

**Rhode Island Higher Education Assistance Authority**

**560 Jefferson Blvd.**

**Warwick, RI 02886**

**Request for Proposals for Commercial Banking Services**

**June 27, 2011**

**BACKGROUND**

The Rhode Island Higher Education Assistance Authority (the "Authority") is a public corporation and governmental agency established by an act of the Rhode Island General Assembly in 1977 and has a distinct legal existence from the State. It was created to administer financial assistance programs to expand access to and choice among post-secondary education opportunities for Rhode Islanders. The Authority administers the State Scholarship and Grant Program and the State's IRS Section 529 Tuition Savings Program (in conjunction with the State General Treasurer and the State Investment Commission), and is a Guaranty Agency in the Federal Family Education Loan Program. The Authority is interested in obtaining proposals from qualified financial institutions to provide commercial banking services as described below.

**QUALIFICATIONS**

The Authority is seeking a commercial bank whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to the legal limit provided by law and regulation. The bank should also be regulated by either the United States Office of the Comptroller of the Currency, the Federal Reserve Bank, the Office of Thrift Supervision or the FDIC. The bank should have established and currently operate either retail or commercial branch offices within the state of Rhode Island.

**TERM OF ENGAGEMENT**

The selected bank will provide commercial banking services as specified under this RFP and agreed to by the Authority and is subject to all applicable limitations of State law and policy. The Authority may establish one or more commercial banking relationships under this RFP. It should be noted that the State's General Treasurer is examining the feasibility and potential benefits of allowing State departments and agencies to participate in a banking services program that would be negotiated by and centrally administered by the Treasurer's office, and as a result, any agreement(s) entered into by RIHEAA could be subject to modification or termination.

**DEADLINE FOR SUBMISSION**

Please submit three copies of your proposal no later than 4:00 PM on Friday July 22nd to the Authority at the address listed above. Please mark the proposal to "Attention: Chief Financial Officer". Also please send a PDF file of your response to [info@riheaa.org](mailto:info@riheaa.org) prior to the deadline for submission.

## **SCOPE OF SERVICES**

The Authority is seeking a commercial bank to provide cash management and investment services. Specifically the services sought include:

- 1) Cash deposits
- 2) Overnight and longer term investment of cash deposits
- 3) Payable check services (paper and automated)
- 4) ACH transfers and receipts
- 5) Wire transfers and receipts
- 6) Secure on-line commercial banking including
  - a) ACH transfers
  - b) Wire transfers
  - c) Ability to monitor daily activity
  - d) Ability to look up paid items
- 7) CD ROM image retrieval for paid items
- 8) Monthly bank statements

## **RESPONSE FORMAT**

Please answer the following questions in your response to the proposal:

- 1) Identify key measures of the bank's financial strength (e.g. capital ratios, market capitalization, total assets). Provide the most recent annual report as well as the bank's web address.
- 2) Provide ratings for the bank and/or bank holding company from at least one of the following agencies: Standard & Poors, Moody's or Fitch. Include ratings for senior debt, short term debt, subordinate debt, long term deposits, etc.
- 3) List the names, titles, phone numbers, fax numbers, and email addresses of bank personnel who would be assigned to RIHEAA's account. List professional designations (if applicable) and the role each person will have with the account.
- 4) Provide details on any mergers or acquisitions that the bank is currently committed to and the expected impact on services requested in this RFP.
- 5) Provide names and phone numbers of three references.
- 6) Provide any additional information that you believe is important in making our decision.
- 7) Provide the cut-off times for ledger credit and investment of funds.
- 8) Describe what type of courier services are provided by the bank, if any, for pick up and delivery of check deposits.
- 9) What type of output media is available for month end reporting?
- 10) How soon after month end will bank statements be available?

- 11) Describe the bank's current participation in Electronic Check Presentment (ECP) or other electronic check initiatives. Are you currently sending and/or receiving electronic check files to/from other financial institutions? What benefits will RIHEAA receive from ECP?
- 12) Can you currently receive electronic payments (wires or ACH) from third party payment processors?
- 13) Describe the bank's current image processing capabilities?
- 14) Please provide a copy of all documents and service terms that will be required to initiate depository and investment services.
- 15) Describe your disaster recovery plan. How often do you test disaster recovery procedures? When was the plan last tested and updated? Is there a "hot" backup processing site? Have disaster recovery procedures ever been implemented for an actual disaster? What disaster recovery services can the bank provide if RIHEAA can not operate from its own facilities?
- 16) Describe your bank's customer service organizational structure? Will a specific customer service representative be assigned to handle issues? What is the bank's turn around time for customer service issues?
- 17) Describe the bank's technical customer support for hardware, software and communication problems? What are the hours of operation?
- 18) Describe the bank's customer satisfaction program. How do you measure customer satisfaction?
- 19) Describe how the bank would approach the transition process if RIHEAA were to choose a new provider. Estimate how long the process would take to implement and how much time RIHEAA accounting staff would need to dedicate to training, both live and "on-line" (if applicable). Describe to what extent RIHEAA's IT staff would need to be involved in an implementation process, and any technology requirements which would be necessary to accomplish a transition.

#### **SET UP AND SERVICE FEES AND OTHER CHARGES**

- 1) Provide a price schedule for all proposed services. Include any one time or set up charges, research fees and any other fees.
- 2) Provide a monthly pro-forma based on the following estimated volumes:
  - a) FDIC assessment based on an average daily balance of approximately \$8,000,000 in five separate accounts
  - b) Account maintenance charge
  - c) 250 checks paid per month
  - d) 5 Stop checks
  - e) ACH monthly maintenance
  - f) 100 ACH credit items
  - g) 15 ACH debit items
  - h) 5 electronic wires out domestic
  - i) 20 electronic wires in domestic
  - j) Electronic access to account information (list cost for same day or prior day access)
  - k) CD Rom per image (250 noted above)
  - l) Estimate the total monthly service charge based upon the above

- 3) How long will the bank honor the proposed pricing while RIHEAA is evaluating the proposal?
- 4) If your bank is awarded this business, how long will you guarantee the pricing?
- 5) Will the bank reduce or eliminate its monthly compensation for services if RIHEAA maintains certain amounts in the bank accounts? Please describe how that would work. Describe the method used to calculate the earnings credit rate.

### **RHODE ISLAND ETHICS & DISCLOSURE REQUIREMENTS**

Discuss how the bank deals with professional ethics in connection with public finance engagements? How do you handle actual or potential ethical problems that arise in the marketing and execution of your commercial banking business? What process do you maintain so as to provide a consistently high standard or professional ethics?

The highest standards of conduct must apply to the Authority in decisions relative to the management of the Authority's funds. The public has the right to know that decisions on the selection of commercial bankers are not based on political considerations. Accordingly, the Authority insists upon full compliance with Public Law 93-249, reporting of Political Contributions by State Vendors.

Include a letter from your Chief Executive Officer as required by Rhode Island state policy, certifying that (i) no members of your firm made inquiries with respect to this proposal with any member of the Board of Directors of the Authority (other than the Chief Financial Officer) or any elected official in the State of Rhode Island from the date of the request for proposals through the date of the proposal and (ii) that all information in your proposal is true and correct to the best of his or her knowledge and (iii) that the bank's listing of campaign contributions is complete and is in full compliance with Public Law 93-249, Reporting of Political Contributions by State Vendors. Also include a statement that the proposed fee structure does not exceed the rate of compensation charged to other preferred public or private clients.