

INVITATION TO QUOTE

SHELBY COUNTY PUBLIC SCHOOLS, KENTUCKY
EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER
1155 MAIN STREET, SHELBYVILLE, KY 40065

DEPOSITORY SERVICES FOR ACCOUNTS

Reference Number: BANK-24
Closing Time of Quote: Wednesday, March 15, 2023 at 2:00 P.M. EST
Accounts: Board of Education and School Activity Funds

GENERAL CONDITIONS AND SPECIFICATIONS

CONTACT - Information pertaining to any item or condition in this invitation may be obtained by communicating with Susan Barkley, Chief Financial Officer, at the address shown above, or by telephone at (502) 633-2375.

DURATION OF AGREEMENT - This Quote is for the selection of a bank depository for all Board funds (a list of funds and annual volume is attached) for the period beginning July 1, 2023 and ending June 30, 2024, with an option to extend for four additional one-year periods beginning July 1, 2024, upon the agreement of both parties. In the event an extension is not approved by the depository, notice must be given by certified mail, no later than 90 days prior to the ending date of the contract. The Board may, in its discretion, at any time terminate this agreement with the bank for any cause determined by the Board to be reasonable including, but not limited to, repeated bank errors that adversely affect the Board's ability to conduct its banking business in a reliable manner.

ACCEPTABLE BANKS - The Board hereby limits the banks that are acceptable for submitting a Quote to commercial banks that have a physical branch office in Shelbyville, Kentucky.

QUOTE SUBMITTAL - Quotes, to receive consideration, must be received by 1:30 P.M. EST on Wednesday, March 15. None will be accepted thereafter. The Quote may be hand delivered on the date of the opening, provided it is presented no later than the closing time indicated above. The Shelby County Board of Education cannot assume the responsibility for any delay as a result of failure of the mail to deliver the Quotes on time. Quotes sent by facsimile transmissions will not be accepted.

SIGNATURE - An officer or agent of the financial institution, who is legally authorized to do so, must sign the Quote form. All quotations must be in ink or typewritten. All Quotes shall be effective for forty-five (45) days from date of opening unless otherwise specified in special conditions of Quote and no Quote may be withdrawn prior to that time.

QUOTE OPENING - Quotes will be opened on Wednesday, March 15 at 2:00 P.M. EST at the Board of Education office located at 1155 Main Street in Shelbyville, Kentucky. A representative of the bank may be present at the opening of Quotes on the date, time, and location stated above, although this is not required.

QUOTE EVALUATION - Quotes will be evaluated on multiple factors. Rate of return is only one factor. Other considerations include: branch hours and locations, an existing relationship, results of

reference checks, fraud prevention services, and optional services. Institutions that cannot fulfill the list of required services may be eliminated from consideration.

FINAL APPROVAL - The Board shall make the final decision regarding the awarding of a contract or Quote. Final approval of the successful Quotes will be given at the next scheduled regular meeting of the Board of Education. The results shall be recorded in the official minutes of the Board.

QUOTE ISSUES - The board reserves the right to waive defects and informalities in Quotes, to reject any and all Quotes, or to accept any Quote as may be deemed to be in its best interest. The depository shall not add any additional information other than that which is required in the Quote form. It shall not substitute any other method of calculating the interest to be paid the Board of Education on any accounts.

BOND OF DEPOSITORY - The Quote package contains a sample copy of the Bond of Depository that must be presented to the Kentucky Department of Education, Division of Finance once a banking institution is selected by the Board. Each depository must be in agreement with the conditions of the Bond of Depository as required in KRS 160.570 and provide the collateral protection required by the Division of Finance. The escrow agent must file safekeeping receipts with the local Board of Education as evidence that collateral has been pledged in accordance with the provisions of the Bond executed by the depository institution. Additionally, state law requires that the board of directors of the financial institution take official action guaranteeing the collateralization and that proof of such action in the form of a copy of the board's official minutes shall be furnished to the district before any depository agreement can be signed. The amount of collateral required is set by the Board annually based upon the Division of Finance's recommendation.

SWEEP ACCOUNTS—The Board does not utilize sweep accounts for any of its accounts. The bank should prepare its quote with the understanding that all deposits will remain in the checking account and no sweep account, seven-day certificate of deposit, or other such short-term investments/accounts will be utilized unless the Board, in its discretion, determines the use of such accounts is desirable.

MISCELLANEOUS - Depositories and banking services provided for the Shelby County Board of Education must be in compliance with all federal and state banking laws.

