

	SOLICITATION ADDENDUM #1	CITY OF GLENDALE Materials Management 5850 W. Glendale Avenue Suite 317 Glendale, AZ 85301 Phone: (623) 930-2865
	Solicitation Number: RFP 17-17, Banking Services Page 1 of 14 Solicitation Due Date: November 3, 2016, 2:00 p.m. (Local Time)	

Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

General Questions

1. RFP Section 1.2.3, Page 4: What cashiering system does the City use? Does it have any plans to change the existing system in the upcoming future?

City Response: iNovah. No, the City does not have any plans to change system in the near future.

2. Is the City’s Housing Authority part of this RFP? If yes, will any of the accounts be governed by the HUD General Depository Agreement 51999?

City Response: No

3. Does the City have specific areas of improvement or change that it would like to focus on?

City Response: The City is interested in exploring how an Accounts Payable / Virtual Card Program can increase rebates paid to the City.

4. Will the City allow an additional round of questions?

City Response: Additional questions may be asked during the Pre-Offer Conference on October 18th

5. Will you accept a link to audited financial statements?

City Response: An electronic copy of the financial statements saved on the USB or CD-ROM is preferred.

6. What accounting and/or ERP system(s) are in use by the City today that are included in the data integration needs for banking services?

City Response: PeopleSoft FSCM Version 9.1

7. Does the City provide a dial in number for the Pre-offer Conference that is scheduled on October 18th, 2016 at 2:00PM?

City Response: No dial in number will be provided.

8. Who are the City’s current financial provider(s)?

City Response: Bank of America provides General Banking and Depository Services, Merchant Card Services, and Custody Services. JP Morgan provides Purchasing Card Services.

9. May we receive a copy of the current analysis statement?

City Response: No. The pertinent information has been included in Attachment 3.

10. May we use the City’s logo for our proposal?

City Response: Yes

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

Category of Services 1: General Banking and Depository Services

1. RFP Section 1.2.4, Page 4: In addition to those currently in use, please indicate the total number of desk top scanners the City is seeking to deploy and volume information (estimated checks deposited per month via RDC)

City Response: Approximately 6 desktop scanners. Currently, the number of RDC deposited items has only averaged 173 items per month. As this technology is further deployed, the City expects volumes to increase to approximately 3,500 items per month.

2. RFP Section 1.2.4, Page 4: Who is the City’s present armored carrier? Does the City contract directly with its provider?

City Response: Loomis. Armored car is included in our current banking agreement with Bank of America.

3. RFP Section 1.3.2.11, Page 8: Please provide a copy of an indicative month of the City’s Account Analysis statement from its current provider.

City Response: The pertinent information has been included in Attachment 3.

4. RFP Section P. Overnight Investment Option or Interest Bearing Bank Deposit, Page 45: To assist the bank in providing an optimized liquidity solution for your overnight operating cash in its proposal response, please provide the following information:

- a. Peak, Average and lowest level “balance sheet cash” and “operating cash” amounts (two separate sets of numbers) associated either with the most recent fiscal period or projected future fiscal period. Operating cash is defined as amounts typically held in operating accounts with your operating bank to support day-to-day working capital needs. These are funds typically held in overnight instruments such as Checking, Savings, Sweep Investment, and Money Market Mutual Funds. Balance Sheet cash is defined as the total cash reported on periodic financial reports throughout the fiscal period inclusive of Operating Cash.

City Response: Information not available.

- b. Total dollar value of monthly disbursement activity (e.g. payroll, accounts payable, debt service, etc.).

City Response: An average of approximately \$15 million monthly, excluding debt service payments made in January and June each year.

- c. Do you prefer to receive hard dollar interest on balances held with the bank and pay hard dollar fees for banking services? Of, prefer to offset bank service fees with balances (earnings credit allowance)?

City Response: The City has historically maintained significant compensating balances to offset bank service fees, as long as the earnings credit rate is competitive.

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

- d. Do you actively manage an investment portfolio of securities and other financial instruments that would typically include overnight Operating Cash as defined in the first bullet above?

City Response: An investment portfolio to closely manage overnight Operating Cash is not currently used.

- e. Can you share your investment policy and/or share your investment preferences, limitations, etc.?

