

LEGAL NOTICE

The Simpson County Board of Education will accept sealed proposals on the following item:

PRIMARY DEPOSITORY FOR SIMPSON COUNTY SCHOOLS

Proposal forms can be obtained from:

**Finance Office
Simpson County Schools
430 South College Street
Franklin, KY. 42134
(270) 586-8877
amanda.deweese@simpson.kyschools.us**



SIMPSON COUNTY PUBLIC SCHOOLS
430 South College
Franklin, Kentucky 42134

- - - Request for Proposal - - -

Reference number: **BANK-0414**

Title: **Primary Depository**

Date proposal information released: **April 10, 2014**

Closing time of proposal: **April 24, 2014 10:00 a.m.**

General Conditions and Specifications

1. **CONTACTS**—Information pertaining to any item or condition in this invitation may be obtained by communicating with Jim Flynn, Superintendent, or Amanda Deweese, Director of Finance, at the address shown above or by telephone at (270) 586-8877.
2. **DURATION OF AGREEMENT**—The intent of this invitation is to receive proposals from any local financial institution (“bank”) to serve as a depository for the Simpson County Board of Education (“Board”). The duration of the agreement shall be from **July 1, 2014 to June 30, 2016**. The Board will officially appoint one (1) primary depository. Secondary depositories may be used for the purpose of soliciting proposals on investment instruments and loans for the Board accounts.
3. **ACCEPTABLE BANKS**—The Board hereby limits the banks that are acceptable for submitting a proposal for “primary depository” to commercial banks or savings and loan associations that have an office in Simpson County, Kentucky.
4. **PROPOSAL FORM**—Any bank that submits a proposal shall submit the attached “Official Proposal Form.” No proposal will be considered unless this form has been completed, signed, and submitted.
5. **PROPOSAL SUBMITTAL**—The original completed copy of this proposal is to be **submitted in the enclosed envelope**. The proposal must be received no later than the closing time indicated above. The proposal may be hand delivered on the date of the opening, provided it is presented no later than the closing time indicated above.
6. **PROPOSAL OPENING**—A representative of the bank may be present at the opening of proposals on the date, time, and location stated above, although this is not required. The Board reserves the right to negotiate any or all of the terms of submitted proposals from banks.
7. **SIGNATURE**—An officer or member of the quoting bank, authorized to legally bind the bank, must sign the Official Proposal Form.
8. **PROPOSAL ISSUES**—The Board reserves the right to waive defects and informalities in proposals, to reject any or all proposals, or to accept any proposal as may be deemed to be in its best interest.
9. **SCHOOL ACCOUNTS INCLUDED**—**All school accounts must utilize the primary depository as its bank. The bank shall afford the same terms described herein and in the Official Proposal Form including, but not limited to, the interest rate paid on deposits and no service charges as described herein.**
10. **CONSTRUCTION/BOND ACCOUNTS**—This depository agreement shall also include any new construction accounts established as a result of selling school revenue bonds; and, the primary depository shall pledge securities of the United States Government having a fair market value at least equal to the balance of these accounts. The securities pledged for construction accounts are in addition to the collateral requirements shown on the Official Proposal Form.
11. **INVESTMENTS**—The Board reserves the right to negotiate the terms of investments, and is not limited to investing with the primary

depository. All long-term investment funds will be dealt with on a quote basis as investment needs arise. Any institution wishing to quote at those times must provide approved pledges to cover the amounts of investments.