The depository selected by the Board must be a member, in good standing, of the Federal Deposit Insurance Corporation.

The Board reserves the right to direct the Treasurer or Superintendent to invest any excess funds in any demand account, less the compensating balance required by the bank for servicing the district's account, in any legal manner deemed to be in the best interest of the district and is not limited to investing with the Depository.

REQUIRED SERVICES

STATEMENTS – Monthly statements of all accounts, along with legible front and back images of cancelled checks (sorted numerically), and copies of deposit tickets, are to be furnished to the Board by the primary depository within three (3) banking days following the close of each month. Monthly statements must show the number of deposits/withdrawals and the monthly/year-to-date interest earned. Accuracy of the information contained on the bank statement is extremely critical and the primary depository agrees to ensure the bank statement is accurate. Beginning dates for accounts shall be the 1st calendar day of the month and the ending dates shall be the last calendar day of the month.

COURIER—The primary depository shall provide a bonded courier to pick up deposits from the Central Office each working day at a time convenient to the Board. The courier will not be required to pick up deposits from any school. There shall be no limit on the amount of currency picked up by the bonded courier, and the bank agrees to take all measures necessary to ensure funds are credited to the appropriate account on the same day they are picked up by the courier.

SUPPLIES - The Depository is responsible for providing, at no charge to the Board or schools, all reasonable items needed to transact banking business. These items include, but are not limited to, deposit tickets, rolled coin wrappers, bank bags for schools (large locking bags), disposable tamper-evident deposit bags for courier pick up, and endorsement stamps. Depository shall provide pre-printed, carbonless, two-part deposit tickets for all individual school accounts and three different carbonless, three-part deposit tickets for the general account (General Account, General Account – School Nutrition, and General Account- Daycare Program).

Return of all deposit tickets will be provided with appropriate bank statement. Imaging is an acceptable alternative.

The depository shall sort and count coinage if requested by the Board or a school. The depository is not required to provide this service at all branches.

FRAUD PREVENTION – The primary depository shall provide fraud prevention tools. Please describe those in the Quote.

NO FEE - No service charge shall be charged on any account for any service, including stop payments.

DIRECT DEPOSIT - Direct deposit of payroll for school district employees will be provided. If requested by the employee, no fee accounts will be offered for those individuals on direct deposit if they meet the minimum requirements of the depository. The type of account may be determined by the bank. Direct deposit for accounts payable payments to vendor will be included.

Verification of receipt and posting of the bi-monthly direct deposit payroll file is required.

TRANSMITTALS - The primary depository shall be capable of accepting an electronic data transmission of direct deposit credits, and shall be able to transmit to the Federal Reserve, credit unions, other banking institutions, etc. The primary depository shall provide the Board with software needed or online access to accomplish the electronic data transmission. This software shall be compatible with the Board's software and shall permit verification of accuracy of account.

WIRE TRANSFERS - Same day wire transfers to and from other banks, will be provided as needed at no charge to SCPS. Depository will fax or email to Board verification of all EFT/ACH transactions upon receipt.

NIGHT DEPOSIT - Night deposit privileges for the middle and high schools.

RETURNED ITEMS - Any returned deposit items will be automatically routed to CHECKredi for collection.

ELECTRONIC RECONCILIATION - Electronic check reconciliation in Munis format (financial management system required by the Kentucky Department of Education) shall be provided at the Board's request. The depository shall provide the appropriate file format no later than forty-five (45) days after award of the Quote and shall assist the district with primary setup with its software vendor.

ELECTRONIC BANKING - The primary depository shall offer the Board electronic banking privileges that shall, at a minimum, permit the Board to inquire about past transactions and initiate bond payments. This electronic banking capability shall permit, at a minimum, the ability to “drill down” to see the detail of the transaction (front/back images of cleared checks, images of deposit slips, images of deposited checks, images of debit/credit memos, etc.), as well as online stop payment orders, wire transfers, account transfers, and password resets. All images must be legible. If the Board maintains security over its password to the online banking system, the primary depository agrees to hold harmless the Board from losses due to a security breach of the bank’s online banking system. All electronic banking transactions shall be automated and shall not be rekeyed manually by the bank. This is intended to minimize human errors on the bank’s end. A demonstration of the bank’s electronic banking system may be required prior to the Board’s determination of the primary depository. Observations from the demonstration will factor into the Board’s selection of the primary depository.

