. The credit/debit card revenues are directly deposited into our main checking account. The revenue from ACH/EFT payments and bill pay checks initiated by the customer's bank is deposited into a holding account with the third-party. The Clerk-Treasurer will initiate an ACH transfer from that holding account into the main checking account 2-4 times per month.

The Town also has an investment account that we do not anticipate changing.

TOWN VOLUME OF ACTIVITY

Types of Accounts

- One (1) General Treasury (Public Funds) – Currently in use
- One (1) Sweep Account – Possible future account

2022 Average Monthly Activity (not intended to be a guaranteed minimum or maximum)

- Deposits – 6
- Items Deposited – 51
- Checks Written – 31
- Positive Pay Items Entered – 33
- ACH Credits (Received Items) – 38
- ACH Batches Originated – 1
- ACH Debits (Transactions Originated) – 15
- Wire Transfers In - 1/Out – 1-2 per year
- Returned Items – 1
- Accounts – 1

TIME SCHEDULE/BID PROCESS

The Town will attempt to follow the timetable below, which should result in the implementation of a banking services agreement by January 1, 2024.

Issue RFP	August 28, 2023
Vendor questions due	September 15, 2023
Proposal responses due	By noon on September 28, 2023
Interview with selected banks (if required)	October 9-11, 2023
Preliminary selection of bank	October 12, 2023
Recommendation to Town Council	October 16, 2023
Notify selected bank	October 17, 2023
Transition & Testing period	From the contract effective date through implementation date
Implementation of Banking Services Agreement	January 1, 2024

PROCEDURAL INSTRUCTIONS

1. RFP Contact

- a. Upon release of this Request for Proposals (RFP), all communications concerning this RFP must be directed to the Clerk-Treasurer.

HEIDI K. S. NAPOLITINO
Clerk-Treasurer
23920 113th Place W.
Woodway, WA 98020
206.542.4443 x 814
heidi@townofwoodway.com

- b. Unauthorized contact regarding this RFP with other Town employees may result in disqualification. Any oral communications will be considered unofficial and non-binding on the Town. Proposers should rely only on written statements issued by the Clerk-Treasurer.

2. Questions

- a. All requests for information and questions related to errors, conflicts, or inadequate information shall be made in writing or by e-mail and the response shall be made in like manner. Questions must be received by the deadline listed in the time schedule listed above.
- b. All answered questions will be sent out to all those who have registered with the Clerk-Treasurer.

3. Disclaimer

The responsibility for determining and obtaining the full extent of all information needed to respond to the Request for Proposals (RFP) rests with the financial institution. Submission of a proposal constitutes acceptance of the procedures, evaluation criteria, and other instruction of this RFP.

4. Proposal Template and Submittal Instructions

Each proposer shall use the attached Banking Services Proposal Template and attachments (or copies thereof) to submit their proposal. It is required that the proposal template be completed in its entirety except for the optional banking services section of the proposal.

An official of the financial institution authorized to bind the financial institution must sign the proposal. The proposal must be valid for a period of not less than ninety (90) calendar days from the date of receipt by the Clerk-Treasurer.

Proposals should be prepared simply and economically, providing a straightforward, concise description of the financial institution's capabilities to satisfy the requirements of the request. Special binding, colored displays, promotional materials, etc. are not required. Emphasis should be on completeness and clarity of content. The Town encourages the use of recycled paper and double-sided printing whenever possible.

5. No Proposal

If a proposer cannot meet a service requirement, then the term "No Proposal" should be entered on the Banking Services Proposal Template for that specific requirement. In the case of a "No Proposal" remark, the proposer may offer an equivalent alternative service. Failure to substantially propose on all basic services may result in bid rejection.

6. Multiple Proposals

A proposer may submit equivalent alternative proposals for any and all of the optional banking services.

7. References

Proposals for this project must be accompanied by at least three (3) references of recent successful banking relationships (municipal preferred).

8. Proposal Deadline

A proposal must be submitted in a sealed envelope or package bearing the title "Town of Woodway - Banking Services RFP" along with the proposer's name and address. The proposer shall return one (1) signed original and two (2) copies of their completed proposal to the Woodway Town Hall, 23920 113th Place W., Woodway, WA 98020, no later than noon on Thursday, September 28, 2023. No faxed, emailed or telephone proposals will be accepted. It is the responsibility of the proposer to ensure that the proposal arrives on time at the correct location. All proposals received later than this time will be returned to the financial institution unopened.

9. Tour of Facilities

The Town of Woodway may request a tour of the local facilities, whether headquarters or branch office, of any or all financial institutions that submit proposals to this RFP.

10. Public Information

All proposals and information included therein or attached thereto submitted in response to this RFP shall become public record upon proposal opening. Only under limited circumstances can submittal information be considered proprietary and not subject to disclosure. In no case can a financial institution indicate that their entire submittal is proprietary, and the Town shall make the sole determination of what information may be considered proprietary based upon the Town's interpretation of the Public Disclosure laws.

11. Right to Reject Proposals and Waive Informalities

The Town reserves the right to reject any or all proposals, to waive any nonmaterial irregularities or informalities in any RFP, and to accept or reject any item or combination of items.

12. Execution of Agreement

If a financial institution does not execute an agreement within ten (10) business days of Council passage of a resolution awarding contract, the Town may give notice to the financial institution of the Town's intent to select the next most qualified "proposing financial institution" or call for new proposals, whichever the Clerk-Treasurer deems most appropriate.