12. **INVESTMENT OPTIONS**—The Board reserves the right to use any or all investment vehicles offered by the bank that the Board, in its discretion, deems to be the most advantageous to the Board.
13. **BORROWING**—The primary depository shall extend credit as needed on legally drawn notes of the Board. The Board reserves the right to negotiate the terms for such borrowings, and is not limited to borrowing funds from the primary depository.
14. **STATEMENTS**—Monthly statements of all accounts, along with cancelled checks (sorted numerically), 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 end on the last day of the 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 very important. Each month, the primary depository shall provide the Board with a listing of checks cleared. This listing shall be in the format determined by the Board, which will include CD and/or other electronic file (diskette, etc.) that can be used to automatically clear checks in the Board's computer system. The primary depository agrees to provide electronic media in the format and file layout needed by the Board. **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. 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.
15. **CHECKS/SUPPLIES**—The primary 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, checks, direct deposit advices, deposit tickets, boxes for rolled coins, safe deposit box (for the Board only), locking bank bags, canvas bags for collection of money from events, etc. **Checks/Direct Deposit Advices:** The Board shall have exclusive control over the vendor selected to provide checks and direct deposit advices, provided the requirements of the Federal Reserve System are met. The Board may utilize any and all security features available for its check stock. The primary depository agrees to reimburse the Board for the cost of having its checks and direct deposit advices printed. With the approval of the Board, the primary depository may furnish these checks and direct deposit advices, rather than reimburse the Board for cost incurred. The Boards' method of issuing checks to employees and to vendors is subject to change.
16. **ELECTRONIC FUND TRANSFERS**—The primary depository shall notify the Board's Treasurer 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 ACH deposit is received.
17. **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.
18. **SWEEP ACCOUNTS**—The Board may require that all of its accounts (including any school activity accounts) be designated as overnight sweep accounts. However, the Board, at its discretion, may negotiate an otherwise suitable arrangement for determining interest to be paid on deposits of the Board.
19. **COLLECTION OF RETURNED CHECKS**—The primary depository shall provide assistance to the Board in collecting bad checks by processing the checks a second time after an appropriate waiting period at no charge to the school district.
20. **DIRECT DEPOSIT**—The primary depository shall provide the service free of charge to the school district.
21. **REMOTE DEPOSIT**—The primary depository may provide the school district the ability to deposit funds remotely from the Central Office site using a bank-supplied machine. If available, the depository will provide this service free of charge to the District.
22. **NEW SERVICES**—The primary depository shall agree to negotiate with the Simpson County Board of Education to allow the Board to take advantage of any new type of service(s) or new investment procedure(s) that may become available and permissible for Boards of education during the term of this contract.
23. **EMPLOYEE SERVICES**—The primary depository shall provide employee banking with no service charge to employees of the Simpson County Board of Education who choose the Direct Deposit feature.
24. **AUDIT ASSISTANCE**—The primary depository shall provide assistance and cooperation with the Board's audit firm.
25. **SERVICE CHARGES**—This depository agreement shall not include any charges for servicing any and all accounts of the Board or charges for any other Board banking service such as stop payments, cashier's checks, overdraft charges, interim bank statements,

checks returned for insufficient funds, electronic transfers, wire transfers, courier service, etc.

26. **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 proposal and to make sure all transactions of the Board are handled promptly and efficiently.
27. **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 proposal document on any funds remaining in any accounts at that financial institution until all outstanding checks have cleared the bank. In addition, the primary depository agrees to assist the Board in its transition to a new depository, should the need arise.
28. **TAXES NOT APPLICABLE**—Federal excise taxes or Kentucky sales and use taxes are not applicable to any purchase made for use of the Board. Proposals should not include any such taxes. Purchase exemption certificates will be furnished as required.
29. **NON-DISCRIMINATION**—The Simpson County Public School System 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.
30. **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.
31. **BOND OF DEPOSITORY** – The bank must meet the penal sum and collateral requirements stipulated by the Kentucky Department of Education for school boards as required by KRS 41.240. See Attachment C of “Official Proposal Form”.

SIMPSON COUNTY PUBLIC SCHOOLS
430 South College
Franklin, Kentucky 42134

OFFICIAL PROPOSAL FORM
FOR
DEPOSITORY FOR SIMPSON COUNTY SCHOOL ACCOUNTS

THE SIMPSON COUNTY BOARD OF EDUCATION RESERVES THE RIGHT TO NEGOTIATE ANY AND/OR ALL OF THE TERMS OF SUBMITTED PROPOSALS FROM BANKS.

Please adequately answer all "NO" questions. You must be specific and itemize any and all costs.
Should you need more space, please attach sheet and reference the bid specification.

SPECIFICATION NUMBER	DESCRIPTION	CHECK YES or NO		EXPLANATION
		YES	NO	
1.03	Are your banking locations within Simpson County, Kentucky?			
1.25	Are you willing to waive any & all service fees/charges on all bank accounts? This would include, but not limited to, investment transactions, cashiers checks, all fees for on-line banking & electronic reconciliation, direct deposit items. please explain any "NO" answers with itemized cost, etc.			
1.15	Are you willing to provide all checks (regardless of type), deposit tickets, safe deposit rentals, bank deposit bags, voucher checks, night deposit usage, and other bank supplies at no cost or by reimbursement of 100% cost to the Board. Please explain any "NO" answers with itemized cost, etc.			
1.14	Are you willing to supply a monthly statement of all accounts, along with cancelled checks sorted in numerical sequence within five banking days? Are you willing to supply on-line banking services & electronic reconciliation capabilities at no cost?			
1.22	If new banking services/investment services become available after this bid, are you willing to extend these services to the Board at the same terms and conditions of the "like" items requested for proposal in this bid?			
1.31	Can you meet the collateral requirements stipulated by the Kentucky Department of Education for school boards as required by KRS 41.240 and Attachment C? Penal Sum requirements must be calculated by the bank.			
1.15	Are you willing to provide the Board commercial lock box services? If charges exist, please explain & itemize costs.			
1.23	Do you have the capacity to handle large-scale direct deposit transactions? If so, are you willing to provide EMPLOYEE banking with no service charges on their checking/savings accounts that are used for direct deposit purposes? If charges exist, please explain & itemize costs.			
1.21	Do you have the ability to provide remote deposit services?			

