



SEDGWICK COUNTY, KANSAS
FINANCE DEPARTMENT
DIVISION OF PURCHASING
525 N. Main, Suite 823 ~ Wichita, KS 67203
Phone: 316 660-7255 Fax: 316-383-7055
<http://www.sedgwickcounty.org/finance/purchasing.asp>

REQUEST FOR PROPOSAL
#17-0036
BANKING SERVICES

July 28, 2017

Sedgwick County, Kansas (hereinafter referred to as “county”) is seeking a firm or firms to provide Banking Services. If your firm is interested in submitting a response, please do so in accordance with the instructions contained within the attached Request for Proposal. Responses are due no later than 1:45pm CDT, Tuesday, August 22, 2017.

All contact concerning this solicitation shall be made through the Division of Purchasing. Proposers shall not contact county employees, department heads, using agencies, evaluation committee members or elected officials with questions or any other concerns about the solicitation. Questions, clarifications and concerns shall be submitted to the Division of Purchasing in writing. Failure to comply with these guidelines may disqualify the Proposer’s response.

Sincerely,

Kara Kingsley
Buyer

Table of Contents

- I. [About this Document](#)
- II. [Background](#)
- III. [Project Objectives](#)
- IV. [Submittals](#)
- V. [Scope of Work](#)
- VI. [Sedgwick County's Responsibilities](#)
- VII. [Proposal Terms](#)
 - A. [Questions and Contact Information](#)
 - B. [Minimum Firm Qualifications](#)
 - C. [Evaluation Criteria](#)
 - D. [Request for Proposal Timeline](#)
 - E. [Contract Period and Payment Terms](#)
 - F. [Insurance Requirements](#)
 - G. [Indemnification](#)
 - H. [Confidential Matters and Data Ownership](#)
 - I. [Proposal Conditions](#)
- VIII. [Required Response Content](#)
- IX. [Pricing Sheet](#)
- X. [Response Form](#)

[Attachment A – Investment Policy](#)

I. About this Document

This document is a Request for Proposal. It differs from a Request for Bid or Quotation in that the county is seeking a solution, as described on the cover page and in the following Background Information section, not a bid or quotation meeting firm specifications for the lowest price. As such, the lowest price proposed will not guarantee an award recommendation. As defined in Charter Resolution No. 68, Competitive Sealed Proposals will be evaluated based upon criteria formulated around the most important features of the product(s) and/or service(s), of which quality, testing, references, service, availability or capability, may be overriding factors, and price may not be determinative in the issuance of a contract or award. The proposal evaluation criteria should be viewed as standards that measure how well a vendor's approach meets the desired requirements and needs of the County. Criteria that will be used and considered in evaluation for award are set forth in this document. The county will thoroughly review all proposals received. The county will also utilize its best judgment when determining whether to schedule a pre-proposal conference, before proposals are accepted, or meetings with vendors, after receipt of all proposals. A Purchase Order/Contract will be awarded to a qualified vendor submitting the best proposal. **Sedgwick County reserves the right to select, and subsequently recommend for award, the proposed service(s) and/or product(s) which best meets its required needs, quality levels and budget constraints**

The nature of this work is for a public entity and will require the expenditure of public funds and/or use of public facilities, therefore the successful proposer will understand that portions (potentially all) of their proposal may become public record at any time after receipt of proposals. Proposal responses, purchase orders and final contracts are subject to public disclosure after award. All confidential or proprietary information should be clearly denoted in proposal responses and responders should understand this information will be considered prior to release, however no guarantee is made that information will be withheld from public view.

II. Background

Sedgwick County, located in south-central Kansas, is one of the most populous of Kansas' 105 counties with a population estimated at more than 514,000 persons. It is the sixteenth largest in area, with 1,008 square miles, and reportedly has the second highest per capita wealth among Kansas' counties. Organizationally, the county is a Commission/Manager entity, employs nearly 2,500 persons, and hosts or provides a full range of municipal services, e.g. – public safety, public works, criminal justice, recreation, entertainment, cultural, human/social, and education.

Sedgwick County has a total budget of approximately \$424 million. Revenues are primarily collected from property taxes, Medicaid fees, sales and use taxes and motor vehicle taxes. The County's deposits, not including investment activity, equate to almost \$1 billion in 2016. These deposits are invested until required for disbursement. Sedgwick County manages an investment portfolio ranging from approximately \$215 million to over \$480 million.

III. Project Objectives

Sedgwick County, Kansas (hereinafter referred to as "county") is seeking a firm or firms to provide Banking Services. The following objectives have been identified for this contract:

- A. Acquire Banking Services meeting the parameters, conditions and mandatory requirements presented in the document.
- B. Establish contract pricing, with the vendor or vendors that has the best proven "track-record" in performance, service and customer satisfaction.
- C. Acquire Banking Services with the most advantageous overall cost to the County.

IV. Submittals

Carefully review this Request for Proposal. It provides specific technical information necessary to aid participating firms in formulating a thorough response. Should you elect to participate, submit one (1) original **AND** one (1) electronic copy (.PDF/Word supplied on a flash drive) of the entire document with any supplementary materials to:

Kara Kingsley
Sedgwick County Division of Purchasing
525 N. Main, Suite 823
Wichita, KS 67203

#17-0036

Sedgwick County... Working for you

SUBMITTALS are due **NO LATER THAN 1:45 p.m. CDT, TUESDAY, August 22, 2017**. Responses must be sealed and marked on the lower left-hand corner with the firm name and address, proposal number, and proposal due date. Late or incomplete responses will not be accepted and will not receive consideration for final award.

Proposal responses will be acknowledged and read into record at bid opening which will occur at 2:00 p.m. CDT, on the due date. No information other than the respondent's name will be disclosed at bid opening.

V. Scope of Work

This section lists the criteria to be considered in evaluating the ability of vendors interested in providing the service specified in this solicitation document. Vendors may respond to all or part of the solicited services. Sedgwick County may award to more than one vendor.

A. Banking Services

1. Account Structure - Sedgwick County currently has a total of 16 accounts consisting of one main operating account, 6 – zero-balance accounts, and 10 other accounts for various departments. It is Sedgwick County's preference to have all but one account be interest bearing.
 - i. Main Operating Account - Sedgwick County maintains a main operating account. The County receives many ACH and wire deposits in this account. It is also the account for all zero-balance transfers. No checks are written on this account. It is the County's intent to minimize the nightly balance by using overnight repurchase agreements.
 - ii. Controlled Disbursement Account ZBA - The County uses a controlled disbursement account to process disbursements for accounts payable items numbering approximately 41,000 checks a year and averaging \$5 million each month. The County will not initiate any ACH debits through this account and has no deposits other than the daily transfer.
 - iii. Payroll Account ZBA - The County is currently on a bi-weekly payroll basis, paying approximately 2,500 employees a total of approximately \$3 million every other Friday. Approximately 95% of our employees take advantage of direct deposit. The payroll account is used solely to process payroll disbursements to County employees, taxing authorities, and the State retirement system. There will be no deposits into this account other than the daily deposit.
 - iv. District Court ZBA - The 18th Judicial District Court uses a zero-balance account. This account has a few deposits but mostly has checks written on it. The main deposit is the transfer from the main operating account.
 - v. Other Accounts - The County uses a variety of other accounts for such things as petty cash and custodial needs. Various services will be needed, such as check writing, ACH and positive pay.
2. Collateral - Pursuant to K.S.A. 9-1402, and amendments thereto, the bank is required to collateralize County deposits. The County Investment Policy requires that pledged securities have a market value equal to at least 102% of the amount of the total deposits of public funds, including accrued interest earned. Please reference the County's investment policy for investments considered as collateral.
3. Availability of Funds - The county desires to know the collected funds availability schedule for its deposits. These deposits include checks, money orders, cash, ACH credits and wires from local, regional, and out-of-state banks. The county requires updates as the schedule changes. Also describe the latest daily deposit time for fastest availability on deposits.
4. Online Banking Services - The county conducts much of its banking business online, including reporting, initiating debit and credit ACHs, wires, stop pays, and all deposits. Please describe the financial institution's online banking capabilities, including the following:
 - i. Reporting
 - Daily balance reporting –summary.
 - Daily balance reporting –detail.
 - Daily ACH and wire with full addenda information.
 - Current day reporting.
 - Intra-day reporting.
 - Check history, prefer 2-year history
 - ii. Execution of Transactions