13. Non-Endorsement

As a result of the selection of a financial institution to supply equipment and/or services, the Town is neither endorsing nor suggesting that the financial institution's equipment and/or services are the best or only solution. The financial institution agrees to make no reference to the Town of Woodway in any literature, promotional material, brochures, sales presentation, or the like without prior express written consent from the Town.

14. Cost of Preparing Proposals

The Town of Woodway is not liable for any costs incurred by financial institutions in the preparation and presentation of proposals in response to this RFP.

REQUIRED QUALIFICATIONS

1. Full-Service Financial Institution

A proposer must be a federal or state of Washington chartered financial institution and must be a full-service financial institution capable of providing the full range of required banking services outlined in this Request for Proposal (RFP) for the duration of the contract.

2. Location within 4 (four) miles of Woodway Town Hall

A branch banking facility must be located within 4 (four) miles of Woodway Town Hall.

3. Designated Depository

A proposer must be designated by the Washington Public Deposit Protection Commission as a qualified public depository. The qualified designation must remain in effect for the duration of the Banking Services Contract.

4. FDIC

The financial institution must be insured by the Federal Deposit Insurance Corporation (FDIC).

5. Legal Compliance

The financial institution must comply with all applicable laws, rules, regulations, and ordinances of the Town of Woodway, the State of Washington and the United States.

6. Federal Reserve System

The financial institution must be a member of (or have access to) the Federal Reserve System and have access to all Federal Reserve System services.

7. Required Financial Information

The proposer must provide copies of all documents required by state law (Public Fund Protection Act of 1969, Chapter 193) to the Town's Clerk-Treasurer. The financial institution must meet or exceed the requirements outlined therein.

8. Term of Service

The proposer must be willing to enter into an agreement with an initial term of 4 (four) years and the possibility of extensions.

9. Change of Circumstances

The Town reserves the right to give notice and terminate its Banking Services Agreement, at the sole discretion of the Town.

The Town reserves the right to terminate its Banking Services Agreement without notice if the chosen financial institution, for whatever reason, becomes unable to meet these required qualifications or if the financial institution is sold or merges with another bank.

REQUIRED BANKING SERVICES

Each proposer shall submit a comprehensive list of service prices by completing Attachment A. This list will be considered all-inclusive, and the prices shown on the list shall be incorporated into the agreement and will be effective for the duration of the Banking Services Contract. The following categories are the basic package of required banking services:

1. Online Services

The Town requires secure online access to its account information and management including but not limited to account balance information, transfers between accounts, deposit transaction details, ACH initiation, positive pay processing, and payment transaction details.

2. Depository

- a. The financial institution will furnish the Town with a checking account for incoming revenue and outgoing expenses. Deposits, whether in-person or electronic, are primarily comprised of checks and credit card transactions with some currency and customer-initiated ACH payments. Disbursements from the main account will be mainly claims checks and ACH payments, with a small number of wire transfers.

The Town does not currently use a sweep account but would like to implement either a sweep account or an interest-bearing checking account. If a sweep account is used, at a mutually agreed upon time each working day, the prior day's net collected balance shall be invested overnight through the financial institution's own investment department at a stipulated percentage rate, i.e., 75 percent of prime, 80 percent of 180-day T-bill, etc.

- b. The financial institution shall provide locking deposit bags as requested by the Town. The financial institution should be able to provide night deposit services.

c. The financial institution shall automatically present (reprocess) returned deposited items a second time.

3. Electronic Funds Transfer

The Town requires access to initiate ACH transactions and wire transfers by web-based systems with telephone service as a backup.

4. Direct Deposit

The Town provides employees with the option of direct deposit of payroll checks to the institution of their choice. The successful respondent must be able to provide this service. These items must be transmitted to the financial institution using a website interface. Funds shall be available to employees at their respective banks at the time of opening on the date of payment.

5. Positive Pay

The Town uses positive pay as a method of reducing fraud for its paper checks. The financial institution will allow an upload into the positive pay system and will not require the checks to be entered individually by hand.

6. Overdraft Protection

Although the Town will attempt to minimize daylight and overnight overdraft situations, it recognizes that there are times these situations may occur. It is anticipated these overdraft situations will not exceed \$250,000, if and when they do occur.

7. Account Reporting, Maintenance, and Service

a. Collected Balance Reporting

Through its online service portal, the financial institution will provide the Town with detailed previous-day reports and a current-day report, including the current collected balance in the Town's account. These reports need to include details of debits and credits, both cash/check and electronic.

b. Deposits

Deposits accepted and/or received by close of business for the branch will be credited to the account on that same day.

c. Statements

Monthly Statements showing the overall activity of the Town's account(s) will be provided. These reports shall include a monthly detailed analysis of the financial institution's cost of operating the Town's account(s). The monthly statement will include the amount of interest paid or charged as a result of the daily funds balance.

An Annual Statement will be provided following year-end (December 31) showing comparative data for the year by month and by major service cost category to be identified by the Town. This information will be actual data and shall include columns for units processed and collected, and ledger balances. This report will be provided at no additional cost to the Town.

d. Resource Personnel

The financial institution shall identify personnel in both the local branch and headquarters who are available during normal working hours to answer questions pertaining to transactions which require more detailed explanation. These personnel shall be familiar with the Town's account(s) and the Banking Services Contract.

e. Insufficient Funds

Deposited checks returned for insufficient funds shall be automatically presented for collection a second time.