Interest Rate

In accordance with the terms of the General Conditions and Specifications, all accounts of the Simpson 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. Interest shall be paid on all deposits maintained by the Simpson County Board of Education, starting on the date of deposit. Accrued interest shall be credited to each individual account on the last working day of each month, unless proved otherwise to be in the best interest of the Board of Education.

Option 1:

The bidder agrees to pay on all accounts a variable rate* based upon the:

_____ 91-day Treasury Bill Rate	_____ Federal Funds Rate
Plus (+) _____ basis points	Plus (+) _____ basis points
Minus (--) _____ basis points	Minus (--) _____ basis points

The 91-day treasury bill rate on Monday, April 21, 2014 is _____.

The Federal Funds rate on Monday, April 21, 2014 is _____.

The initial rate for interest on all accounts will be the rate effective as of June 30, 2014.

Any applicable interest increments or deductions quoted in this bid shall be applied to the rate on June 30, 2014.

The bidder agrees to pay a minimum rate of ____%. If the agreed rate falls below the interest rate minimum, then the minimum rate applies. * The interest rate benchmark shall be either the 91-day Treasury Bill Rate established at the Monday Auction and published Tuesday in the **Wall Street Journal** or the current Federal Funds Rate as reported in the **Wall Street Journal**: This "benchmark" rate will be applicable to all groups of accounts (General Fund, school activity accounts, and others as required). The bank shall provide the Treasurer of the Board a subscription to the **Wall Street Journal** for purposes of monitoring the interest rate paid.

Option 2:

A fixed rate on all accounts of _____ % for the term of the contract.

All monies deposited are to begin collecting interest on the date of deposit provided monies are deposited by _____ at all locations.

Loans

The bank agrees to extend credit as needed on legally drawn notes of the Simpson County Board of Education as provided in KRS 160.540, at a rate not to exceed six percent (6%). The bank acknowledges that the Board's awarding of this depository agreement to the Bank shall not preclude the Board from seeking other financing arrangements for loans that may be needed during the term of this depository agreement.

<u>LINES OF CREDIT & BORROWING NEEDS:</u>	
SCBE may have the need to borrow funds from the successful bidder. Short-term notes will only be used according to KRS:160.540. Please provide the amounts and rates of interest on lines of credit that may be provided.	
\$50,000 or less.....	_____ Percent + or - Prime (as quoted in most recent Wall Street Journal)
\$50,000 - \$99,000.....	_____ Percent + or - Prime
\$100,000 - \$150,000.....	_____ Percent + or - Prime
\$150,000 - \$200,000.....	_____ Percent + or - Prime
(KRS 160.540 does not permit a Board of Education to pay above 6% on loans to school districts or the rate cannot exceed 70% of the Federal Reserve discount rate on 90 days commercial paper in effect in the Federal Reserve district at which the loan was made)	

Locations

Following is a listing of the financial institution's Simpson County branch offices and ATM locations:

<u>Branch Office Location</u>	<u>ATM Location</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Collateral

A. Execution of Bond of Depository and Collateral

A Bond of Depository for Public School Funds will be executed by the primary depository and collateral deposited in escrow to secure said bond as hereafter set out. This Bond includes a pledge of collateral in the amount of the required penal sum. The Bond of Depository covers Simpson County Board of Education funds in an amount that will later be determined. It will be effective July 1, 2014 for the full term of this agreement, subject to approval of the Kentucky Department of Education (“KDE”). The amount of the Bond may fluctuate from year to year. In the event the Board of Education’s funds on deposit, including certificates of deposit, exceed the Bond of Depository amount, the primary depository shall pledge additional collateral for any such excess funds on deposit with a fair market value equal to the excess amount.