#17-0036

Sedgwick County... Working for you

- Transfers between accounts.
 - Initiation of wire transfers.
 - Initiation of stop payment orders.
 - Initiation of ACH transactions; including recurring/repetitive/future ACH debit (collection) or credit (direct deposit transactions).
 - Maintenance of wire transfer templates.
 - Stale-dating of checks.
 - Confirmations availability and format.
- iii. Internal Controls
- Online cleared check information/images.
 - Multi-level security administration requirements.
 - Positive pay exceptions.
5. Wire Transfer Services - Sedgwick County has approximately 10 incoming and outgoing wires a month mostly in the main operating account. Please describe the financial institution's wire transfer services, including the following:
- i. Ability to initiate and monitor wire transfers online.
 - ii. Ability to create and store recurring/repetitive wire instructions/templates.
 - iii. Ability to create and store future-dated wire instructions.
 - iv. Security measures for wire initiation and approval.
 - v. Policy on daylight overdrafts.
6. ACH Services - Sedgwick County uses ACH as mode of payment for a majority of its payroll and vendor payments. 95% of County employees receive direct deposit for payroll and 60% of accounts payable dollars are paid through ACH. Please describe the financial institution's ACH services, including the following:
- i. Method by which the government can submit ACH files or initiate ACH via bank software.
 - ii. Pre-notification policy and cost.
 - iii. Security measures for ACH initiation/origination and ACH reception (ACH filters and blocks).
 - iv. Describe any ACH filter and block services available.
7. Positive Pay and Automatic Reconciliation - Sedgwick County uses positive pay account reconciliation services for controlled disbursements, payroll and the Sheriff's inmate account. Please describe the financial institution's ACH services, including the following:
- i. Please provide samples of any reports the bank provides.
 - ii. Describe the positive pay services and verification of items.
 - iii. Teller data update schedules.
 - iv. Data transmission methods and time windows.
 - v. Control options - notification default.
 - vi. Online access (including technical capabilities and system requirements).
 - vii. Describe the level of reconciliation services available (partial, full, etc.) and what is included in that service.
8. Stop Payment - It is the county's preference to complete all stop pays online. Please describe the financial institution's stop payment services, including the following:
- i. Online stop payments.
 - ii. Confirmation requirements.
 - iii. Duration of stop payments (e.g. six months or in perpetuity) and renewal processing options.
 - iv. Process for requesting stop payments on a large number of records.
9. Daylight Overdrafts - In managing the investment program of the County, it is possible that debt service payment or purchases of an investment may occur before the receipt of funds. This could cause an occasional daylight overdraft that will be cured before the end of the banking day. Please provide details on any daylight overdraft issues that may concern your bank.
10. Monthly Statements and Account Analysis - The County requires monthly statements for all accounts, with the exception of the main operating account which requires weekly statements. The county requires a monthly analysis statement in summary form by individual account. The report should also provide a

detailed list of services performed. The total amount of the analysis fees will be debited from the main operating account. Please describe the financial institution's monthly statements and account analysis, including the following:

- i. Please provide a copy of the bank's monthly statement and account analysis.
 - ii. Describe when reports are available and how they are made available.
 - iii. How long are report images maintained online?
 - iv. What is the bank's dispute resolution process?
11. Designated Account Liaison - Sedgwick County requests that the financial institution provide the names of a designated relationship manager and an alternate. The designated relationship managers must have authority to make timely decisions in the normal course of business. Resumes and biographies must be provided for all key employees designated to service the County's accounts.
12. Other value added Banking Services – Sedgwick County would also be interested in the following services:
- i. Pay cards (payroll cards).
 - ii. Virtual vaults.
 - iii. Trust services.
 - iv. Other services provided by your institution that would be beneficial to Sedgwick County, but have not been specifically addressed.
 - v. Interactive Voice Recognition (IVR)

B. Purchase Cards Program

Sedgwick County currently has approximately 468 purchasing cards. In 2016, Sedgwick County spent \$2 million using purchasing cards. Purchasing cards are utilizing for travel and routine, smaller purchases.

1. New, Changes and Termination of Cards

The contractor shall not issue any cards, make changes or terminate a card without the written approval of the County's designated contact.

2. Liability

The county will not accept liability for unauthorized use, account numbers which are fraudulently used and cards which are lost or stolen.

3. Card Format

All Sedgwick County cards must have the following card format:

- i. The phrase "For Official Use Only; Sales Tax Exempt under K.S.A. 79-3606."
- ii. The County's logo, which will be provided by the County.
- iii. A toll-free customer service number shall be printed on the back of the card.
- iv. There shall be no reference to ATMs on the card.

4. Card Controls and Restrictions

The following controls and restrictions shall be available for all cards:

- i. Single transaction dollar limits – established per individual card, not to exceed the County's established individual cardholder maximum dollar limit.
- ii. Velocity limitation – number of card authorizations per designated period. For example, a specified number of transactions per day or twenty-four (24) hour period.
- iii. Maximum dollar limitation per card - established per individual card.
- iv. Vendor and commodity blocking – restrictions on the types of vendors authorized to accept the card and the types of commodities that may be purchased.
- v. Cash advances - complete prohibition of cash advances.
- vi. Additional controls - please describe any other additional controls that may be available.

5. Questioned/Disputed Items and Charge-backs

The contractor shall provide a method for handling questions concerning charges. Toll-free service for this process shall be available. Please describe the process for disputed and charge-back items.

6. Statements

Statements should be mailed directly to the cardholder for processing. It is also desirable for all cardholders to have online access to statements and activity. Alternative methods of transmitting statements for payment are highly desirable and will be considered.

#17-0036

Sedgwick County... Working for you

7. Reports

The contractor shall provide reports that show monthly detail by cardholder, by department and by the County as a whole. Reports shall also be capable of showing transactions by vendor.

8. Online Services

Please describe any online services that are available to manage the purchase card program. Including new card issuance, deletion, replacing, modifying, etc.

9. Online Reconciliation

Please describe your online reconciliation process.

10. Rebates

Please describe any rebates that are available with the purchase card program.

C. Safekeeping Services

Sedgwick County invests in a variety of investment vehicles, including CDs, money markets, repurchase agreements, MIPS, treasury notes and government sponsored agency bonds. There are approximately 100 bonds purchased each year and the par value of the investments range from \$225 million to \$500 million.

1. The county is seeking a financial institution to provide safekeeping services of any treasury notes and government sponsored agency bonds purchased by the County. Please describe the financial institutions' safekeeping services, including the following:
 - i. Safekeeping process when handled through correspondent bank.
 - ii. The county requires delivery versus payment for all settlements.
 - iii. Describe security pricing procedures. The county requires a monthly mark to market valuation.
 - iv. Describe the income, maturity and called distribution process.
 - v. Please provide a sample of any reports available.

D. Remote Deposit Services

1. Sedgwick County does currently utilize this service for tag deposits. The service that the county chooses must interface with SAP financial system, OnBase imaging system and Thompson Reuters GRM product. Please describe the remote deposit services, including the following:
 - i. Provide a brief description and general workflow of the remote deposit service capabilities.
 - ii. Describe what type of hardware and software is needed for the service. What types of requirements are there for the hardware and software?
 - iii. Please describe the training process. Is training available on-site, web or phone?
 - iv. What type of security features does your system have in place?
 - v. Describe the process and length of time of image storage and retrieval.
 - vi. Describe the process to ensure high quality images of the checks and capability to view the checks.
 - vii. What types of reports are available? Please provide samples.
 - viii. Describe the transmissions process.

E. Lockbox Services

Sedgwick County currently has 4 separate lock-box accounts for the Treasurer's Office, Emergency Medical Services, COMCARE, and Finance.

1. Treasurer's Office

The successful vendor will open, process and deposit approximately 38,000 receipts totaling approximately \$80,000,000.00 between April 1st and May 31st and approximately 155,000 individual tax receipts totaling approximately \$155,000,000.00 between November 15th and December 31st. All funds deposited must be fully collateralized. Daily collateral requirements should not exceed \$10,000,000 in May and \$25,000,000 in December. Additional fees for returned checks and re-clearing checks should be accumulated at a specific unit cost for each collection period. The following are requirements for the Treasurer's Office Lock-Box:

- i. Utilize an existing Post Office Box located in Wichita, Kansas.
- ii. Pick up tax statement mail from Sedgwick County Treasurer's Office or from designated post office box daily, Monday through Friday, and process lock box documents on the same day at least 95% of the time.