8. Competitive Bidding — Interim Financing

The Town of Woodway may find that at various times it may need additional funds, which may be borrowed from various banks in the form of interest-bearing warrants or short-term notes. These loans may be backed by anticipated specific Town revenues or sales of General Obligation, Revenue, or Local Improvement District Bonds. The successful financial institution agrees to bid on all legally acceptable interim financing loan requests and debt issues, such as tax anticipation notes, bond anticipation notes, or other notes issued in anticipation of future Town revenues, on a prompt and competitive basis.

9. Investments

The successful financial institution will not require a change in the investment activities of the Town. All investment activities will continue to be handled at the direction of the Town Clerk-Treasurer and in accordance with Town policy and state law.

State Investment Pool: The Town invests in the State of Washington Local Government Investment Pool. These investments may involve a transaction with the pool on a daily basis. The financial institution will be required to send and receive funds from the pool.

10. Security of Deposits

The successful financial institution will have measures in place to assure the security of the Town's deposits and robust procedures to be followed in the event that Town's account(s) are breached.

11. Security of Branch Locations

The successful financial institution will have measures in place to assure the security of its branch locations, customers, and branch employees.

OPTIONAL BANKING SERVICES

In addition to the basic services described above, the Town requests proposals for optional services. A proposer may, under separate cover, submit optional proposals for other services that the proposer feels would be in the best interest of the Town. The "Selection Criteria" set forth previously herein applies to the selection of a financial institution for optional banking service(s). The Town may be interested in the following optional banking services:

1. Additional Small Checking Accounts as Needed

The financial institution will provide the Town with additional low-volume special purpose checking accounts as the need arises (not currently a need). Such accounts will be provided with personalized and pre-numbered checks and deposit slips at no additional charge, and will be included in the total account analysis, with earnings credit given for collected balances and itemized charges compensated for through collected balance or fee payment through the primary demand deposit checking account. No charges will be made directly to any of these special accounts.

2. Remote Deposit Capture

The financial institution will provide remote deposit capture software, equipment, and training to Town staff.

3. Investment Assistance

The financial institution may provide investment information and assistance in the management of the Town's investment portfolio as permitted by pertinent federal and state laws and regulations. The financial institution will make available to the Town Repurchase Agreements, Banker's Acceptances, and Certificates of Deposit, and will purchase Government and Federal Agency Securities for the Town if directed to do so. The Town of Woodway will continue to exercise its option to obtain competitive investment bids as outlined in the Town's formal investment policy.

4. Safekeeping Services

The Town purchases all securities on a delivery versus payment method. The selected financial institution may be the Town's custodial agent in charge of providing safekeeping facilities and services for all securities that the Town purchases. In doing so, the financial institution will comply with all state and federal regulations regarding safekeeping of Town securities. All proposals should identify where safekeeping facilities will be located and what banks are used as corresponding banks. Each proposal shall clearly specify services to be performed and the respective monthly cost.

Upon request, as well as at the end of each month, the financial institution will provide a complete inventory listing of the securities being held in safekeeping for the Town, with no additional fee beyond the transaction fees stipulated in the attached bid response form. Fees will not be subject to change during the initial term of the contract.

COMPENSATION

The financial institution will be compensated for the services provided on a mutually agreed-upon schedule. The following procedures will be followed:

1. The financial institution will compute the actual cost to service the account based on the transaction volumes and the actual services provided.
2. The financial institution will compute the average collected funds balance and calculate a service charge credit against the costs determined in #1 above. The earnings rate on these balances will be a factor in the consideration of each proposal. The use of a sweep account is acceptable.
3. The financial institution will compute the difference between the account service charge in #1 above and in the service charge credit computed in #2 above. Direct billing for

service charges is acceptable, if accompanied by a notification (invoice, receipt, etc.) of such charges.

4. If the charges exceed the credit, the Town shall compensate the financial institution for the excess charges.
5. If the service charge credits exceed the service charges for the account, the financial institution will compensate the Town for excess service charge credits.
6. The charges calculated in this section shall be the sole compensation to the financial institution for account services provided.

EVALUATION CRITERIA FOR SELECTION OF BANKING SERVICES PROPOSAL

The basic required banking services proposal will be evaluated separately from any optional service proposals. Please complete separate proposals for the required and optional services so that each can be evaluated on its individual completeness and cost criteria.

All proposals from qualified public depositories that pass the completeness test and financial strength/capacity tests will then be ranked based upon lowest total cost to the Town. (Total cost to the Town is defined as the lowest combination of projected monthly service costs, highest earnings factor specified in financial institution's proposal, and the resulting compensating direct fee, and the cost of transitioning to a new financial institution.)

When making the final decision, the Town also will consider:

- The financial institution's ability, knowledge, and background in successfully providing banking services. Experience in municipal banking services is preferred.
- Client references, specifically from other public sector clients.
- Branch & staff availability and qualifications including the credentials and experience of the person(s) assigned to be the Town's Relationship Manager/Team.
- Comprehensiveness of services provided: Overall capabilities of the financial institution to meet the required service levels described in this RFP.
- The bank's efforts to understand our banking needs and goals, and the creativity the financial institution shows in introducing new technologies and efficiencies to improve our current practices and procedures.
- In the case of interest-bearing demand accounts, current & historical interest rates.