City Response: Attached.

- f. What types of deposit and investment vehicles are you using currently for your working capital (operating and short-term reserve) cash?

City Response: None at this time.

- 5. What are the 7 addresses/locations in which deposits are picked up from?

City Response: Glendale Customer Service-5850 W Glendale Ave, Glendale AZ 85301, Glendale City Court-5711 W Glendale Ave, Glendale AZ 85301, Glendale City Landfill-11480 W Glendale Ave, Glendale AZ 85307, Foothills Aquatic Center-5600 W Union Hills Dr., Glendale AZ 85308, Foothills Library Branch-19055 N 57th Ave, Glendale Z 85308, Main Library Branch-5959 W. Brown St. Glendale AZ 85302, Glendale Adult Center-5970 W Brown St. Glendale, AZ 85302.

- 6. RFP Section D, Page 36: How many remote deposit scanners does the City need?

City Response: 6

- 7. RFP Section D, Page 36: How many City sites need remote deposit scanners?

City Response: 6 locations

- 8. RFP Section Pro Forma Pricing: Under “**DEPOSITORY SERVICES**”

- a. **Branch Deposits, per month**

- i. How many checks are deposited? 5?

City Response: At the branch, only 5 checks are deposited on a monthly basis.

- ii. How many deposits of just checks are made?

City Response: Approximately 1 per month.

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

iii. How many deposits of just currency / coin are made?

City Response: None.

iv. How many deposits of checks combined with currency / coin are made?

City Response: Approximately 2 to 3 per month.

v. What is the total dollar amount of currency / coin deposited?

City Response: At the branch, approximately \$800 per month.

vi. Coin/Currency Orders: How many Coin/Currency orders are made?

City Response: None from the branch, orders are placed with the vault.

vii. Currency Orders - standard straps (i.e. one strap=100 bills): How many standard straps are ordered?

City Response: None from the branch, orders are placed with the vault.

viii. Currency Orders – non-standard: How many bills of non-standard straps are needed?

City Response: None from the branch, orders are placed with the vault.

ix. Coin Orders – standard box: How many standard boxes of coin are needed?

City Response: None from the branch, orders are placed with the vault.

x. Coin Orders – partial box – per roll: How many rolls of coin are needed?

City Response: None from the branch, orders are placed with the vault.

xi. If DDA Statements are available online and printable for seven (7) years, will the City require paper DDA Statements be mailed as well?

City Response: No

b. **“Paper Deposit Statement Mailed”** – If statements are available online for 7 years and are printable, do you need paper deposit statements mailed?

City Response: No

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

- c. **“ZBA Per Transaction”**, volume 39 – For a volume of 1, does this represent both the credit and debit side of the transaction? Or, does a volume of 1 represent either the credit side or debit side?

City Response: A volume of 1 represents both the credit and debit side of the transaction.

- d. **“Cks Dep Pre-Encoded Items”**, volume 4,050:
 - i. Are these items that are scanned/imaged, then transmitted to the bank as ICLs (Image Cash Letter)?

City Response: No

- ii. If not ICLs, what are these?

City Response: Checks transported by the City’s armored car to a vault facility.

- e. **“Cks Dep Un-Encoded Items”**, volume 32:
 - i. Are these checks deposited at a bank branch?

City Response: Checks transported by the City’s armored car to a vault facility.

- ii. If not, what are these?

City Response: See above

- f. **“Cks Deposited Foreign Items”**, volume 5:
 - i. Of this volume, how many are Canadian items?

City Response: All 5.

- g. **Deposit Account Statements”**, volume 45: We see under “Account Maintenance”, a volume of 10.
 - i. What is the unit of measure for this volume of 45?

City Response: The number of Deposit Account Statements is 9. The 45 refers to the number of “Check Deposits – ICL or RDC.

- ii. Does this, perhaps, represent a request for paper copies of historical bank statements?

City Response: This represents the number of paper bank statements sent per month.

- iii. If statements are available online for 7 years and are printable, are “Deposit Account Statements” needed?