#17-0036

Sedgwick County... Working for you

- iii. Be responsible for the safe keeping of all mail and other items taken into its custody or that of its agent.
- iv. Balance the statements processed by batch and endorse on behalf of the Sedgwick county Treasurer all qualified tax payments. All large dollar receipts (individual payments exceeding \$50,000) will be expedited and processed the same day.
- v. Understand that all deposits will be in accordance with posting tolerances. Current tolerance is \$5.00 over the stated amount. Tolerances may be adjusted as specified by the county Treasurer.
- vi. Return all statements which do not meet tolerances established by the county Treasurer or any with any documents enclosed or written on. Staple these together with all envelopes and other information sent with the receipt.
- vii. Transport all nonstandard mail to the Treasurer's Office on a daily basis.
- viii. Return daily, all tax statements, by batch, to the Treasurer's Office.
- ix. Send a daily written summary of the same day's activity to the Treasurer's Office. Summaries will be received by 3:00 pm 95% of the time and include the following information:
 - Daily credits to the bank account.
 - Receipts total.
 - Difference, if any.
 - Number of items processed.
 - Number of items rejected.
- x. Provide a deposit and availability schedule daily. If the lock box provider is not Sedgwick County's primary bank, then daily fund transfer is required to transmit lockbox receipts to our main bank.
- xi. Ensure that all receipts are deposited the same day as processed, Monday through Friday, of each week.
 - Processed will mean the steps outlined in this section.
 - There will be no compensating balance arrangements on collected funds.
- xii. Ensure that all receipts on deposit are fully collateralized in accordance with K.S.A. 9-1402, without regard to the exemptions provided under K.S.A. 9-1403, and available for immediate withdrawal.
 - Collateralization will be based on the ledger balance and must be in place prior to the deposit of funds.
 - The successful respondent will establish, with the Director of Accounting, a method of certifying that collateral is in place.
- xiii. Present by electronic transmission, with posting to the County's cashiering system, a report of daily activity that includes the information listed below:
 - Electronic transmission will include the following information: date (day, month, year), batch number, sequence number, control number, user identification (operator initials), amount, and whether or not the taxpayer has requested a receipt (currently, the taxpayer will indicate this on their statement by checking a box. That information is provided to the county as a single character on the report, with "Y" indicating that a receipt has been requested and "N" indicating that no receipt was requested. This keeps the county from sending out every receipt.). The control number and amount will be scan able on the tax bill in OCR form.
 - Understand the following; "date" must be a valid month, day and year, "batch" number is controlled by the financial institution (Sedgwick County's preferred batch size is 250 units), "Sequence" is a number 001-999 per transaction set, "methods of correcting" include control number and amounts, information should be sent in the format described in attachments.
 - In order to contend with the occasional problem of a damaged or unreadable transmission, respondent must be able to regenerate and deliver a duplicate transmission within four (4) hours after a request by the Treasurer's Office.
 - Cooperate with the Treasurer in researching problems and have the capability to retrieve batched records within four (4) hours following a research request.
 - Provide daily balance reporting system listing details on collected funds, one (1) and two (2) day availability and ledger account balances from the lock-box area Emergency

#17-0036

Sedgwick County... Working for you

Medical Services.

- Provide daily reporting, including number of payments received, number of payments processed same day, dollar amount of payments received, and dollar volume processed same day.
- Provide daily transaction reports, including bank batch number, total number of statements, checks, and dollar amounts in each batch.
- Provide Internet access to account balances.
- Provide On-line access to imaged tax documents (statement stubs and checks) allowing immediate access to processed items. Note: CD-ROMs are still required for historical research and archival purposes.
- Provide the Treasurer, or approved representative, access to the successful firm's processing area at all times.
- Accept all payments that are equal to or less than amounts shown on the tax bill.
- Be capable of rejecting payments which are outside the tolerances established or modified by the Treasurer.
- Process all payments that arrive with statements, including those which include notes or other correspondence. Additional notes and correspondence should be forwarded to the Treasurer's Office.
- Reject all payments that do not include statements.
- Reject all checks on which drawer has included a restrictive or qualified endorsement.
- Reject all statement stubs with no checks and transmit daily to Treasurer. Many stubs without checks will contain credit card information and must be transmitted securely on a daily basis. No images of these statements or the credit card information shall be taken or retained in any way by the financial institution.
- Reject other document types as described in the attachments.
- Firm must quote the current overnight repurchase rate offered. The preference is to match the County's banking rate which is the Fed Funds – 15 basis points.
- If applicable, please provide how you process credit cards through a lock box.

2. Emergency Medical Services

The successful vendor will open, process and deposit approximately 15,000 accounts totaling approximately \$9,500,000 between January 1st and December 31st. Additional fees for returned checks and re-clearing checks should be accumulated at a specific unit cost for each month.

- i. Collect and open mail from the Wichita Downtown Station Post Office Box at various times each business day.
- ii. Compare remittance documents to the accompanying check for amount verification.
- iii. Endorse all checks contained therein.
- iv. Photocopy each check and attach any correspondence or remittances to the copy. In addition, please provide two (2) copies of each day's imaged records on CD-ROM within two (2) working days.
- v. Deposit such checks into the main operating account.
- vi. Email the deposit information to County's designee.
- vii. Processed documents, deposit slips and other mail not containing checks will be mailed to County designee each business day.
- viii. Provide on-line access (web portal) to imaged EOB documents (statement stubs and checks) allowing immediate access to processed items.

3. COMCARE

The successful vendor will open, process and deposit approximately 5,000 accounts totaling approximately \$1,500,000 between January 1st and December 31st. Additional fees for returned checks and re-clearing checks should be accumulated at a specific unit cost for each month.

- i. Collect and open mail from the Wichita Downtown Station Post Office Box at various times each business day.
- ii. Compare remittance documents to the accompanying check for amount verification.
- iii. Endorse all checks contained therein.

#17-0036

Sedgwick County... Working for you

- iv. Photocopy each check and attach any correspondence or remittances to the copy. In addition, please provide two (2) copies of each day's imaged records on CD-ROM within two (2) working days.
- v. Deposit such checks into the main operating account.
- vi. Email the deposit information to County's designee.
- vii. Processed documents, deposit slips and other mail not containing checks will be mailed to County designee each business day.
- viii. Provide on-line access (web portal) to imaged EOB documents (statement stubs and checks) allowing immediate access to processed items.

4. Finance

The successful vendor will open, process and deposit approximately 1,500 accounts totaling approximately \$500,000 between January 1st and December 31st. Additional fees for returned checks and re-clearing checks should be accumulated at a specific unit cost for each month.

- i. Collect and open mail from the Wichita Downtown Station Post Office Box at various times each business day.
- ii. Compare remittance documents to the accompanying check for amount verification.
- iii. Endorse all checks contained therein.
- iv. Photocopy each check and attach any correspondence or remittances to the copy. In addition, please provide two (2) copies of each day's imaged records on CD-ROM within two (2) working days.
- v. Deposit such checks into the main operating account.
- vi. Email the deposit information to County's designee.
- vii. Processed documents, deposit slips and other mail not containing checks will be mailed to county designee each business day.
- viii. Provide on-line access (web portal) to imaged EOB documents (statement stubs and checks) allowing immediate access to processed items.

VI. Sedgwick County's Responsibility

- Designate a person to act as the county contract manager with respect to the work to be performed under this contract.
- Remit monthly payment in ACH format.
- The Sedgwick County Treasurer will mail all tax bills. The tax amount and control number will be OCR scan able on the bills. Based on the summary of daily activity and other reported available balances, the Treasurer will move all available balances reported at the end of each day's business. Any checks returned for insufficient funds after clearing the bank twice shall be sent to the Treasurer's Office. The Treasurer will provide a staff person to assist in resolving problems and coordinating tax processing as requested. This staff person will be available to come directly to the institution, if needed. Any returned items regarding EMS accounts will be sent to Finance by the Treasurer.

VII. Proposal Terms

A. Questions and Contact Information

Any questions regarding this document must be submitted in writing to Kara Kingsley at karakingsley@sedgwick.gov by 5:00 p.m. CDT, Wednesday, August 4, 2017. Any questions of a substantive nature will be answered in written form as an addendum and posted on the purchasing website at www.sedgwickcounty.org/finance/purchasing.asp, under view current RFQs and RFPs; to the right of the RFP number by 5:00 p.m. CDT, Friday, August 8, 2017. Firms are responsible for checking the website and acknowledging any addenda on their proposal response form.

B. Minimum Qualifications

This section lists the criteria to be considered in evaluating the ability of firms interested in providing the service(s) and/or product(s) specified in this Request for Proposal. Firms must meet or exceed these qualifications to be considered for award. Any exceptions to the requirements listed should be clearly detailed in proposer's response. Proposers shall:

- 1. Have a minimum of 5 years' experience in providing services similar to those specified in this RFP.
- 2. Have an understanding of industry standards and best practices.
- 3. Have experience in managing projects of comparable size and complexity to that being proposed.