B. Types of Collateral

All collateral pledged by the primary depository selected shall have a fair market value equal to at least 100% of all deposits (including all investment instruments) of the Board of Education and shall consist of U.S. Government Bonds, Kentucky School Revenue Bonds, and/or Federal Government Agency Obligations. Repurchase Agreements for either class of collateral are unacceptable security. The collateral must satisfy KRS 41.240. The collateral represents the total amount required to cover all funds, including investments and construction funds. At no time shall the collateral be reduced or substituted without prior approval of the Board of Education. Such approval shall not be granted without the execution of a new bond, which shall have prior approval by KDE.

C. Safekeeping Receipts

The primary depository shall execute a safekeeping receipt for collateral, which shall include an endorsement as follows (the form of the endorsement on the safekeeping receipt may be amended so as to modify the endorsement in any manner required by the rules and regulations of the Federal Reserve, provided that the collateral pledged for safekeeping in connection with the bond of depository is deposited in a federal reserve bank.):

“The securities described herein have been pledged as collateral to funds on deposit in _____ (city), _____ (county), Kentucky to the credit of the Simpson County Board of Education of Franklin, Kentucky under terms of a depository agreement. These securities may not be withdrawn or substituted except with the written consent of the Simpson County Board of Education. The original of this receipt has been delivered to the Simpson County Board of Education of Franklin, Kentucky.”

Length of Agreement

The quotations and undertakings offered herein will be valid from July 1, 2014 to June 30, 2016.

Additional Banking Services (use this section and additional pages, if needed, to describe other banking services):
In the efforts of evaluating your bid, please be as specific and detailed as possible. If additional costs are involved, please itemize these costs.

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 Proposal Form for 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: *(place an "X" beside the following description that applies)*

_____ **Commercial Bank** and is a member of the Federal Deposit Insurance Corporation and, as such, we propose to accept and hold in SECURED CUSTODY funds belonging to the Simpson County Board of Education, and to pay out any funds on order of the Board as provided by law. We hereby offer our proposal to the Simpson County Board of Education under terms and conditions as above specified.

_____ **Savings and Loan Association** and is insured up to \$250,000 by the Federal Government (GAF) and as such we propose to accept and hold in SECURED CUSTODY funds belonging to the Simpson County Board of Education, and to pay out any funds on order of the Board as provided by law. We hereby offer our proposal to the Simpson County Board of Education under terms and conditions as above specified.

Bank Name _____ **Date** _____

Signature _____ **Title** _____

Name _____ **(print)**

Address _____

Telephone _____

Attachment A

MAJOR RECEIPTS

12 SEEK payments from Ky. State Treasurer – monthly - approximately \$850,000 each

Tax revenue from Sheriff received from the 10th to the 17th of the month following collection. Receipts begin the month after tax bills have been mailed. The first deposit of tax revenues is approximately \$4,000,000.

MAJOR EXPENDITURES

- Accounts payable released twice monthly (15th and the 30th or closest working day if on a weekend or holiday)—average payment - \$600,000 per month
- Payroll released twice monthly (15th and 30th or closest working day if on a weekend or holiday)—average payment - \$1,200,000 per month

INVESTMENTS

When the interest rate indicates a higher return than anticipated on deposits, quotes are solicited from designated depository banks. Amount(s) and investment period(s) are provided to the designated depository banks, requesting a written quote be submitted by 10 A.M. the following day. The rate quotes received will be compared to the current deposit rate. Funds will remain in the deposit account if the highest quoted rate is equal to or less than the anticipated rate on the deposit account.

CHECKS

(Yearly Average)

Payroll Checks	100
Payroll Direct Deposits	13,000
Accounts Payable Checks	4,800

COLLATERAL

The collateral (penal sum) requirement for 2013-2014 for the primary depository for execution of the bond of depository was \$9,500,000.

Attachment B

DISTRICT SCHOOLS

Franklin Elementary School
211 South Main Street
Franklin, KY 42134

F-S Middle School
322 South College Street
Franklin, KY 42134

Simpson Elementary School
721 Witt Road
Franklin, KY 42134

F-S High School
400 South College Street
Franklin, KY 42134

Lincoln Elementary School
601 John J. Johnson Avenue
Franklin, KY 42134

Learning Opportunities Center
822 North Main Street
Franklin, KY 42134

Attachment C

Guidelines on the Bond of “Depository”

Per [KRS 160.570](#). Each board of education shall appoint a bank, trust company, or savings and loan association to serve as its depository. According to the administrative regulation, by July 1 of each year the depository selected shall, before entering upon its duties, execute bond for the faithful performance of its duties, to be approved by the local board of education and the Commissioner of Education. Security for the bond shall be deposited with an escrow agent in an amount equal to the penal sum of the bond. Per KRS 41.240 (4), and (5) the securities and obligations shall consist of United States Government Bonds, Kentucky School Revenue Bonds, or Federal Government Agency Obligations, including obligations listed in KRS 66.480 (1)(c).