City Response: No

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

9. RFP Section Pro Forma Pricing: Under **“COMMERCIAL DEPS – CASH VAULT”**:

a. **“Curr/Coin Dep – \$100 – Night Drop”**, volume 7: What does the volume of 7 represent? (e.g. seven (7) currency / coin deposits?, or \$700 deposited?)

City Response: \$700 deposited via night drop a month

b. **“Curr/Coin Dep/\$100-Bkg Ctr”**, volume 1: What does the volume of 1 represent? (e.g. one (1) currency/coin deposit? Or \$100 deposited?)

City Response: \$100 deposited at the banking center a month

c. **“Curr/Coin Dep/\$100 – VLT**, volume 6,989: What does the volume of 6,989 represent? (e.g. \$6,989,000 currency/coin deposited?)

City Response: \$698,900 deposited at the vault a month

d. **“Currency Supp/\$100-Nonstd-Vlt**, volume 357: What does the volume of 357 represent? (e.g. \$35,700 currency supplied? 357 straps supplied?)

City Response: \$35,700 in non-standard currency supplied from the vault a month

e. **Curr/Coin Dep/\$100 – VLT**, “Currency Supp/\$100-Std-Vlt, volume 3: What does the volume of 3 represent? (e.g. \$300 currency supplied? 3 straps supplied?)

City Response: \$300 of standard currency supplied from the vault a month

f. **Dep Conditioning-Surchg-Vault**, volume 34

i. What does this represent?

City Response: This represents special handling that may be required with a cash deposit at the vault. Less than 10% of vault deposits require special handling.

ii. What is the unit of measure (e.g. per deposit?)

City Response: Per Deposit

g. **“Change Order – Auto – VLT”**, volume 4:

i. How many of these orders are standard currency orders (i.e boxes and straps)?

City Response: None

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

ii. How many are non-standard orders (i.e. bills and rolls)?

City Response: All 4.

h. **“Change Order – Standing – VLT”**, volume 27:

i. How many of these orders are standard currency orders (i.e. boxes and straps)?

City Response: None.

ii. How many are non-standard orders (i.e. bills and rolls)?

City Response: All 27.

10. RFP Section Pro Forma Pricing: Under **“GENERAL ACH SERVICES”**:

i. **“ACH Monthly Maintenance”**, volume 5:

i. For how many accounts does the City send ACH Direct Transmissions to the bank? 5?

City Response: Two accounts: General Checking and Payroll Account.

ii. For how many accounts does the City use the bank’s online ACH module?

City Response: 5.

iii. If the volume is 1, is this the 1 under “ACH LV- Monthly Maintenance”?

City Response: No

j. **“ACH Input – Echannel”**, volume 3:

i. What does this service represent?

City Response: ACH direct transmissions to the bank

ii. What is the unit of measure?

City Response: Number of ACH files

k. **“ACH Blocks”**: How many accounts need ACH Blocks or Authorizations? 10?

City Response: Yes.

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

1. **Online ACH Notifications**, volume 40: What are these notifications?

City Response: Notifications to vendor for payment issued by the City and notification to the City for ACH returns.

11. RFP Section Pro Forma Pricing: Under **“ACCOUNT RECONCILIATION”**:

m. How many accounts receive Positive Pay, but not Payee Positive Pay or Full Reconciliation services?

City Response: 0 Accounts

n. How many accounts receive Positive Pay and Payee Positive Pay, but not Full Reconciliation services?

City Response: 0 Accounts

o. How many accounts receive Positive Pay, Payee Positive Pay, and Full Reconciliation services?

City Response: 2 Accounts receive Full Reconciliation / Positive Pay services, Payroll account and General Checking account

p. How many Positive Pay/Payee accounts receive daily email alerts as to exception items?

City Response: 2

12. Does the City currently have a credit reserve or daily overdraft protection in place? If so, what is the limit?

City Response: The City is not aware of a credit reserve or daily overdraft protection in place.

13. The City requests the general account provides credit reserve or daily overdraft protection for the other accounts. Is a ZBA structure sufficient for this?

City Response: Yes.

14. On Page 6, the city mentions 9 city accounts and 6 related entity accounts. Are there additional average balances for the related entity accounts that will be transitioned over?