#17-0036

Sedgwick County... Working for you

4. Be duly qualified to do business in the State of Kansas upon contract award. Domestic (Kansas) corporations shall furnish evidence of good standing in the form of a Certificate signed by the Kansas Secretary of State. Foreign (non-Kansas) corporations shall furnish evidence of authority to transact business in Kansas in the form of a Certificate signed by the Kansas Secretary of State. In addition, the successful firm shall furnish a Corporate Resolution evidencing the firm's authority to execute the Contract Documents and be legally bound by same.
5. Municipal and county government experience is desired, however, the county will make the final determination based on responses received and the evaluation process.
6. Must provide secured handling of all county records and materials.
7. Be insured by the FDIC (Banking Services only).
8. Maintain a full-service home office or branch in Wichita, KS and have a branch network convenient to the County's operations (Banking Services only).
9. Pledge security for deposit of public funds in one of the manners set forth in the Sedgwick County Investment Policy (Banking Services only).
10. Access to the Federal Reserve System. Institution must be a member of (or have access to) the Federal Reserve System and have access to all Federal Reserve System services (Banking services only).
11. Have the capacity to pledge the securities or an approved surety bond with a market value that will provide 102% collateralization on lock box deposits.
12. Maintain an ongoing amount of collateralization at \$10,000,000 in May and \$25,000,000 in December.
13. Have the capacity to acquire all bonds, escrows or insurances as outlined in the terms of this RFP.
14. Have proper certifications(s) and/or license(s) for the services specified in the RFP
15. Provide project supervision (as required) and quality control procedures.
16. Have appropriate material, equipment and labor to perform specified services.
17. Park only in designated areas and display parking permit (if provided).
18. Wear company uniform or ID badge for identification purposes.

C. [Evaluation Criteria](#)

The selection process will be based on the responses to this RFP. County staff will judge each response as determined by the scoring criteria below:

Component	Points
1. Methodology and approach to scope of work	20
2. Pricing	20
3. Quality of references	20
4. Response completeness and thoroughness	20
5. Number of locations within the community	20
Total Points	100

Any final negotiations for services, terms and conditions will be based, in part, on the firm's method of providing the service and the fee schedule achieved through discussions and agreement with the county's review committee. The county is under no obligation to accept the lowest priced proposal and reserves the right to further negotiate services and costs that are proposed. The county also reserves the sole right to recommend for award the proposal and plan that it deems to be in its best interest.

The county reserves the right to reject all proposals. All proposals, including supporting documentation shall become the property of Sedgwick County. All costs incurred in the preparation of this proposal shall be the responsibility of the firm making the proposals. Sedgwick County reserves the right to select, and subsequently recommend for award, the proposed service which best meets its required needs, quality levels and budget constraints.

D. [Request for Proposal Timeline](#)

The following dates are provided for information purposes and are subject to change without notice. Contact the Division of Purchasing at (316) 660-7255 to confirm any and all dates.

Distribution of Request for Proposal to interested parties	July 28, 2017
Questions and clarifications submitted in writing by 5:00 p.m. CDT	August 4, 2017
Addendum Issued	August 8, 2017
Sealed Proposal due before 1:45pm CDT	August 22, 2017
Evaluation Period	August 22 – September 14, 2017
Board of Bids and Contracts Recommendation	September 14, 2017
Board of County Commission Award	September 20, 2017

E. [Contract Period and Payment Terms](#)

A contractual period will begin November 15, 2017, following Board of County Commissioners (BoCC) approval of the successful firm(s) and continue for a period of three (3) years with two (2) one (1) year options to renew.

Either party may cancel its obligations herein upon thirty-day (30) prior written notice to the other party. It is understood that funding may cease or be reduced at any time, and in the event that adequate funds are not available to meet the obligations hereunder, either party reserves the right to terminate this agreement upon thirty (30) days prior written notice to the other. Payment will be remitted following receipt of monthly detailed invoice.

Payment and Invoice Provisions

http://www.sedgwickcounty.org/purchasing/payment_and_invoice_provisions.pdf

F. [Insurance Requirements](#)

Liability insurance coverage indicated below must be considered as primary and not as excess insurance. Contractor shall furnish a certificate evidencing such coverage, with County listed as an additional insured, except for professional liability, workers’ compensation and employer’s liability. **Certificate shall be provided prior to award of contract.** Certificate shall remain in force during the duration of the project/services and will not be canceled, reduced, modified, limited, or restricted until thirty (30) days after County receives written notice of such change. All insurance must be with an insurance company with a minimum BEST rating of A-VIII and licensed to do business in the State of Kansas (**must be acknowledged on the bid/proposal response form**).

NOTE: If any insurance is subject to a deductible or self-insured retention, written disclosure must be included in your proposal response and also be noted on the certificate of insurance.

It is the responsibility of Contractor to require that any and all approved subcontractors meet the minimum insurance requirements. Contractor shall obtain the above referenced certificate(s) of insurance, and in accordance with this Agreement, provide copies of such certificates to County.

Workers’ Compensation:

Applicable coverage per State Statutes

Employer’s Liability Insurance: \$100,000.00

Commercial General Liability Insurance:

Each Occurrence \$500,000.00

Aggregate \$500,000.00

Personal Injury:

Each Occurrence \$500,000.00

General Aggregate \$500,000.00

Automobile Liability:

Combined single limit \$500,000.00

Professional Liability

If required

#17-0036

Sedgwick County... Working for you

Special Risks or Circumstances:

Entity reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

G. Indemnification

To the fullest extent of the law, the provider, its subcontractor, agents, servants, officers or employees shall indemnify and hold harmless Sedgwick County, including, but not limited to, its elected and appointed officials, officers, employees and agents, from any and all claims brought by any person or entity whatsoever, arising from any act, error, or omission of the provider during the provider's performance of the agreement or any other agreements of the provider entered into by reason thereof. The provider shall indemnify and defend Sedgwick County, including, but not limited to, its elected and appointed officials, officers, employees and agents, with respect to any claim arising, or alleged to have arisen from negligence, and/or willful, wanton or reckless acts or omissions of the provider, its subcontractor, agents, servants, officers, or employees and any and all losses or liabilities resulting from any such claims, including, but not limited to, damage awards, costs and reasonable attorney's fees. This indemnification shall not be affected by any other portions of the agreement relating to insurance requirements. The provider agrees that it will procure and keep in force at all times at its own expense insurance in accordance with these specifications.

H. Confidential Matters and Data Ownership

The successful proposer agrees all data, records and information, which the proposer, its agents and employees, which is the subject of this proposal, obtain access, remains at all times exclusively the property of Sedgwick County. The successful proposer agrees all such data, records, plans and information constitutes at all times proprietary information of Sedgwick County. The successful proposer agrees that it will not disclose, provide, or make available any of such proprietary information in any form to any person or entity. In addition, the successful proposer agrees it will not use any names or addresses contained in such data, records, plans and information for the purpose of selling or offering for sale any property or service to any person or entity who resides at any address in such data. In addition, the successful proposer agrees it will not sell, give or otherwise make available to any person or entity any names or addresses contained in or derived from such data, records and information for the purpose of allowing such person to sell or offer for sale any property or service to any person or entity named in such data. Successful proposer agrees it will take all reasonable steps and the same protective precautions to protect Sedgwick County's proprietary information from disclosure to third parties as with successful proposer's own proprietary and confidential information. Proposer agrees that all data, regardless of form that is generated as a result of this Request for Proposal is the property of Sedgwick County.