A draft contract is attached, which may be used for this agreement. The Town reserves the right to reject any proposed agreement or contract that does not conform to the specifications contained in this RFP and which is not approved by the Town Attorney. The Town further reserves the right to select the financial institution which, in its opinion, provides the best combination of service quality and costs to the Town.

BANKING SERVICES PROPOSAL TEMPLATE

Heidi K. S. Napolitano, Clerk-Treasurer
Town of Woodway
23920 113th Place W.
Woodway, WA 98020

Dear Ms. Napolitano:

We have read the Request for Proposal (RFP) for Banking Services and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to fulfill the requirements. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Town of Woodway.

The undersigned, a financial institution maintaining branch offices within 4 (four) miles of Woodway Town Hall in Woodway, Washington, certifies that the completion of this Bid Response is a binding commitment to provide the banking services requested as proposed herein. We are submitting the following documents in support of our proposal:

1. Attachment A, Proposal for Banking Services
2. Attachment B, Banking Services Supplementary Questions & Documents

It is understood the above information will be used as evidence of our ability to meet the capital structure requirements necessary to service this account. It is further understood that all information included in, attached to, or required by this RFP shall become public record upon delivery to the Town.

Submitted By:

_____	_____
(Financial Institution Name)	(Date)
_____	_____
(Authorized Signature)	(Title)
_____	_____
(Printed Name)	(Contact Info)

**ATTACHMENT A
PROPOSAL FOR BANKING SERVICES**

REQUIRED BANKING SERVICES

Please respond to all items below and attach any additional supplemental material you wish. You may use a separate sheet of paper to respond, or you can contact Town Hall to request a Word version of this document.

If your financial institution does not or cannot meet a service requirement, then the term "No Proposal" should be entered in the table for that specific requirement. In the case of a "No Proposal" remark, the proposer may offer an equivalent alternative service. The Town retains the right to select any and/or all items listed in this questionnaire as services to be provided by the financial institution receiving the contract.

If there are other services your financial institution can provide that would benefit the Town, please provide a separate proposal that includes the cost of those services and describe how they would benefit the Town.

1. Required banking services to be provided:

REQUIRED BANKING SERVICES	ABLE TO PROVIDE SERVICE
Online services	
Depository	
Electronic fund transfer	
Direct deposit	
Positive pay	
Overdraft protection	
Account reporting, maintenance, and service	
Competitive bidding – Interim financing	
Investments	
Security of deposits	
Security of branch locations	

2. Charges for Services: (Please state your fees for the following services. If there is no cost enter "none".)

ITEM	UNIT PRICE	ESTIMATED MONTHLY VOLUME	ESTIMATED MONTHLY COST	COMMENTS
General Account Services:				
Monthly Account Maintenance		1		
Paper Statement Fee		1		
Electronic Statement Fee		1		
Deposit Assessment Fee				
Earnings Credit Rate				
Negative Collected Rate				
Daily earnings rate on sweep account or interest-bearing checking account				

Depository Services:				
Deposits Posted		6		
Checks Processing, Per Item		51		
ACH Credits (Received Items)		38		
Checks Written		31		
ACH Debits (Transactions Originated)		15		
Returned Deposit Item - Check		1		
Stop Payment, Per Item				
Currency & Coin Deposited, per \$100				
Negative Balance Fee				

General ACH Services:				
ACH Online Monthly Maintenance		1		

ITEM	UNIT PRICE	ESTIMATED MONTHLY VOLUME	ESTIMATED MONTHLY COST	COMMENTS
ACH Batches Originated		1		
ACH Returns Online Reporting				
Direct deposit charges (please itemize)				

Wire Transfer Services:				
Wire Voice PIN Maintenance		1		
Incoming Domestic Wire				
Outgoing Domestic Wire		1		
Repetitive Wire Transfer				
Wire Transfer Receipts				

Online Banking Services:				
Multi User Business Online Banking, per User		3		
Bus Online Extended History - 18mo		1		
Token Security		2		

Other Charges (List and Describe)				

OPTIONAL BANKING SERVICES

OPTIONAL BANKING SERVICES	ABLE TO PROVIDE SERVICE	COST
Additional Small Checking Accounts as Needed		
Remote Deposit Capture		
Investment Assistance		
Safekeeping services		

ATTACHMENT B
BANKING SERVICES SUPPLEMENTARY QUESTIONS & DOCUMENTS

REQUIRED BANKING SERVICES

Please respond to all items below and attach any additional supplemental material you wish. You may use a separate sheet of paper to respond, or you can contact Town Hall to request a Word version of this document.

1. Who is the contact at your financial institution for questions regarding this proposal?

(Name)	(Title)
(Email Address)	(Phone)

2. List the address and hours of operation at your nearest branch office and the hours of operation for non-branch services, including your customer service team if they are not located in the nearest branch office.
3. List of other public entities your financial institution does business with.
4. Submit at least three (3) references (preferably from current local government customers) who can attest to the Bank’s experience as it relates to providing banking services. The references must include contact name, title, e-mail address, telephone number and services used.
5. Document Samples: Please provide the following sample documents:
 - a. Monthly checking account statement.
 - b. Monthly account analysis.
 - c. Annual account statement.
 - d. Audited Annual Financial Report for the most recent fiscal year.
 - e. SEC and/or Moody’s credit rating or comparable rating.
 - f. Copy of latest Public Depository Liability Report as submitted to the Public Deposit Protection Commission.
6. Funds Available: Provide a funds availability schedule. Describe one-day, two-day availability and wire requirements.