ELECTRONIC FUND TRANSFERS—The primary depository shall notify the Board of any Automated Clearing House (ACH) deposits received for a Board account. This notification shall be made in writing (fax or electronic mail are acceptable means of notification) on the same day the bank receives notice of the ACH deposit, but no later than the ACH deposit date. The bank shall be capable of processing electronic fund transfers for payments to vendors.

TRANSMITTALS—The primary depository shall be capable of accepting an electronic data transmission of direct deposit credits, and shall be able to transmit to the Federal Reserve, credit unions, other banking institutions, etc. The primary depository shall provide the Board with software needed to accomplish the electronic data transmission. This software shall be compatible with the Board’s software and shall permit verification of accuracy of account information.

BORROWING - The Depository will be expected to extend short-term credit as needed on legally drawn notes of the Board for amounts not in excess of the Board’s legal borrowing limit at a rate of interest determined by market conditions. The Board reserves the right to negotiate the terms for such borrowings, and is not limited to borrowing funds from the Depository. The Board did not borrow short-term funds during the last fiscal year and does not expect, nor have plans, to borrow short-term funds in the foreseeable future.

CREDIT CARDS—The primary depository shall, if requested, issue credit cards at the direction of the Superintendent to be used for Board purposes. The credit limit for cards shall be established at a mutually agreeable amount. There shall be no annual fee for these cards. The Board is not limited to establishing credit cards or purchasing cards only at the primary depository.

AUDIT ASSISTANCE—The primary depository shall provide assistance and cooperation with the Board’s audit firm.

TAX DEPOSITORY—The primary depository shall serve as Federal Tax Depository for the Board at no charge.

CONTACT PERSON - The primary depository shall appoint one employee of the bank to be responsible to the Board’s Treasurer for compliance with the terms of the adopted Quote and to make sure all transactions of the Board are handled promptly and efficiently. Repeated problems with the bank’s handling of transactions may be cause for termination of this agreement and shall be factored into decisions about subsequent awards and/or extensions of this agreement.

TRANSITION - In the event the bank is not designated by the Board as its primary depository in the future, the bank shall continue to pay interest at the rate established by this Quote document on any funds remaining in any accounts at that financial institution until all outstanding checks have cleared the bank. The primary depository agrees to honor all other terms of this agreement during the transition period. The Board will make every effort to make a quick transition to the successor bank. However, there shall be no time limit imposed on such a transition and the transition may take place on different dates for different accounts. In addition, the primary depository agrees to assist the Board in its transition to a new depository, should the need arise. The primary depository agrees to furnish the Board with such information concerning the activity of all accounts as may be needed to request future Quotes for the Board's banking needs.

OTHER

BANK CUT-OFF TIME FOR SAME DAY POSTING OF TRANSACTIONS - Due to the time of the Board's receipt of daily mail delivery, the bank cut-off time for crediting same day transactions shall be a consideration in the evaluation of Quotes.

BANKING HOURS—The primary depository shall keep the Board informed in writing of banking hours, banking holidays, locations, and times of day when deposits and withdrawals are accepted and/or posted.

SPECIAL CONDITIONS FOR YEAR END – The district issues four payrolls at the end of June which may require ACH limits to be adjusted by the depository.

NON-DISCRIMINATION - The Shelby County Board of Education does not discriminate on the basis of race, color, national origin, age, religion, creed, marital status, sex, or handicap in employment, educational programs, or activities as set forth in Title IX, Title VI, and Section 504.

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

EMERGENCY PROCEDURES – The primary depository must certify that emergency procedures are in place to provide uninterrupted service should the need arise.

OTHER SERVICES – In order to be considered in the Evaluation of Depository Quote, they must be listed on the Official Quote Form with sufficient detail to permit evaluation.

OFFICIAL QUOTE FORM
SHELBY COUNT BOARD OF EDUCATION ACCOUNTS

THE SHELBY COUNTY BOARD OF EDUCATION RESERVES THE RIGHT TO NEGOTIATE ANY OR ALL OF THE TERMS OF SUBMITTED QUOTES FROM BANKS.

Name of Institution Submitting Quote: _____

Address: _____

Interest Rate

In accordance with the terms of the General Conditions and Specifications, all accounts of the Shelby County Board of Education shall be serviced without charge. The bank agrees that no minimum balance shall be required at any time and the bank shall factor any and all expenses of servicing the Board’s accounts into the interest rate shown below. Quotes shall not be given consideration if a minimum balance is required. Interest shall be paid on all deposits maintained by the Shelby County Board of Education, starting on the date of deposit. Evaluation of responses to the Invitation to Quote will give consideration to both the Benchmark Interest Rate and the Interest Floor, as further detailed below.