I. Proposal Conditions

http://www.sedgwickcounty.org/purchasing/pdf_files/Proposal%20Terms%20%20Conditions.pdf

General Contract Provisions

http://www.sedgwickcounty.org/purchasing/pdf_files/General%20Contractual%20Provisions.pdf

Mandatory Contract Provisions

http://www.sedgwickcounty.org/purchasing/pdf_files/Mandatory%20Contractual%20Provisions.pdf

Sample Contract

http://www.sedgwickcounty.org/purchasing/pdf_files/Sample%20Contract.pdf

VIII. Required Response Content

Proposals received should reflect in detail their inclusion and the degree provided. The Proposal should be organized in the following format and information sequence:

- A. Firm profile: the name of the firm, address, telephone number(s), contact person, year the firm was established, and the names of the principals of the firm.
- B. Provide a description of contractor's firm, its organization, size and nature of services available.
- C. Provide information on the contractor's background, expertise and qualifications to provide the services outlined in this RFP.
- D. Provide applicable certificates/licenses as deemed necessary by local, state and federal laws.
- E. Provide resumes of key staff working on this project. Resumes shall include background qualifications, past work experience on large projects and similar work, and a summary of the anticipated role of each on this project.
- F. Acknowledge and address in sequential order and in detail the plan/verification of ability to meet scope of services, qualifications, conditions and stipulations as outlined in this proposal document.
- G. Provide at least three (3) references verifying exemplary service. These references **MUST** have received services similar to those proposed under this RFP. Provide the business name, address, contact name, phone number, e-mail address, length of service provided, and a brief description of products/services provided.
- H. Provide audited financial statements for the past two (2) years.
- I. Provide two (2) of the most recent Uniform Bank Performance Reports (UBPR) (Banking services only).
- J. Provide and have an acceptable Community Reinvestment Act (CRA) rating report (Banking services only).
- K. Provide a description of how the County would rank relative to other customers of the bank in relationship to size and complexity of services.
- L. Provide external credit evaluation reports (Moody's, Fitch, S&P, etc.). Also, responding banks must provide pertinent information regarding financial strength and stability expected during the term of the proposed banking services contract.
- M. Supply a map of institution's main office and branch offices in the County with addresses and phone numbers. (Banking services only).
- N. Provide a project plan and timeline for implementation and transition.
- O. Provide the hours, location and staffing of customer service.
- P. Provide a bank reference statement and/or copy of the most recent, audited, annual financial statement.
- Q. Submit a statement disclosing any actual or potential conflicts of interest with Sedgwick County, its officers, agents and employees.
- R. Discuss any current local, state or federal (i.e. HCFA / HIPAA) violations and any ongoing litigation that may cause conflicts or affect the ability of the vendor to provide service(s) and/or product(s).
- S. List any active or pending fines, penalties or sanctions against the insurance agent, insurance agency, and/or the insurance company from any State Insurance Department during the previous three (3) years.
- T. Provide a statement discussing any current ongoing litigation, which may cause conflicts or affect the ability of the proposer to provide services.
- U. Identify any other expectations of the County not addressed in the request for proposal document.
- V. Provide any additional information relevant to expertise of the requested services that may assist the County in evaluating the proposal response.
- W. Provide a completed Proposal Response Form.

IX. Pricing Sheet

A contractual period will begin November 15, 2017, following Board of County Commissioners (BoCC) approval of the successful firm(s) and continue for a period of three (3) years with two (2) one (1) year options to renew. Sedgwick County reserves the right to award to multiple vendors. Vendors may choose which services they wish to respond to.

Please fill out the below pricing grid. All unit pricing will be firm/fixed pricing for the initial term. To help vendors who wish to respond to this RFP, Listed are 2016 volume figures. These volumes are not guaranteed and should only be used as a tool for your response.

	2016 Volume	Unit Price	Total Price
Account Maintenance	182	\$	\$
Other Credits	14	\$	\$
Other Debits	2	\$	\$
Overdraft Fee	2	\$	\$
Zero Balance Account	66	\$	\$
Statements	51	\$	\$
ck Image CD-Rom	12	\$	\$
Deposits	5039	\$	\$
Dep Items On-Us	60844	\$	\$
Dep Items Electronic	292983	\$	\$
Dep Items Foreign	1	\$	\$
Reclear Credits	525	\$	\$
Returned Deposited Items	459	\$	\$
Deposit Online Maintenance	24	\$	\$
Br Dep Processing lct	1373	\$	\$
Br. Coin Ordered lct	185	\$	\$
Loose Currency Notes Deposited	606561	\$	\$
Deposit	1778	\$	\$
Change Order Base Fee Auto	397	\$	\$
Bag Loose Coin	0	\$	\$
Bag Rolled Coin Deposited	0	\$	\$
Vault Deposit Discrepancy	6	\$	\$
Change Order Base Fee Phone/Fax	2	\$	\$
Straps of Currency ordered	880	\$	\$
Loose Currency Notes-Ordered	21940	\$	\$
box of Rolled Coin Ordered	60	\$	\$
Roll of Coin-Ordered	2633	\$	\$
Currency Straps	1	\$	\$
Tamper Proof Bag 9x12	25	\$	\$
Coin Envelopes	1	\$	\$
Checks Paid	15257	\$	\$
Stop Pay	13	\$	\$
Positive Pay Account Maint	48	\$	\$

#17-0036

Sedgwick County... Working for you

Positive Pay per item	54804	\$	\$
Positive Pay	0	\$	\$
Controlled Disbursement	38429	\$	\$
ACH Credits Received	13434	\$	\$
ACH Debits Received	3662	\$	\$
ACH Origination Maint	12	\$	\$
ACH Items Orig Online	2581	\$	\$
ACH Items Orig Upload	101704	\$	\$
ACH Return Debit	0	\$	\$
ACH Debit Filter Maint	0	\$	\$
ACH Pos Pay	73	\$	\$
Bus Online Wire-Maint	12	\$	\$
Bus Online Per Outgoing Wire	55	\$	\$
Incoming Wire	58	\$	\$
Outgoing Wire-Internet	0	\$	\$
Online Tokens	444	\$	\$
Treas Rptg Per Dep Acct	36	\$	\$
Treas Rptg Per Dep Acct	169	\$	\$
EDI Translation Monthly Maint	12	\$	\$
EDI Translation Per Item	8252	\$	\$
EDI Fax Report	0	\$	\$
Lock Box Base Fee	12	\$	\$
LBX Retail Exceptions	0	\$	\$
LBX Retail Per Items	127224	\$	\$
LBX Med-Pers Per Item	7920	\$	\$
LBX Med-Ins Per Item	7690	\$	\$
LBX Image Captured	18417	\$	\$

X. Response Form

**REQUEST FOR PROPOSAL
#17-0019
BANKING SERVICES**

The undersigned, on behalf of the proposer, certifies that: (1) this offer is made without previous understanding, agreement or connection with any person, firm, or corporation submitting a proposal on the same project; (2) is in all respects fair and without collusion or fraud; (3) the person whose signature appears below is legally empowered to bind the firm in whose name the proposer is entered; (4) they have read the complete Request for Proposal and understands all provisions; (5) if accepted by the county, this proposal is guaranteed as written and amended and will be implemented as stated; and (6) mistakes in writing of the submitted proposal will be their responsibility.

NAME _____

DBA/SAME _____

CONTACT _____

ADDRESS _____ CITY/STATE _____ ZIP _____

PHONE _____ FAX _____ HOURS _____

STATE OF INCORPORATION or ORGANIZATION _____

COMPANY WEBSITE ADDRESS _____ EMAIL _____

NUMBER OF LOCATIONS _____ NUMBER OF PERSONS EMPLOYED _____

TYPE OF ORGANIZATION: Public Corporation _____ Private Corporation _____ Sole Proprietorship _____

Partnership _____ Other (Describe): _____

BUSINESS MODEL: Small Business _____ Manufacturer _____ Distributor _____ Retail _____

Dealer _____ Other (Describe): _____

Not a Minority-Owned Business: _____ Minority-Owned Business: _____ (Specify Below)

___ African American (05) ___ Asian Pacific (10) ___ Subcontinent Asian (15) ___ Hispanic (20)

___ Native American (25) ___ Other (30) - Please specify _____

Not a Woman-Owned Business: _____ Woman-Owned Business: _____ (Specify Below)

___ Not Minority -Woman Owned (50) ___ African American-Woman Owned (55)

___ Asian Pacific-Woman Owned (60) ___ Subcontinent Asian-Woman Owned (65) ___ Hispanic Woman Owned (70)

___ Native American-Woman Owned (75) ___ Other – Woman Owned (80) – Please specify _____

ARE YOU REGISTERED TO DO BUSINESS IN THE STATE OF KS: _____ Yes _____ No

INSURANCE REGISTERED IN THE STATE OF KS WITH MINIMUM BEST RATING OF A-VIII: _____ Yes _____ No

ACKNOWLEDGE RECEIPT OF ADDENDA: All addendum(s) are posted to our RFQ/RFP web page and it is the vendor's responsibility to check and confirm all addendum(s) related to this document by going to www.sedgwickcounty.org/finance/purchasing.asp .