City Response: No

15. Please clarify what the following Service Descriptions are: ACH LV Monthly Maintenance

City Response: Monthly Fee to maintain company ID on the ACH System

16. Please provide any estimated volumes for the below from the Pricing Attachment: Miscellaneous

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

- a. E-Lockbox (Monthly Maintenance)

City Response: One

- b. E-Lockbox (Per Transaction)

City Response: This City is unable to estimate the number of these transactions.

- c. Remote Cash Safe (Monthly Maintenance)

City Response: This will depend on the proposed pricing. The City is anticipating that this solution may only be cost effective at one location.

- d. Remote Cash Safe (Currency Deposited, per \$100)

City Response: A rough estimate would be \$300,000 to \$400,000 per month.

Category of Services 2(A): Pre-Paid Debit Card Program

- 1. Please confirm that expected Prepaid Debit Card use is solely for employees who do not want, or cannot establish, a checking account, or does City have other uses for such cards? If another use, please provide the intended use and the expected number of cards and dollar volume to be loaded.

City Response: Yes. The City does not anticipate other uses for the card.

- 2. Please confirm that the expected volume of prepaid debit cards to be used for salary disbursement is approximately 5% of 2,000 employees, or 100 total prepaid debit card accounts with an approximate value load of 5% of the bi-weekly \$3M disbursement? Does this equate to a 5% of approximately \$78M disbursed in non-direct deposit salary disbursements per annum?

City Response: Approximately 4%, 89 total active cards, 0.04% of biweekly disbursement/per annum

Category of Services 2(B): Merchant Card Services

- 1. RFP Section 1.3.3.2 Merchant Card Processing Services, Page 10: The City states in 1.2.5 that they utilize Authorize.net and in 1.3.3.2 they ask the bidder to provide a PCI compliant gateway.

- a. Is the city looking to replace Authorize.net?

City Response: If you process transactions initiated from Authorize.net, that would be the preferred solution.

- b. Alternatively, are they looking for the bidder to work with the existing Authorize.net gateway?

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

City Response: Yes, this would be preferred.

- RFP Section 1.3.3.2 Merchant Card Processing Services, Page 10: Please list the departments represented by the 17 merchant numbers.

City Response: The departments are as follows: Airport, Alarm IVR, Cemetery, City Court, City Services, Civic Center, Development, IWR Court, Landfill, Library Foothills, Library IWR, Library Main, Library-Velma Teague, Park and Recreation (2), and Police

- RFP Section 1.3.3.2 Merchant Card Processing Services, Page 10: Please provide terminals, gateways, point of sale systems that each merchant number uses to process payment transactions.

City Response: FD 130 duals terminals and VX –570 terminals, authorize.net and plug 'n play gateway, rec and trac for point of sales, Cash Register Company

- RFP Section 1.3.3.2 Merchant Card Processing Services, Page 10: Is the City looking to replace current terminals, gateways and or point of sale systems and looking for the bidder to provide alternative solutions? Alternatively, would the City like the bidder to work with as many existing solutions as possible?

City Response: The City is interested in the bidder working with as many existing solutions as possible.

- RFP Section 1.3.3.2 Merchant Card Processing Services, Page 10: Does the City currently assess a Convenience Fee? If yes, which departments and via what means (gateway, point of sale, online/web, face to face) is the Convenience Fee assessed?

City Response: No, we do not assess a convenience fee at this time.

- RFP Section 1.3.3.2 Merchant Card Processing Services, Page 10: Are ACH payments thru the current merchant services provider, or directly with your bank?

City Response: Directly with the bank.

- How many terminals does the City have in place today?

City Response: 22 terminals

- Beyond the FD130 and VX570 are there separate PIN Pads? If yes, please provide the make/model and number of devices.

City Response: Yes we have pin pads, First data/Model FD35

- What Payment Gateway(s) does the City have in place today?

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

City Response: Authorize.net

10. Does the City have an Interactive Voice Response (IVR) system in place? If yes, please provide information on that service.

City Response: Yes

11. Is the City PCI compliant?

City Response: Yes

12. What PCI Level is the City?

City Response: 3

13. Has the City suffered a breach in the last 24 months?

City Response: No

14. Does the City have a Convenience or Service program in place?

City Response: No

15. Could you please provide your card breakdown by brand, card present, phone and web?

City Response: The card breakdown by brand is included in Pro Forma Pricing – Category 2(B): Merchant Card Processing Services. The breakdown by card present, phone, and web is unavailable at this time.