Benchmark Interest Rate: The Benchmark Interest Rate shall be the Federal Funds Intraday High (“Fed Funds High”) rate each Friday (“Friday Rate”) as published by the Federal Reserve Bank of New York on its website (<http://www.newyorkfed.org/markets/omo/dmm/historical/fedfunds/index.cfm>). The Friday Rate (as adjusted below) shall be in effect for the following Monday-Sunday. The Friday Rate shall be adjusted based on the factor proposed by the bank (“Adjusted Interest Rate”). The proposed Adjustment Factor is:

Plus (+) _____ basis points

Minus (-) _____ basis points

(Note: Complete only one line)

The Adjustment Factor is a criterion used to evaluate responses to the Invitation to Quote.

Adjusted Interest Rate: The Adjusted Interest Rate to be used shall be recomputed every week, and is subject to the Interest Floor, as further detailed below.

Holidays: In the event Friday is a holiday and no Federal Funds rate is available, the rate for the previous business day shall be considered the Friday Rate. In the event Monday is a holiday, the Friday Rate (as adjusted above) shall still be in effect starting on Monday, even though the bank may be closed that day.

Interest Floor: The Adjusted Interest Rate described above shall be subject to a minimum interest rate (“Interest Floor”) proposed by the bank designated the primary depository. The proposed Interest Floor is:

_____ % (***Bank must complete this line***)

The Interest Floor is a criterion used to evaluate responses to the Invitation to Quote.

Interest Paid: Accrued interest shall be paid on the last day of the month.

Interest Example: Assume a bank submits a quote with an Adjustment Factor of “+ 50 basis points” and an Interest Floor of “5.00%”. If the Fed Funds High rate on Friday (“Friday Rate”) is 4.00%, the Adjusted Interest Rate would be 4.50%. However, since the Interest Floor proposed is 5.00%, the Adjusted Interest Rate to be paid the following Monday-Sunday would be 5.00%.

Note:

The envelope for returning this Quote should be addressed, marked “Do Not Open – Bank Quote Enclosed”, and denoted as Reference # BANK-24.

Initial next to each required service below to confirm the depository will meet the expectation: (see Required Services beginning on page 2)

	Statements
	Courier
	Supplies
	Fraud Prevention
	No Fee
	Direct Deposit
	Transmittals
	Wire Transfers
	Night Deposit
	Returned Items
	Electronic Reconciliation
	Electronic Banking
	Electronic Fund Transfers
	Transmittals
	Borrowing
	Credit Cards
	Audit Assistance
	Tax Depository
	Transition

Locations

Following is a listing of the financial institution’s Shelby County branch offices and hours of operation:

<u>Branch Office Location</u>	<u>Days/Hours</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Bank cut-off time

Bank cut-off time for accepting current day transactions _____

Other Optional Services

Describe:

Collateral

The bank must execute a bond (see attachment) and provide security covering the Shelby County Board of Education and the Commonwealth of Kentucky in the amount to be approved by the Kentucky Department of Education. Only the following securities and obligations may be accepted as collateral (KRS 41.240):

- (a) Bonds, notes, letters of credit, or other obligations of or issued or guaranteed by the United States, or those for which the credit of the United States is pledged for the payment of the principal and interest thereof, and any bonds, notes, debentures, letters of credit, or any other obligations issued or guaranteed by any federal governmental agency or instrumentality, presently or in the future established by an Act of Congress, as amended or supplemented from time to time, including, without limitation, the United States government corporations listed in KRS 66.480(1)(c);

- (b) Obligations of the Commonwealth of Kentucky including revenue bonds issued by its statutory authorities, commissions, or agencies;
- (c) Revenue bonds issued by educational institutions of the Commonwealth of Kentucky as authorized by KRS 162.340 to 162.380;
- (d) Obligations of any city of the Commonwealth of Kentucky, or any county, for the payment of principal and interest on which the full faith and credit of the issuing body is pledged;
- (e) School improvement bonds issued in accordance with the authority granted under KRS 162.080 to 162.100;
- (f) School building revenue bonds issued in accordance with the authority granted under KRS 162.120 to 162.300, provided that the issuance of such bonds is approved by the Kentucky Board of Education; and
- (g) Surety bonds issued by sureties rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.