NO. _____, DATED _____; NO. _____, DATED _____; NO. _____, DATED _____

In submitting a proposal, vendor acknowledges all requirements, terms, conditions, and sections of this document. Proposal submission format should be by order in which sections are listed throughout the document. All minimum and general requirements should be specifically addressed and detailed in proposer's response. **Exceptions to any part of this document should be clearly delineated and detailed.**

Signature _____ Title _____

Print Name _____ Dated _____

Attachment A – Investment Policy

	CHAPTER: Fiscal Management	POLICY: <i>Investments</i>
		PAGES: 16
	SUBJECT: <i>Investment of public funds</i>	
RELATED POLICIES:	ENABLING RESOLUTION: <p style="text-align: right;">18-1999</p> RESOLUTION DATE: REVISED RESOLUTION & DATE: <p style="text-align: right;">182-2016 December 14, 2016 214-2015 December 9, 2015 164-2014 December 10, 2014 214-2013 December 11, 2013 153-2012 September 26, 2012 177-2009 October 21, 2009 254-2007 November 14, 2007 144-2000 August 16, 2000 18-1999 February 3, 1999</p>	
OFFICE WITH PRIMARY RESPONSIBILITY: Finance		

I. Statement of Purpose

The Board of Sedgwick County Commissioners (“the Board”) has authority to invest all funds held by, or belonging to Sedgwick County (“the County”) pursuant to *Kansas statutes* Annotated 12-1675. The purpose of this *investment* policy is to identify the *investment* objectives of the Board and to establish a set of guidelines to achieve the policy goals through these objectives. The objectives of this *investment* policy are as follows: *safety* of *principal*, maintenance of adequate *liquidity* and *yield* of the *investment portfolio*. Throughout this policy italicized words and phrases have the meanings provided for them in the Glossary of Terms.

1. Policy Statement

It is the policy of the Board that, giving due regard to the *safety* and risk of *investment*, all available funds shall be invested in conformance with legal and administrative guidelines at the highest rates obtainable at the time of *investment*.

Effective cash management is recognized as essential to good fiscal management. An aggressive cash management and *investment* policy will be pursued to take advantage of *investment* interest as a viable

revenue source for all operating and capital funds; however, the *investment* policy and program is not administered to meet specific budgetary requirements or goals. The County's *portfolio* shall be managed in a manner responsive to the public trust and consistent with state and local law.

2. Application of Investment Policies

The *investment* policies adopted by the Board shall apply uniformly to all employees, officials, departments, agencies, boards, commissions, representatives and authorized agents in the performance of their official duties and to the processing and management of all *investment* transactions on behalf of the Board. These policies shall apply to all funds handled and managed by the County.

II. General Objectives

The primary objectives, in priority order, of *investment* activities shall be *safety*, *liquidity*, and *yield*:

1. Safety

Safety of *principal* is the foremost objective of the *investment* program. *Investments* shall be made to ensure the preservation of capital by reducing *credit risk* and *interest rate risk*.

a. *Credit risk*

The County will minimize *credit risk*, the risk of loss due to the failure of the *security* issuer or backer, by:

- Pre-qualifying the financial institutions, *broker* / dealers, intermediaries, and advisers with which the County will do business
- Diversifying the *investment portfolio* so that potential losses on individual *securities* will be minimized
- Limiting *investments* to the types of *securities* listed in Section VI of this *investment* policy

b. *Interest rate risk*

The County will minimize the risk that the *market value* of *securities* in the *portfolio* will decline due to the changes in general *interest rates* by:

- Structuring the *investment portfolio* so that *securities* mature to meet cash requirements for ongoing operations, thereby minimizing the need to sell *securities* on the open market prior to *maturity*
- Investing *idle funds* primarily in *securities* with maturities of one year or less or the *Kansas Municipal Investment Pool* (MIP)
- Limiting *investments* to a maximum stated *maturity* of four years

2. Liquidity and Maximum Maturity and Maturity Distribution

The *investment portfolio* shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the *portfolio* so that *securities* mature concurrently with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the *investment portfolio* will contain *securities* with active secondary resale markets. A portion of the *portfolio* may be placed in *investments* which offer one-day *liquidity* for short-term funds, such as *repurchase agreements* or the *Kansas Municipal Investment Pool*.

The County will always maintain adequate funds in the short term portions of the portfolio to cover operations. In general this may mean having approximately up to 20% of the *portfolio* maturing in the less than 1 year range to ensure adequate *liquidity*. While observing the main policy objective of preservation of capital the County will also try to take advantage of the yield curve by spreading *maturities* from funds not required for operations throughout the 1 year to 4 year horizon. The County will purchase 4 year *maturities* when deemed appropriate. The Investment Manager will have the discretion to place *maturities* throughout the 4 year horizon.

3. Yield

#17-0036

Sedgwick County... Working for you

The *investment portfolio* shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account *investment* risk constraints and *liquidity* needs. Return on *investment* is a lower priority than the *safety* and *liquidity* objectives described above.

III. Standards of Care

1. Prudence

The standard of prudence to be used by *investment* officials shall be the “prudent person” *investment* rule and shall be applied to the management of the entire *portfolio*. *Investment* officials acting in accordance with written procedures and this *investment* policy and exercising due diligence shall be relieved of personal responsibility for an individual *security’s credit risk* or market price changes, provided deviations from expectations are reported in a timely fashion and the *liquidity* and the sale of *securities* are carried out in accordance with the terms of this policy.

The “prudent person” rule states: “*Investments* shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for *investment*, considering the probable *safety* of their capital as well as the probable income to be derived.”

2. Ethics and Conflicts of Interest

Officers and employees involved in the *investment* process shall refrain from personal business activity that could conflict with the proper execution and management of the *investment* program, or that could impair their ability to make impartial decisions. Employees and *investment* officials shall disclose any material interests in financial institutions with which they conduct business. Employees and officers shall not undertake personal *investment* transactions with the same individual with whom business is conducted on behalf of the County.

3. Delegation of Authority

The Chief Financial Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. No person may engage in an *investment* transaction except as provided under the terms of this policy and the procedures established by the Chief Financial Officer.

Responsibility for the operation of the investment program is delegated to the Investment Manager, who shall establish written procedures consistent with this investment policy. Procedures should include references to: *safekeeping, delivery vs. payment, investment* accounting, *repurchase agreements*, wire transfer agreements, and *collateral/depository agreements*.

IV. Qualifications of Investment Officials

A. Chief Financial Officer

The Chief Financial Officer shall have a Master’s Degree from an accredited college or university in finance, accounting, public/business administration, economics or a related field and at least five years related experience in a broad range of governmental operations, including experience in a managerial/supervisory capacity, or any equivalent combination of training and experience which provides the required knowledge, skills, abilities and competencies.

B. Director of Accounting

The Director of Accounting shall have at least three years of direct work experience in the areas of finance, accounting, or management of investments or shall have at least a baccalaureate degree from an accredited college or university and at least three years of direct work experience in the areas of finance, accounting, or management of investments.

C. Investment Manager

The Investment Manager shall be appointed by the Director of Accounting and shall be responsible for planning, directing, and managing the County's investment programs under the direction of the Director of Accounting in accordance with applicable statutes, rules and regulations, and policies of the County.

The Investment Manager shall meet qualifications established by the Director of Accounting with respect to the following:

- i. Education and training in a finance-related field;
- ii. Experience as an investment or trust officer for a financial institution, association or corporation, or experience in a finance-related field;
- iii. Experience in money market or fixed-income investments

V. **Safekeeping and Custody**

1. Internal controls

The Chief Financial Officer is responsible for establishing and maintaining an *internal control* structure designed to ensure that the *investments* of the County are protected from loss, theft or misuse. The *internal control* structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The *investment* program shall be subject to an annual independent review by an external auditor to assure adequate *internal controls*. The *internal controls* shall address the following points:

- Control of *collusion*
- Separation of transaction authority from accounting and record keeping
- Custodial *safekeeping*
- Avoidance of physical delivery of *securities* other than *certificates of deposit*
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for *investments* and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

2. Delivery vs. payment

All trades will be executed by *delivery vs. payment (DVP)* to ensure that *securities* are deposited in an eligible financial institution simultaneously with the release of funds.

3. Safekeeping of Securities

Securities will be held by an independent third-party custodian selected by Sedgwick County as evidenced by *safekeeping* receipts in Sedgwick County's name. The *safekeeping* institution shall annually provide a copy of their most recent report on *internal controls*.