7. Online services:
 - a. Security: Provide information on the security methods used during online access (MFA, token use, etc.).
 - b. List online services available and note if there are any services that are only available in-person or over the phone.
 - c. Balance Reporting:
 - i. What time is previous-day information available for access by the customer?
 - ii. Does the financial institution provide current day information?
 1. How frequently is this information updated throughout the day?
 2. What transaction types are available on current day reports?
 - iii. How many days of history can be accessed through the system?
 - iv. Please provide a sample printout of the daily online balance information.
8. Direct deposit: Explain the security structure and requirements for direct deposit including the minimum number of working days prior to the date of payment that the Town would be required to provide the transmission information. Indicate if you use a corresponding institution to facilitate direct deposit services.
9. Electronic funds transfer:
 - a. ACH:
 - i. What is the recommended service delivery method for an ACH batch?
 1. Does the software offer the ability to manage security and access levels by user?
 2. What controls are in place to protect against lost files and duplications of transmissions?
 3. Does the financial institution provide automatic file receipt acknowledgements? If so, how?
 - ii. What are the hours of operation of the ACH support unit?
 - iii. Describe the procedures used to verify accurate and secure receipt of transmissions.
 - iv. How does the financial institution handle file, batch and item reversals and deletions?
 - b. Provide information on how wire transfers would be initiated and processed.
10. Positive Pay:
 - a. What is the recommended service delivery method for a positive pay batch?
 - i. What are the hardware/software requirements?
 - ii. What are the file format specifications?
 - b. What is the bank's deadline for transmitting files/data?

- c. What is the process for notifying the financial institution of a single check or small check run outside of the regular batch file?
 - d. How does the Town notify the financial institution of voided and stop payment checks?
 - e. Does your financial institution have payee verification?
 - f. Is the positive pay service fully implemented at all financial institution branches?
 - g. Exceptions:
 - i. How does the financial institution handle exception (“paid not issued”) items?
 - ii. Does the financial institution offer a daily listing of exception items?
 - iii. What is the timeline for reporting exceptions to the Town?
 - iv. How are exceptions reported to the Town? Will an image be available?
 - v. What is the timeline for the Town to act on any exceptions?
 - h. What are the hours of operation of this service unit?
11. Payment of Fees: Respondents will need to provide information on the following:
- a. The effective rate and formula used to calculate the service charge credit for collected fund balances.
 - b. The proposed method for setting rates on a compensating certificate of deposit.
 - c. A time frame proposed to pay any additional fees not offset by the service charge credit.
 - d. Whether a service charge credit/debit can be carried forward to the next period.
12. Overdraft line of credit: Describe the mechanism and fee for handling possible overdraft situations.
13. Errors and Adjustments
- a. Describe your adjustment process for resolving deposit discrepancies.
 - b. At what dollar amount do you write off discrepancies?
 - c. Do you adjust the deposit amount or process an adjusting debit or credit?
 - d. Describe how inquiries requiring research and adjustment are handled by the Bank. Are there established turn-around times for research and adjustment items? If yes, specify.
14. NSF/Returned Items:
- a. Describe processing procedures.
 - b. What are the fees?
 - c. Are there any other related services available?
15. Security:
- a. What security features are in place to minimize the risk of unauthorized transactions?
 - b. Describe the procedures the proposer will follow in the event the Town’s account(s) are breached, including how the Town will be indemnified in the event of loss.

16. Disaster Recovery:

- a. What disaster recovery plans does the financial institution have to avoid interruptions in service?
- b. How quickly can backup facilities be activated?
- c. What disaster recovery services can the financial institution provide to the Town if we are unable to operate from our own facilities?

17. Implementation: Provide a detailed description of the implementation process, including testing, and a sample implementation schedule.

18. Additional Services:

- a. List any services not previously specified that will be provided to the Town at no additional cost and any additional services that may be required by the bank, including any associated cost.
- b. Describe any enhancements, technological or otherwise, that we should consider to improve operational or cash management efficiencies.
- c. Provide information on how your financial institution plans to keep your product line competitive. Describe what approach the financial institution is taking in the development of new services and what new services and/or features the financial institution plans to offer and within what time frame.

OPTIONAL BANKING SERVICES

1. Remote Deposit Capture

- a. What controls are in place to protect against lost files and duplications of transmissions?
- b. Does the financial institution provide automatic file receipt acknowledgements? If so, how?
- c. Describe the role of any third-party processor used by the financial institution to provide this service?
- d. What is the bank's deadline for transmitting files/data?
- e. How long is this information accessible?

2. Safekeeping Services: Describe fee structure and procedures.

PROPOSED BANKING SERVICES CONTRACT

PROFESSIONAL SERVICES AGREEMENT BETWEEN THE TOWN OF WOODWAY AND [FINANCIAL INSTITUTION] FOR BANKING SERVICES

THIS AGREEMENT, made and entered into this ___ day of [MONTH YEAR] in Snohomish County, Washington, by and between the Town of Woodway, a Washington Municipal Corporation (hereinafter referred to as “Town”), and [FINANCIAL INSTITUTION] (hereinafter referred to as “Financial Institution”).

WHEREAS, the Financial Institution has represented, and by entering into this Agreement now represents, that the Financial Institution and all employees assigned to work on any Town project are in full compliance within the statutes of the State of Washington governing activities to be performed and that all personnel to be assigned to the work required under this agreement are fully qualified and properly licensed to perform the work to which they will be assigned.