16. What Merchant Category Codes (MCC) are the City’s merchant account classified under?

City Response: 9399

17. Are you able to provide us with the department names that accept card payments?

City Response: The departments are as follows: Airport, Alarm IVR, Cemetery, City Court, City Services, Civic Center, Development, IWR Court, Landfill, Library Foothills, Library IWR, Library Main, Library-Velma Teague, Park and Recreation (2), and Police

18. Do you accept eCheck payments

City Response: No

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

Category of Services 2(C): Custody Services

1. RFP Section Pro Forma Pricing: Under **“CUSTODY SERVICES”**:

- a. Does the City require the bank to be a custody manager to represent the City and make trades, etc. on the City’s behalf (i.e., the bank would have fiduciary responsibilities)?

City Response: No, the City requires the bank to provide custody for the City’s securities and handle the statements and reporting.

- b. Would the City be the “manager” and decision maker of the trades and simply want the bank to handle the statements and reporting?

City Response: The City uses a third-party investment advisor to initiate trades. The bank will simply handle the statements reporting.

- c. Please provide estimated item volumes for:

- i. Average # of Fed Security Issues Held?

City Response: A listing of current holdings as of June 30, 2016 can be found in Attachment 4 – Current Holdings.

- ii. Average # of DTC Security Issues Held?

City Response: A listing of current holdings as of June 30, 2016 can be found in Attachment 4 – Current Holdings

- iii. Average # of CD/DP/MM Security Issues Held?

City Response: None

- iv. # of Fed security purchase transactions online per year?

City Response: Approximately 16

- v. # of Fed security withdrawal transactions online per year?

City Response: No sale transactions.

- vi. # of DTC security purchase transactions online per year?

City Response: Approximately 9

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

vii. # of DTC security withdrawal transactions online per year?

City Response: No sale transactions.

viii. # of CD/CP/MM purchases/withdrawals made per year?

City Response: None.

ix. # of times per year interest income is collected on securities that are held at a depository?

City Response: 82 interest payments during FY 2015

x. # of times per year maturities principal and interest payments are received?

City Response: Information for FY 2015 can be found in Attachment 3 – Pricing Structure, Pro Forma Pricing – Category 2 (C): Custody Services. 36 DTC / Fed Maturities, 82 interest payments

xi. Number of times per year, if any, principal & interest paydowns on MSB (Mortgage Backed Securities) or an ABS (Asset Based Securities) occurs?

City Response: None

2. How many custody accounts will be needed?

City Response: One custody account will be needed

3. If any sweep accounts are utilized, what is the average monthly balance?

City Response: Not currently used. Balances will be minimal.

4. Will we be sending all maturities and interest income to the City as they occur in real time or some type of weekly, monthly schedule?

City Response: Real Time.

Category of Services 2(D): Procurement/Purchasing Card Services & Accounts Payable Card and Virtual Card Program:

1. RFP Section C) Distribution of Cards:, Page 13: Can you please define “custom plastic”? Does your current card meet the requirements?

City Response: The ability to customize the card design i.e. city logo. Yes.

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Per Section 2.8, “Inquiries”, the following questions have been submitted by Offerors along with the City’s response.

2. RFP Section C) Distribution of Cards:, Page 13: What percentage of annual vendor spend is on ACH?

City Response: 20%

3. RFP Section C) Distribution of Cards:, Page 13: The City currently enjoys the benefits of a purchasing card consortium, is it the City’s intent not to be part of a consortium moving forward?

City Response: The City is willing to be a part of a consortium. The City is seeking a partner that will assist in achieving is goals of the AP Card / Virtual Card Program.

4. Are you referring to AP card as the Virtual Payables service?

City Response: Yes

5. Is the City currently using an expense reporting tool? Is it a third party company or with the existing provider?

City Response: Chase Smartdata for PCards.

6. Is the City utilizing corporate pay or individual pay today? Is there a preference?

City Response: Corporate pay.