VI. **Suitable and Authorized Investments**

1. Idle funds

The *investments* authorized for *idle funds* under this policy shall be in conformance with K.S.A. 12-1675, K.S.A. 12-1677b and any other applicable statutes and amendments thereto. The following list represents the range of *investments* which the County will consider and shall be authorized for the *investment* of funds.

a. *United States government securities and agency securities*

The County may invest in obligations of the United States Government or any agency thereof insured as to *principal* and interest by the United States or any agency thereof and obligations and *securities* of

#17-0036

Sedgwick County...Working for you

United States-sponsored enterprises that under federal law may be accepted as *security* for public funds, except that none of the County's funds may be invested in government-agency-issued mortgage-backed *securities*.

b. *Repurchase agreements (Repo)*

The County may invest in *repurchase agreements* including tri-party agreements between the County and *commercial banks*, state or federally chartered savings and loan associations or federally chartered savings banks which have offices located in the County or approved government *securities* dealers. The purchaser in a *repurchase agreement (repo)* enters into a contractual agreement to purchase Treasury *securities* while simultaneously agreeing to resell these *securities* at a predetermined price and date.

c. *Collateralized public deposits (Certificates of Deposit)*

The County may invest in interest-bearing *time deposit* instruments issued by financial institutions that are authorized by *Kansas statutes*. The certificates of deposit are required to be backed by collateral.

d. *Temporary notes*

The County may invest in temporary notes issued by the County.

e. *Kansas Municipal Investment Pool*

The County may invest in a pool of funds managed by and under the authority of the Kansas Pooled Money Investment Board, in accordance with *Kansas statutes*.

f. *Bank Trust Departments with commercial banks*

The County may invest with *Trust Departments of commercial banks* with offices located in the County or with trust companies which have contracted to provide trust services under the provisions of K.S.A. 9-2107 and amendments thereto, which have offices located in Sedgwick County. These accounts will be secured as provided for under K.S.A. 9-1402 and amendments thereto. Authorized *investments* in these pools will be subject to the same terms, conditions and limitations as are applicable to the *Kansas Municipal Investment Pool*.

2. Bond Proceeds

The *investments* authorized for the proceeds of bonds (other than *industrial revenue bonds* for which the County is merely a conduit issuer) or temporary notes under this policy shall be in conformance with K.S.A. 10-131 and amendments thereto. The following list represents the range of *investments* which the County will consider and which shall be authorized for the *investment* of bond proceeds.

a. *Investments* authorized for *idle funds* by K.S.A. 12-1675.

b. Direct obligations of the United States Government or any agency thereof.

c. Obligations of *Fannie Mae*, *Federal Home Loan Banks* or the *Federal Home Loan Mortgage Corporation*.

d. *Repurchase agreements* secured by direct obligations of the United States Government or any agency thereof or obligations of *Fannie Mae*, *Federal Home Loan Banks* or the *Federal Home Loan Mortgage Corporation*.

e. *Investment Agreements* with or other obligations of a financial institution the obligations of which at the time of *investment* are rated in any of the three highest rating categories by Moody's Investors Service or Standard and Poor's Ratings Group.

- f. *Investment* in shares or units of a *money market fund* or trust, the *portfolio* of which is comprised entirely of *securities* in direct obligations of the U.S. Government or any agency thereof or obligations of *Fannie Mae, Federal Home Loan Banks* or *Federal Home Loan Mortgage Corporation*.
- g. Receipts evidencing ownership interests in *securities* or portions thereof in direct obligations of the United States Government or any agency thereof or obligations of *Fannie Mae, Federal Home Loan Banks* or *Federal Home Loan Mortgage Corporation*.
- h. *Municipal bonds* or other obligations issued by any municipality of the State of Kansas as defined in K.S.A. 10-1101 and amendments thereto which are general obligations of the municipality issuing the same.
- i. Bonds of any municipality of the State of Kansas as defined in K.S.A. 10-1101 and amendments thereto which have been refunded in advance of their *maturity* and are fully secured as to payment of *principal* and interest thereon by deposit in trust, under escrow agreement with a bank, or *securities* in direct obligations of the United States Government or any agency thereof or obligations of *Fannie Mae, Federal Home Loan Banks* or *Federal Home Loan Mortgage Corporation*.
- j. Sedgwick County's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto.

3. Collateral Requirements

To qualify as a *depository* under K.S.A. 9-1401 et seq., a bank, trust company, savings and loan association, or savings bank must *collateralize* County deposits (the amount of money on deposit with an institution at any given time) by either *securities, corporate surety bonds, Federal Home Loan Bank Letter of Credit*, or the *Certificate of Deposit Account Registry Services (CDARS)* network.

a. *Securities*

The financial institution may pledge or assign for the County's benefit sufficient *securities*, the *market value* of which is at least 102% of the total deposits. Peak period collateral agreements permitted under K.S.A. 9-1403 and mortgages as contemplated by K.S.A. 9-1402 are not to be accepted by the County. Allowable *securities* are limited to:

- Direct obligations of, or obligations insured by, the U.S. Government or any agency thereof.
- Obligations and *securities* of U.S. government-sponsored corporations which, under federal law, may be accepted as *security* for public funds.
- Bonds of any Kansas municipality which have been refunded and are secured by U.S. obligations.
- Bonds of the State of Kansas.
- *General obligation bonds* of any Kansas municipality.
- General obligation temporary notes of Sedgwick County Kansas.

Allowable *securities* are also limited to having maturities of four years or less.

b. *Corporate surety bond*

The financial institution may provide a *corporate surety bond* of a surety corporation authorized to do business in Kansas in an amount equal to the amount on deposit including interest accrued.

c. *Federal Home Loan Bank Letter of Credit*

The financial institution may provide a letter of credit from the *Federal Home Loan Bank* in Topeka, KS, in an amount equal to the funds on deposit including interest accrued.

d. *Certificate of Deposit Account Registry Services (CDARS)*

#17-0036

Sedgwick County... Working for you

The financial institution may place the deposit into the CDARS network. Funds cannot be placed with another depository within the County. Also, funds can only be placed in a reciprocal transaction.

VII. Investment Parameters

1. Diversification

The investments shall be diversified by:

- Limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities)
- Limiting investment in securities that have higher credit risks
- Investing in securities with varying maturities
- Continuously investing a portion of the portfolio in readily available funds such as the Kansas Municipal Investment Pool, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

a. The following maximum limits, by instrument, are established for the County’s total investment portfolio:

<i>Investment Type</i>	Maximum Percentage of Portfolio
<i>Repurchase agreements*</i>	15%
<i>Certificates of Deposit</i> -No more than 5% of the total portfolio can be with any one institution	100%
<i>United States government securities</i>	80%
<i>Agency securities</i> -Callable obligations are limited to 40% of the total U.S. Government Agency obligations -No more than 60% of the portfolio can be invested in the securities of a single issuer.	80%
<i>Kansas Municipal Investment Pool Fund (MIP)*</i>	25%
<i>Bank Trust Department Municipal Pools</i>	15%
<i>Temporary Notes</i>	10%

*The limit on repurchase agreements and Kansas MIP deposits may not exceed 75% of the portfolio for a maximum of forty-five (45) days during each of the May and December tax seasons

b. Additional investments established for bond proceeds are as follows: Maximum limits are listed by instrument as a percentage of the County’s portfolio value. Invested amounts are not to exceed: 20% for money market funds; 10% for G.O. bonds of Kansas municipalities.

2. Maturities

The County shall attempt to match its investments with anticipated cash flow requirements. The County will not directly invest in securities maturing more than four years from the date of purchase, in accordance with Kansas statutes.

The sale of *securities* before *maturity* shall require the prior approval of the Director of Accounting, Chief Financial Officer, or County Manager, any of whom may approve the sale based on the following reasons:

- a. A *security* with declining credit may be sold early to minimize loss of *principal*.
- b. A *security* swap would improve the quality, *yield*, or target *maturity* of the *portfolio*.
- c. *Liquidity* needs require that the *security* be sold.

In the matter of one of the three events listed above where the County requires the immediate selling of *investments*, the Investment Manager shall consult with the Director of Accounting on the course of action. The Investment Manager and Director shall determine the *securities* to sell. Market conditions will be the most important factor affecting this decision. The selected *securities* will be those that present a positive capital gain, meaning they were purchased with a higher *yield* than what the current market offers. The Investment Manager and the Director will notify the Chief Financial Officer of this course of action.

3. Competitive Placement of Funds

In compliance with *Kansas statute* K.S.A 12-1675, funds will first be offered to banks and other eligible financial institutions located within the County. Annually, the County will send letters to banks and other eligible financial institutions located within the County to determine if any of those entities wish to bid on the County's *investments* during the upcoming 12 months. Those institutions which respond as willing to bid on the County's *investments* will be added to the County's authorized list of financial institutions. For *certificate of deposit* transactions, the County will solicit bids from the authorized list of financial institutions. For other competitive *investment* transactions, the County will solicit bids from at least three (3) financial institutions and/or *broker/dealers*.