NOW THEREFORE, in consideration of the terms, conditions, covenants, and performances contained herein below, the parties hereto agree as follows:

ARTICLE I. PURPOSE

The purpose of this agreement is to provide the Town with banking and financial services. The terms and conditions of relationships between the Town and the Financial Institution are specified in this agreement.

ARTICLE II. SCOPE OF WORK & CONTRACT TERM

- 2.1 **Scope of Work.** The Financial Institution shall furnish all labor, materials, and supplies necessary to perform the required Banking Services as stated in the Banking Services Proposal ("RFP") attached as Exhibit A and incorporated by this reference. All performance of Banking Services under this Agreement shall meet all applicable requirements of the state and federal law.
- 2.2 **Term.** The term of this agreement shall be four (4) years beginning [date] through [date]. Upon mutual written consent, this agreement may be extended twice, each time for two (2) additional years. During any extension period, all terms and conditions of the existing Agreement shall remain in effect including any mutually approved amendments. The Financial Institution shall be authorized to begin work under the terms of this agreement upon signing of this agreement and shall begin offering banking services to the Town no later than January 1, 2024, unless a mutual written agreement is signed to change the schedule. An extension of the time for beginning of service may be given by the Town due to conditions not expected or anticipated at the time of execution of this agreement.

- 2.3 **Compensation.** The Financial Institution will be compensated according to the rates as stated in the Banking Services Proposal ("RFP") attached as Exhibit A. Prior to expiration of the initial four-year term, the Town and the Financial Institution may negotiate fees for the term of the extension not to exceed an increase based on 90 percent of a four-year average of the June to June Consumer Price Index All Urban Consumers, Seattle-Tacoma-Bremerton Area (CPI-U). This is the CPI-U published by the U.S. Department of Labor, Bureau of Labor Statistics, P.O. Box 192766, San Francisco, California 94119-3766.

ARTICLE III. OBLIGATIONS OF THE FINANCIAL INSTITUTION

- 3.1 **Minor Changes in Scope.** The Financial Institution shall accept minor changes, amendments, or revisions, in the detail of the work as may be required by the Town when such changes will not have any impact on the service costs or proposed delivery schedule. Extra work, if any, involving substantial changes and/or changes in costs or schedules will be addressed as listed below.
- 3.2 **Extra Work.** The Town may desire to have the Financial Institution perform work or render services in connection with special projects in addition to or other than work provided by the expressed intent of the scope of work in the scope of services. Such work will be considered as extra work and will be specified in a written supplement to this agreement, to be signed by both parties, which will set forth the nature and the scope thereof. Work under a supplemental agreement shall not proceed until executed in writing by the parties.
- 3.3 **Reports, Statements, and Other Documents.** The reports, statements, and other documents created in the course of the Town's business with the Financial Institution shall be furnished by the Financial Institution to the Town and shall become the property of the Town.

The Financial Institution will not be held liable for reuse of these documents or modifications thereof for any purpose other than those authorized under this Agreement without the written authorization of Financial Institution.

- 3.4 **Public Records Act.** The Financial Institution acknowledges that the Town is subject to the Public Records Act, Chapter 42.56 RCW ("PRA"). All records owned, used, or retained by the Town are public records subject to disclosure unless exempt under the PRA, whether or not the records are in the possession or control of the Town or Financial Institution. All exemptions to the PRA are narrowly construed.
- A. **Confidential Information.** Any records provided to the Town by the Financial Institution which contain information that the Financial Institution in good faith believes is not subject to disclosure under the PRA shall be marked "Confidential" and shall identify the specific information that the Financial Institution in good faith believes is not subject to disclosure under the PRA and a citation to the statutory basis for non-disclosure.

- B. Responding to Public Records Requests. The Town shall exercise its sole legal judgment in responding to public records requests.
- i. The Town may rely upon the lack of notification from the Financial Institution in releasing any records that are not marked “Confidential.”
 - ii. If records identified as “Confidential” by the Financial Institution are responsive to a PRA request, the Town will seek to provide notice to Financial Institution at least ten (10) business days before the date on which the Town anticipates releasing records. The Town is under no obligation to assert any applicable exemption on behalf of the Financial Institution. The Financial Institution may seek, at its sole cost, an injunction preventing the release of information which it believes is protected. In no event will the Town have any liability to the Financial Institution for any failure of the Town to provide notice prior to release.
 - iii. If the Town, in its sole legal judgment, believes that the Financial Institution possesses records that (1) are responsive to a PRA request and (2) were used by the Town, the Town will request the records from the Financial Institution. The Financial Institution will, within ten (10) business days:
 - a. Provide the records to the Town in the manner requested by the Town; or
 - b. Obtain a court injunction, in a lawsuit involving the requester, covering all, or any confidential portion of, the records and provide any records not subject to the court injunction; or
 - c. Provide an affidavit, in a form acceptable to the Town Attorney, specifying that the Financial Institution has made a diligent search and did not locate any requested documents.
- C. Indemnification. In addition to its other indemnification and defense obligations under this Agreement, the Financial Institution shall indemnify and defend the Town from and against any and all losses, penalties, fines, claims, demands, expenses (including, but not limited to, attorneys fees and litigation expenses), suits, judgments, or damages (collectively “Damages”) arising from or relating to any request for records related to this Agreement, to the extent such Damages are caused by action or inaction of the Financial Institution. This indemnification and defense obligation shall survive the expiration or termination of this Agreement.