The City of Glendale’s Investment Policy follows:

Name of Company:	_____
Address:	_____
Authorized Signature:	_____
Print Name and Title:	_____

RESOLUTION NO. 5062 NEW SERIES

A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, ADOPTING THE AMENDED “INVESTMENT POLICY FOR THE CITY OF GLENDALE”; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, Glendale City Code, Chapter 2 (Administration), Article 5 (Financial Affairs), Division 4 (Investment of Funds), Section 2-186 (Investment Policies; Responsibilities) authorized Council, by a resolution, to amend “The Investment Policy for the City of Glendale”.

WHEREAS, the Glendale City Council adopted the City’s first “Investment Policy for the City of Glendale” on July 9, 2002; and

WHEREAS, the Glendale City Council adopted the amended City’s “Investment Policy for the City of Glendale” on February 22, 2005; and

WHEREAS, it is in the best interest of the City of Glendale and its citizens to make revisions to the Investment Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLENDALE as follows:

SECTION 1. That the Council of the City of Glendale adopts the amended Investment Policy, which shall read as follows:

[See Exhibit 1 attached hereto and incorporated herein by this reference.]

SECTION 2. That Exhibit 1 entitled “Investment Policy for the City of Glendale” is on file in the office of the City Clerk.

SECTION 3. That the provision of this Resolution shall be effective on February 15, 2016.

[Signatures on following page.]

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of
Glendale, Maricopa County, Arizona, this day of , 2016.

M A Y O R

ATTEST:

City Clerk (SEAL)

APPROVED AS TO FORM:

City Attorney

REVIEWED BY:

Acting City Manager
p_finance_investment.doc

INVESTMENT POLICY FOR THE CITY OF GLENDALE

(REVISED JANUARY 12, 2016)

The City of Glendale, Arizona was incorporated June 18, 1910, under the provisions of Article 13, Sections 1 through 6 of the Constitution of Arizona and Title 9 of the Arizona Revised Statutes. The City is a home rule municipality operating under its City Charter and City Code. It is governed by a Mayor elected at large, and six district council members. The City operates under a Council-Manager government.

The purpose of this Investment Policy is to establish the investment objectives, delegation of authority, standards of prudence, eligible investments and transactions, internal controls, reporting requirements, and safekeeping and custodial procedures necessary for the prudent management of the investment funds of the City of Glendale.

This Policy replaces all previous Investment Policies or Resolutions pertaining to the cash management or investment of City funds.

SCOPE

The provisions of this Investment Policy apply to all financial assets and funds held by the City of Glendale (hereinafter referred to as "the City"), the City's blended component units, and assets of restricted trust and escrow funds. These funds are accounted for in the City's audited Comprehensive Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Any new funds created by the City, unless specifically excluded.

Section 9-453(B) of the Arizona Revised Statutes (A.R.S.) sets general investment policy for a "Cemetery maintenance fund." Therefore, the City's Cemetery Perpetual Care Permanent Fund is specifically excluded from this Investment Policy. The Anti-racketeering Revolving (RICO) Funds, a special revenue fund, established by Sections 13-2314.01 or 13-2314.03 of A.R.S are also excluded from this policy.

When bond proceeds are invested, the permitted investments provision of the bond indenture shall take precedence over this Investment Policy upon approval by the Finance Director.

In order to maximize earnings and to increase efficiencies with regards to investment management pricing, safekeeping costs, and administration costs, all cash and reserve balances from all funds except for cash in excluded funds, restricted and special accounts shall be pooled into one investment account and accounted for separately. The investment income derived from this account shall be allocated to the various funds in accordance with internal allocation policies.

INVESTMENT OBJECTIVES

The City conducts all investment activity in conformance with City, State and Federal requirements in effect at the time of such investment activity. The City's principal investment

objectives, in priority order, are:

- Safety - Investments shall be undertaken in a manner that seeks to ensure the protection and preservation of investment principal.
- Liquidity – The City's investment portfolio shall be sufficiently liquid to enable the City to meet all operating requirements and anticipated disbursements.
- Diversification - To avoid incurring unreasonable market risks, the City's investment portfolio shall include diversification by investment type, issuer, maturity, and market sector.
- Yield - Attainment of an acceptable market rate of return for investment earnings.