The exception to this may be when purchasing new issue government *agency securities* when the price is the same through all brokers and the issuing agency pays the selling commission directly to the broker. In addition, *investments* with the *Kansas Municipal Investment Pool*, *money market funds* and daily *investment repurchase agreements* with the main operating bank are not considered biddable *securities*.

VIII. Reporting

1. Methods

The Investment Manager shall prepare a weekly report summarizing the week's *investment* activities. This report shall be provided to key County financial officers.

The Investment Manager shall prepare a detailed quarterly report, including a management summary and analysis of the status of the current *investment portfolio* and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the County to ascertain whether *investment* activities during the reporting period conformed to the *investment* policy. The report will be provided to the Board of County Commissioners, County Manager, and key County financial officers. The report will include the following:

- a. Listing of individual *securities* held at the end of the reporting period.
- b. *Realized gains or losses* or unrealized gains or losses resulting from *appreciation* or depreciation by listing the cost and *market value* of *securities*.
- c. Weighted average *yield to maturity* of the *portfolio* of *investments* as compared to the applicable benchmark.

- d. Listing of *investments* by *maturity date*.
 - e. Percentage of the total *portfolio* which each type of *investment* represents.
 - f. Percentage of the total *portfolio* which each institution holds.
2. Performance Standards
 The *investment portfolio* will be managed with the objective of regularly meeting or exceeding selected performance benchmarks in accordance with the parameters specified within this policy.
- The performance benchmark is the one year U.S. Treasury Bill.
3. Marking to market
 The *market value* of the *portfolio* shall be calculated at least monthly and a statement of the *market value* of the *portfolio* shall be issued at least monthly. The *market values* of all *securities* in the *portfolio* will be obtained from a reputable and independent source. The report will include the *market value*, book value and unrealized gains or losses of *securities* in the *portfolio*.
4. Safekeeping / Custodian Reports
 The *safekeeping* agent shall prepare a holdings report and a transaction summary report monthly. In addition, the *safekeeping* agent shall value collateral *securities* on a weekly basis and report values for each bank sub-custodial account.
5. Rate Shock Analysis
 Quarterly, a rate shock analysis will be performed on the *investment portfolio*. The Investment Manager will review the results of the analysis with the Accounting Director.

IX. Policy Considerations

- 1. Exemption
 Any *investment* held on the date of adoption of this policy that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At *maturity* or liquidation, such monies shall be reinvested only as provided by this policy.
- 2. Amendments
 This policy shall be approved by the Board on an annual basis prior to submitting annual review materials to MIPS.

Appendix: Glossary of Terms

The following is a glossary of key terms which appear in Sedgwick County's *Investment Policy*.

Agency securities - A debt *security* issued by a federal agency. Federal agencies are backed by the full faith and credit of the U.S. Government.

Appreciation - The increase in value of an asset.

Broker - A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. In the money market, brokers are active in markets in which banks buy and sell money.

Cash flow - Cash receipts minus disbursements from a given asset, or group of assets, for a given period. An analysis of the movement of cash through a venture as contrasted with the earnings of the venture.

Certificate of Deposit - A *time deposit* with a specific *maturity* evidenced by a certificate.

Certificate of Deposit Account Registry Services (CDARS) – A deposit placement service offered by Promontory Interfinancial Network in which a group of FDIC insured financial institutions reciprocate deposits with one another to provide large deposits FDIC insurance on the entire deposit.

Collateralization - Process by which a borrower pledges *securities* or deposits for the purpose of securing the repayment of a loan and/or *security*.

Collusion - A secret agreement between two or more persons for a fraudulent purpose.

Commercial bank - A bank, the *principal* functions of which are to receive demand deposits and to make short-term loans.

Corporate surety bond - A contractual arrangement between the surety, the *principal* and obligee whereby the surety agrees to protect the obligee if the *principal* defaults in performing the *principal's* contractual obligations. The bond is the instrument which binds the surety.

Credit risk - The risk to an investor that an issuer will default in the payment of interest and/or *principal* on a *security*.

Depository – A financial institution authorized to hold deposits of County funds.

Diversification - A process of investing assets among a range of *security* types by sector, *maturity* and quality rating.

Delivery vs. payment (DVP) - A type of *securities* transaction in which the purchaser pays for the *securities* when they are delivered either to the purchaser or his/her custodian.

Fannie Mae – *Fannie Mae* (formerly the Federal National Mortgage Association) is a private stockholder-owned corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. *Fannie Mae's securities* are also highly liquid and are widely accepted. *Fannie Mae* assumes and guarantees that all *security* holders will receive timely payment of *principal* and interest.

Federal Home Loan Bank (FHLB) - Government-sponsored wholesale banks which lend funds and provide correspondent banking services to member *commercial banks*, thrift institutions, credit unions and insurance companies. The mission of the FHLB is to liquefy the housing-related assets of its members who must purchase stock in their district Bank.

Federal Home Loan Mortgage Corporation (FHLMC) - A federal agency which purchases first mortgages from members of the Federal Reserve System and the *Federal Home Loan Bank* System. Commonly called "Freddie Mac."

General Obligation Bonds (G.O. Bonds) or Notes - Bonds or notes secured by the "full faith and credit" of the issuing government and backed by revenues from its taxing power.

Idle funds - Money which is not immediately required for the purposes for which it was collected or received.

Industrial revenue bonds - A specific type of revenue bond whose proceeds are used to finance the purchase or construction of facilities or equipment to be leased to a private corporation. The bonds are backed by the credit of the corporation.

Interest rate - The annual rate of interest received by an investor from the issuer of fixed-income *securities*. The percentage of an amount of money which is paid for its use for a specified time.

Interest rate risk - The risk associated with declines or rises in *interest rates* which cause an *investment* in a fixed-income *security* to increase or decrease in value.

Internal controls - An *internal control* structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The *internal control* structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Investment - Commitment of money to gain profit or interest as by purchasing *securities*.

Investment Agreements - An agreement with a financial institution to borrow public funds subject to certain terms and conditions regarding *collateralization*, *liquidity* and *interest rates*.

Kansas Municipal Investment Pool (MIP) - The State of Kansas offers a Local Government Investment Pool (LGIP) entitled “State of Kansas Municipal Investment Pool”, which is governed by the State of Kansas Pooled Money Investment Board.

Kansas statutes - A written law enacted by the Kansas State Legislature.

Liquidity - Refers to the ability of an instrument to be converted into cash rapidly without substantial loss of value.

Market value - The price at which a *security* is trading and could be purchased or sold on a given day.

Marking to market - The process whereby the book value or collateral value of a *security* is adjusted to reflect its current *market value*.

Maturity - The length of time an *investment* is held.

Maturity date - The date on which payment of a financial obligation is due. The final stated *maturity date* is the date on which the issuer must retire a bond and pay the face value to the bondholder.

Money market fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers’ acceptances, repos and federal funds.)

Portfolio - Collection of *securities* held by an investor.

Principal - (1) The face amount or par value of a debt *security*. (2) One who acts as a dealer buying and selling for his own account.

“Primary” dealer - Government *securities* dealers included in the “List of Government *Securities* Dealers Reporting to the Market Reports Division of the Federal Reserve Bank of New York (NY Fed)” that submit daily reports of market activity and positions and monthly financial statements to the NY Fed and are subject to its informal oversight. Primary dealers include SEC-registered *securities broker* -dealers, banks and a few unregulated firms.

Realized gain or loss - The amount of realized gain from the sale or other disposition of property is the excess of the amount realized over the adjusted basis of the property; the amount of realized loss is the excess of the property’s adjusted basis over the amount realized.

Repurchase agreement (Repo) - An agreement of one party to sell *securities* at a specified price to a second party and a simultaneous agreement of the first party to repurchase the *securities* at a specified price at a specified later date.

Safekeeping - The holding of *securities* by a financial institution on behalf of the owner.

Safety - Freedom from risk.

Securities - Documents that can be traded for value; an instrument of ownership or debt used to finance government and corporate entities.

Time deposits - A savings account or *Certificate of Deposit* in a *commercial bank*.

Trust Department - A department of a bank which is authorized to serve in a fiduciary capacity.

United States government securities (Treasuries) - Bonds, notes, treasury bills or other *securities* constituting direct obligations of, or obligations the *principal* of and interest on which are fully and unconditionally guaranteed as to the full and timely payment by the United States of America.

Unrealized gain or loss - A profit or loss that has not yet materialized. An example of an unrealized profit would be an appreciated stock in which the price has increased but, if the stock is not sold, the profit is considered an unrealized gain.

Yield - The current rate of return on an *investment security* generally expressed as a percentage of the *security's* current price.