3.5 **Maintenance/Inspection of Records.** The Financial Institution shall maintain all books, records, documents, and other evidence pertaining to the costs and expenses allowable under this Agreement in accordance with generally accepted accounting practices. All such books

and records required to be maintained by this Agreement shall be subject to inspection and audit by representatives of the Town and/or the Washington State Auditor at all reasonable times, and the Financial Institution shall afford the proper facilities for such inspection and audit.

Representatives of the Town and/or the Washington State Auditor may copy such books, accounts, and records where necessary to conduct or document an audit. The Financial Institution shall preserve and make available all such books of account and records for a period of three (3) years after final payment under this Agreement. If any audit or inspection identifies any discrepancy in such financial records, the Financial Institution shall provide the Town with appropriate clarification and/or financial adjustments within thirty (30) calendar days of notification of the discrepancy.

3.6 Assignment and Subcontracting. The services to be provided by the Financial Institution shall not be assigned or subcontracted without the express written consent of the Town.

3.7 Employment. Any and all employees of the Financial Institution, while engaged in the performance of any work or services required by the Financial Institution under this agreement, shall be considered employees of the Financial Institution only and not of the Town, and any and all claims that may or might arise under the Worker's Compensation Act on behalf of any said employees while so engaged, and any and all claims made by any third party as a consequence of any negligent act or omission on the part of the Financial Institution or its employees while so engaged in any of the work or services provided herein shall be the sole obligation of the Financial Institution.

3.8 Indemnification/Hold Harmless.

A. The Financial Institution will at all times indemnify and hold harmless and defend the Town, its elected officials, officers, employees, agents, and representatives, from and against any and all lawsuits, damages, costs, charges, expenses, judgments, and liabilities, including attorney's fees (including attorney's fees in establishing indemnification), collectively referred to herein as "losses" resulting from, arising out of, or related to one or more claims arising out of negligent acts, errors, or omission of the Financial Institution in performance of Financial Institution's professional services under this agreement. The term "Claims" as used herein shall mean all claims, lawsuits, causes of action, and other legal actions and proceedings of whatsoever nature, involving bodily or personal injury or death of any person or damage to any property including, but not limited to, persons employed by the Town, the Financial Institution or other person, and all property owned or claimed by the Town, the Financial Institution, or affiliate of the Financial Institution, or any other person.

- B. Should a court of competent jurisdiction determine that this agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Financial Institution and the Town, its officers, officials, employees, and volunteers, the Financial Institution's liability to the Town, by way of indemnification, shall be only to the extent of the Financial Institution's negligence.
- C. The provisions of this section shall survive the expiration or termination of this agreement.
- D. For the purposes of the indemnity contained in subpart "A" of this paragraph 3.6, Financial Institution hereby knowing, intentionally, and voluntarily waives the immunity of the Industrial Insurance Act, Title 51 RCW. _____ (initials) _____ (initials)

3.9 **Insurance.** The Financial Institution shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Financial Institution, its agents, representatives, or employees.

A. **No Limitation.** Financial Institution's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Financial Institution to the coverage provided by such insurance, or otherwise limit the Town's recourse to any remedy available at law or in equity.

B. **Minimum Scope of Insurance.** Financial Institution shall obtain insurance of the types described below:

- i. *Automobile Liability* insurance covering all owned, non-owned, hired, and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
- ii. *Commercial General Liability including Employment Practices* insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, and personal injury and advertising injury. The Town shall be named as an insured under the Financial Institution's Commercial General Liability insurance policy with respect to the work performed for the Town.
- iii. *Workers' Compensation* coverage as required by the Industrial Insurance laws of the State of Washington.
- iv. *Professional Liability* insurance appropriate to the Financial Institution.

- v. *Cyber Liability* insurance.
- vi. *Director's & Officer's Liability* insurance.
- vii. *Fiduciary Liability* insurance.
- viii. *Fiduciary bonds* for employees of the bank.

C. Minimum Amounts of Insurance. Financial Institution shall maintain the following insurance limits:

- i. *Automobile Liability* insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
- ii. *Commercial General Liability* insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate.
- iii. *Professional Liability* insurance shall be written with limits no less than \$2,000,000 per claim and \$2,000,000 policy aggregate limit.
- iv. *Cyber Liability* insurance shall be written with limits no less than \$2,000,000 per claim and \$2,000,000 policy aggregate limit.
- v. *Director's & Officer's Liability* insurance shall be written with limits no less than \$2,000,000 per claim and \$2,000,000 policy aggregate limit.
- vi. *Fiduciary Liability* insurance shall be written with limits no less than \$2,000,000 per claim and \$2,000,000 policy aggregate limit.
- vii. *Fiduciary bonds* for employees of the financial institution shall be written with limits no less than \$2,000,000 per claim and \$2,000,000 policy aggregate limit.

D. Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provision for Automobile Liability, Professional Liability, and Commercial General Liability insurance: The Financial Institution's insurance coverage shall be primary insurance as respect the Town. Any insurance, self-insurance, or insurance pool coverage maintained by the Town shall be in excess of the Financial Institution's insurance and shall not contribute with it.

E. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of not less than A-VII.

F. Verification of Coverage. Financial Institution shall furnish the Town with original certificates and a copy of the amendatory endorsements, including but not necessarily

limited to the additional insured endorsement, evidencing the insurance requirements of the Financial Institution before commencement of the work. Throughout the term of this Agreement, the Financial Institution shall provide the Town with proof of insurance upon request by the Town.