DELEGATION OF AUTHORITY AND INTERNAL CONTROLS

The City Council has the ultimate authority for the investment of City monies, as outlined in Article VI, Section 15 of the City Charter. Responsibility for the investment of all temporarily idle funds has been delegated to the Finance Director in Chapter 2, Section 2-186 in the City Code. The Finance Director may delegate the authority to invest temporarily idle funds to additional City finance personnel. All other investment responsibilities not delegated by the City Council to the Finance Director are the responsibility of the Treasurer, as outlined in Article IV, Section 3 of the City Charter. A list of Finance department personnel authorized to conduct investment transactions on behalf of the City is included as Annex 1 to this Investment Policy.

PRUDENCE AND INDEMNIFICATION

The standard of prudence to be used for managing the City's assets shall be the "prudent person" standard which 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."

The City's investments shall be designed and managed with a degree of professionalism that is worthy of the public trust. The City recognizes that no investment is totally without risk and that the investment activities of the City are a matter of public record. Accordingly, the City recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security before maturity is in the best interest of the City.

Personnel acting in accordance with this Investment Policy and all Federal, State, and other legal requirements, and exercising the standard of prudence shall be relieved of personal responsibility for an individual security's interest rate, credit, market, and liquidity risks.

ETHICS AND CONFLICTS OF INTEREST

Employees involved in the investment of the City's funds shall refrain from personal or business activities that conflict with proper execution and management of the City's investments or create the appearance of an impairment of their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager within sixty (60) days any material financial interest they have in financial institutions that conduct business with the City. They shall further disclose any large financial/investment holdings that could be related to the performance of the City's investment portfolio. Employees shall also comply with all other City policies relating to conflicts of interest.

AUTHORIZED INVESTMENTS AND TRANSACTIONS

All investments for the City shall be made in accordance with A.R.S. Title 35. Any revisions or extensions of these sections of A.R.S. will be assumed to be part of this Investment Policy immediately upon being enacted. Only the following types of securities and transactions shall be eligible for use by the City:

1. U. S. Treasury Obligations: Treasury Bills, Treasury Notes, and Treasury Bonds with a final maturity not exceeding five years from the date of trade settlement.
2. Federal Agency and Instrumentality Securities: Senior debt of U.S. agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities in the form of debentures, discount notes, step-up and callable securities with a final maturity not exceeding five years from the date of trade settlement.
3. Prime Commercial Paper issued on U.S. companies and denominated in U.S. currency with a maturity not exceeding 270 days from the date of trade settlement and rated A-1/P-1 or the equivalent by a nationally recognized statistical rating organization at the time of purchase. The aggregate amount of securities purchased from any one Commercial Paper issuer shall not exceed 5% of the City's combined portfolios at the time of purchase. The roll up concentration limit per issuer for prime commercial paper and corporate bond is 10%.
4. Repurchase Agreements with a termination date of 180 days or less collateralized by U. S. Treasury Securities listed in 1 above with maturities of the collateral not exceeding ten years. For the purpose of this section, the term "collateral" shall mean "purchased securities".
 - The collateral shall have an original minimum market value (including accrued interest) of 102 percent of the dollar value of the transaction. If the collateralized value drops below 101 percent it will immediately be restored to 102 percent.
 - Collateral shall be held by the City's custodian bank as safekeeping agent, and the market value of the collateral securities shall be marked-to-the-market daily.
 - Repurchase Agreements shall be entered into only with primary dealers reporting to the Federal Reserve Bank of New York or City approved depository banks, who have executed an approved Master Repurchase Agreement with the City.
 - Approved counterparties to repurchase agreements shall have at least a short-term debt rating of A-1 or the equivalent and a long-term debt rating of A or the equivalent.
5. Pooled Investment Funds established by the State Treasurer pursuant to A.R.S. 35-326.
6. Time Certificates of Deposit with a maturity not exceeding one year which have been bid and awarded in accordance with A.R.S. 35-323 in City approved depository banks. Certificates of Deposit in excess of FDIC insured amounts shall be collateralized in accordance with A.R.S. 35-323, except that Section G shall be amended to include only U.S. Treasury securities as permitted collateral, and that collateral shall be delivered to a third party custodian selected by the City.
7. Interest Bearing Savings Accounts in City approved depository banks. Deposits in excess of FDIC insured amounts shall be collateralized in accordance with A.R.S. 35-323, except that Section G shall be amended to include only U.S. Treasury securities as permitted collateral, and that collateral shall be delivered to a third party custodian selected by the City.