The State Treasurer shall accept letters of credit issued by federal home loan banks as collateral under this section.

The escrow agent shall file safekeeping receipts with the local board of education as evidence that collateral has been pledged in accordance with the provisions of the bond executed by the depository institutions.

The auditing guidelines provide that under 12 USC Section 1823 (e) a security agreement, including a pledge of collateral for deposit, may not be valid against the F.D.I.C. unless it satisfies the following requirements:

- a) The agreement is in writing.
- b) The agreement is executed by the depository institution and any person claiming an adverse interest including the obligors contemporaneously with acquisition of the asset by the depository.
- c) The agreement is approved by the board of directors of the depository institution or its loan committee and the approval is reflected in the minutes of the board or committee.
- d) The agreement has been an official record of the depository institution continuously from the time of execution.

Therefore, the above-listed requirements must be a component of the agreement and pledge.

The depository contract shall contain an escalator clause to cover deposits which may at any time exceed the amount of your bond. It shall also include collateral coverage for all other amounts of the Board (including School Activity Funds and active construction accounts) which may exceed F.D.I.C. limits. Finally, should the depository institution, at any time, substitute a different type of collateral, it shall notify the Board Treasurer, immediately.

Length of Agreement

The quotations and undertakings offered herein will be valid from July 1, 2023 to June 30, 2024 and, at the option of the Board of Education, and with the primary depository’s consent, may be extended for up to four additional one-year periods as stipulated in General Conditions.

Designated Employee

_____ shall be the bank’s employee who will be responsible for compliance with the terms of this depository agreement.

Type of Financial Institution

We have read and understand the General Conditions and Specifications and the Official Quote Form for Shelby County Board of Education accounts and agree to comply with all said stipulations should we be selected as the Board’s depository. Our institution is a Commercial Bank and is a member of the Federal Deposit Insurance Corporation or a Savings and Loan Association is insured up to \$100,000 by the Federal Government and, as such, we propose to accept and hold in SECURED CUSTODY funds belonging to the Shelby County Board of Education, and to pay out any funds on order of the Board as provided by law. We hereby offer our Quote to the Shelby County Board of Education under terms and conditions as above specified.

Date _____

Bank Name _____

Name _____ (print or type)

Signature _____

Title _____

Address _____

Telephone _____

NUMBER OF ACCOUNTS

Board of Education:

General Account (checking)

Schools:

One account per school (checking)

(Note: Schools are required to bank with the Board's primary depository)

AVERAGE LEDGER BALANCE (includes Board's General and Cafeteria Accounts only)

January 2022	\$ 57,752,731	May	\$ 48,154,791	September	\$ 36,730,158
February	\$ 56,345,237	June	\$ 47,285,746	October	\$ 35,153,035
March	\$ 51,043,734	July	\$ 40,248,700	November	\$ 53,599,479
April	\$ 49,851,455	August	\$ 41,548,586	December	\$ 53,781,761

AVERAGE MONTHLY BANK SERVICES PERFORMED (excludes schools)

Deposits/Credits Posted	208	Checks Paid	383	Wire Transfers Outgoing	2
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AVERAGE LEDGER BALANCES FOR SCHOOLS

Clear Creek Elem.	\$10,410	Southside Elem.	\$15,986	Shelby Co. High	\$276,359
Heritage Elem.	\$31,332	Wright Elem.	\$23,688	Painted Stone Elem.	\$30,428
East Middle	\$86,913	ML Collins High	\$232,337	Marnel C. Moorman	\$66,012
Simpsonville Elem.	\$17,418	West Middle	\$77,642		

MAJOR RECEIPTS (for Board's General Account Only)

12 SEEK payments from Ky. State Treasurer – monthly approximately \$1,800,000 each

Tax revenue from Sheriff received from the 10th to the 20th of the month following collection. Receipts begin the month after tax bills have been mailed. The first deposit of tax revenues is approximately \$10,000,000.

Note: Board deposits consist mostly of checks. The Board deposits very little currency or coinage.

MAJOR EXPENDITURES (for Board's Accounts Only)

Payroll (semi-monthly) – 15th & 30th day of each month average \$1,300,000

Note: Direct Deposit is mandatory for all employees of Shelby County Public Schools.

Accounts Payable payments – each Friday average \$160,000

Construction Payments – varies according to projects under construction and stage of construction