- 3.10 **Discrimination Prohibited/Compliance with Equal Opportunity Legislation.** The Financial Institution agrees to comply with equal opportunity employment and not to discriminate against client, employee, or applicant for employment or for services because of race, creed, color, religion, national origin, marital status, sex, age, or handicap except for a bona fide occupational qualification with regard, but not limited to, the following: employment upgrading; demotion or transfer; recruitment or any recruitment advertising; layoff or terminations; rates of pay or any other forms of compensation; selection for training; rendition of services. The Financial Institution further agrees to maintain (as appropriate) notices, posted in conspicuous places, setting forth the provisions of this nondiscrimination clause. The Financial Institution understands and agrees that if it violates this nondiscrimination provision, this agreement may be terminated by the Town, and further that the Financial Institution will be barred from performing any services for the Town now or in the future, unless a showing is made satisfactory to the Town that discriminatory practices have been terminated and that recurrence of such action is unlikely.
- 3.11 **Unfair Employment Practices.** During the performance of his agreement, the Financial Institution agrees to comply with RCW 49.60.180, prohibiting unfair employment practices.
- 3.12 **Legal Relations.** The Financial Institution shall comply with all federal, state, and local laws and ordinances applicable to work to be done under this agreement. This agreement shall be interpreted and construed in accordance with the laws of Washington. Venue for any action commenced relating to the interpretation, breach or enforcement of this agreement shall be in Snohomish County Superior Court.
- 3.13 **Independent Contractor.** The Financial Institution's relation to the Town shall at all times be as an independent contractor.
- 3.14 **Conflicts of Interest.** While this is a non-exclusive agreement, the Financial Institution agrees to and will notify the Town of any potential conflicts of interest in Financial Institution's client base and will seek and obtain written permission from the Town prior to providing services to third parties where a conflict of interest is apparent. If a conflict is irreconcilable, the Town reserves the right to terminate this agreement.
- 3.15 **Town Confidences.** The Financial Institution agrees to and will keep in strict confidence, and will not disclose, communicate, or advertise to third parties without specific prior written consent from the Town in each instance, the confidences of the Town or any information regarding the Town or services provided to the Town.

ARTICLE IV. OBLIGATIONS OF THE TOWN

- 4.1 **Payments.** The Financial Institution shall be paid by the Town for completed work for services rendered under this agreement and as detailed in the Exhibit A, Required Banking Services & Banking Services Fee Schedules, as provided herein after. Fees will be paid through compensating balances or where, and if specified in the exhibit, through direct credit to the Town's account. Such payments shall be full compensation for work performed or services rendered and for all labor, materials, supplies, equipment, and incidentals necessary to complete the work. In the event the Town elects to expand the scope of services from that set forth in Exhibit A, the Town shall pay Financial Institution an additional amount based on a time and expense basis, based upon Financial Institution's current schedule of hourly rates.
- 4.2 **Town Approval.** Notwithstanding the Financial Institution's status as an independent contractor, results of the work performed pursuant to this contract must meet the approval of the Town, which shall not be unreasonably withheld if work has been completed in compliance with the scope of work and Town requirements.

ARTICLE V. GENERAL

5.1 Notices.

Notices to the Town shall be sent to the following address:

Town of Woodway
Eric A. Faison, Town Administrator
23920 113th Place W.
Woodway, WA 98020
Phone: (206) 542-4443

Notices to the Financial Institution shall be sent to the following address:

[FINANCIAL INSTITUTION NAME & MAILING ADDRESS]

Receipt of any notice shall be deemed effective three (3) days after the date on certified mail receipt.

- 5.2 **Termination.** The right is reserved by the Town to terminate this agreement in whole or in part at any time upon ninety (90) days' written notice to the Financial Institution.

The Town reserves the right to terminate this agreement without notice if the chosen Financial Institution, for any reason:

- Is no longer designated by the Washington Public Deposit Protection Commission as a qualified public depository; or
- No longer has a branch within 4 (four) miles of Town Hall; or
- No longer offers the full range of required banking services listed in Exhibit A or to provide a substitute service acceptable to the Town; or
- Is sold or merges with another bank.

If this agreement is terminated, a final payment shall be made to the Financial Institution for all work that has been completed but not yet billed.

5.3 **Disputes.** The parties agree that, following reasonable attempts at negotiation and compromise, any unresolved dispute arising under this contract may be resolved by a mutually agreed upon alternative dispute resolution of arbitration or mediation.

5.4 **Nonwaiver.** Waiver by the Town of any provision of this agreement or any time limitation provided for in this agreement shall not constitute a waiver of any other provision.

TOWN OF WOODWAY

[FINANCIAL INSTITUTION]

By: _____
Michael S. Quinn, Mayor

By: _____

(Name)
Its _____
(Title)

Date: _____

Date: _____

ATTEST/AUTHENTICATED

By: _____
Heidi K. S. Napolitano, Clerk-Treasurer

APPROVED AS TO FORM

By: _____
Greg Rubstello, Town Attorney

Attachments:

Exhibit A: Required Banking Services & Banking Services Fee Schedules (Attachment A of RFP)

Exhibit B: Insurance Documents

EXHIBIT A:
REQUIRED BANKING SERVICES & BANKING SERVICES FEE SCHEDULES

[insert Attachment A of RFP]

EXHIBIT B: INSURANCE DOCUMENTS