Per [702 KAR 3:090](#) the penal sum for a district may be determined by one of two METHODS. **NOTE: The district must determine the Penal Sum of the Bond of Depository by July 1 of each year.**

- #1 The penal sum of the depository bond shall be at least equal to 103 percent of the current daily balances in each account as they may fluctuate throughout the life of the bond. **NOTE: With this method the bank is NOT required to submit a new bond of depository for a period of 2 years, but will need to provide the district with a new listing of Pledged Collateral with current market values every year.**
- #2 The penal sum of the depository bond shall be at least equal to the highest daily balance in each account each month for all accounts in the previous year.
NOTE: With this method the district will need to make adjustments to the Bond of Depository to reflect the changes in the Penal Sum in the current year. This means a NEW Bond of Depository form will need to be filled out along with a listing of Pledged Collateral with current market values.

NOTE: A district is limited to current FDIC regulation when excluding that amount from the penal sum.

Refer to [KRS 41.240](#) (4) (a) through (g) and (5) for a listing of securities and obligations that may be accepted by State Treasurer as collateral.

The beginning date should coincide with the beginning fiscal year date of July 1 and the termination of the bond should coincide with the June 30 fiscal year-end.

COMMONWEALTH OF KENTUCKY
Department of Education
Office of District Support Services

Bond of "Depository" for Public School Funds

The undersigned, _____ Bank of _____, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the _____ Board of Education, in the penal sum of _____* that it, as depository of the Board of Education, shall well and truly discharge the duties of said office according to law, account for, to the proper authorities, and pay over to all parties legally entitled thereto on proper warrants all funds that may come into its hands as Depository of the Board of Education aforesaid for a period not to exceed two (2) years, beginning July 1, 20____.

As collateral for this undertaking the undersigned hereby pledges obligations guaranteed by the U. S. Government, Kentucky School Revenue, and/or Federal Government Agency bonds (type of collateral **) in the principal sum of _____*** deposited in escrow with the _____ Bank of _____, Kentucky, hereinafter referred to as the Escrow Agent, evidenced by the safekeeping receipt filed in the offices of the local board of education, provided, however, that at no time shall the amount of collateral be reduced without the execution of a new bond which shall have prior approval by the Commissioner of Education.

The undersigned, the Depository, hereby reserves the right unto itself, (1) to detach and collect for its own use and benefit all coupons of said bonds as they mature; (2) to substitute for any of said bonds, other United States Government bonds and/or Kentucky School Revenue Bonds of the same face or par value; (3) to terminate all liability under this bond and escrow deposit by giving thirty (30) days notice, in writing, of its intention to do so to the chairperson of the _____ Board of Education, by registered mail, addressed to such chairperson at the Local Board of Education, and to the chairperson of the Kentucky Board of Education, by registered mail, addressed to such chairperson at Frankfort, Kentucky. Within the thirty days, the Depository shall make statements with the board, pay over all funds in its hand to the board, and exhibit to the Escrow Agent a copy of the settlement, duly receipted by the secretary and chairperson of the board. The Board of Education shall cancel this bond only by giving thirty (30) days notice in writing, of its intention to do so, to the Depository, by registered mail, and to the chairperson of the Kentucky Board of Education by registered mail.

It is further conditioned that liability of this bond is not to be effectual until Federal Deposit Insurance Corporation (FDIC) protection is exhausted. IN WITNESS WHEREOF, the undersigned has caused its corporate name to be subscribed and its corporate seal to be affixed hereof, this _____ day of _____, 20____.

Name of Bank _____

By (Bank Official) _____ **Title** _____

We hereby certify to the Commissioner of Education that the bond appearing hereon is a true copy of the bond executed and delivered by the Depository of this Board of Education, and it was approved by the _____ Board of Education on _____, 20____.

Chairperson _____ **Secretary** _____

* Should agree with penal sum for either METHOD 1 or METHOD 2.
** This collateral shall consist of investments that conform to KRS 41.240 and KRS 66.480.
*** May not be less than penal sum.

TO BE RETAINED AT THE LOCAL SCHOOL BOARD OFFICE