8. Bonds or Other Evidences of Indebtedness of the State of Arizona, or any of its Counties, Incorporated Cities or Towns or School Districts or special taxing districts including registered warrants that bear interest pursuant to section 11-635 of Arizona Revised Statutes with a final maturity not to exceed five years from the date of trade settlement which meet the standards outlined below:
 - Bond Anticipation Notes (BANs), Revenue Anticipation Notes (RANs), Tax Anticipation Notes (TANs), Tax and Revenue Anticipation Notes (TRANs), or Variable Rate Demand Bonds (VRDBs) which, at the time of purchase, are rated MIG1/VMIG1/P-1 or the equivalent by a nationally recognized statistical rating organization. Municipal bonds rated at least A2/A or better and short term municipal bonds rated MIG1/VMIG1/P-1 or the equivalent by a nationally recognized statistical rating organization. Allocation to any one issuer shall not exceed 5% of the City's combined portfolios.
9. Corporate bonds, debentures and notes with a final maturity not exceeding five years from the date of trade settlement that are issued by corporations organized and doing business in the United States and that are rated A2/A or the equivalent by a nationally recognized statistical rating organization. The aggregate amount of securities purchased from any one corporate bond issuer shall not exceed 5% of the City's combined portfolios at the time of purchase. The roll up concentration limit per issuer for prime commercial paper and corporate is bond is 10%.
10. Securities that have been downgraded to a level that is below the minimum ratings described herein may be sold or held at the City's discretion. The portfolio will be brought back into compliance with Investment Policy guidelines as soon as it is practical.

SUMMARY TABLE OF ALLOWABLE INVESTMENTS

Allowable Securities	Maximum Maturity	Quality	Diversification Limits	Further Limitations
US Treasury Obligations	5 years	N/A	100%	N/A
Federal Instrumentality Securities	5 years	N/A	100%	Per Issuer: 40% of City's combined portfolio
US Agency Issued Mortgage Securities	5 years	N/A	50%	N/A
Prime Commercial Paper	270 days	A-1/P-1 or equivalent rating*	35%	Per issuer: 5% of City's combined portfolios; the roll up concentration limit per issuer for prime commercial paper and corporate is bond is 10%.
Repurchase Agreements	180 days	Counterparty short term debt rating of A-1 and long term debt rating of A or equivalent rating*	50%	Per Counterparty: 10% of City's combined portfolio 102% collateral
Pooled Investment Funds	N/A	N/A	50%	Per ARS 35-326
Time Certificates of Deposit	1 year	City approved depository	20%	Per Institution: 5% of City's combined portfolio Shall be collateralized in accordance with A.R.S. 35-323, except that Section G shall be amended to include only U.S. Treasury securities as permitted collateral.
Interest Bearing Savings Accounts	N/A	City approved depository	20%	Per Institution: 5% of City's combined portfolio Shall be collateralized in accordance with A.R.S. 35-323, except that Section G shall be amended to include only U.S. Treasury securities as permitted collateral.
Arizona Securities	5 years	MIG1/V/MIG1/P-1 Municipal bonds rated at least A2/A or better and short term municipal bonds rated MIG1/V/MIG1/P-1 or equivalent rating*	25%	Per Issuer: 5% of City's combined portfolio
Corporate Bonds	5 years	A2/A or equivalent rating*	35%	Per Issuer: 5% of City's combined portfolios; the roll up concentration limit per issuer for prime commercial paper and corporate is bond is 10%.
Variable Rate Obligations	N/A	N/A	N/A	25% of City's combined portfolio
Callable Securities	N/A	N/A	N/A	25% of City's combined portfolio

*Ratings issued by Nationally Recognized Statistical Rating Organizations (NRSRO) Standard & Poor's, Moody's and Fitch, respectively.

INVESTMENT DIVERSIFICATION

It is the intent of the City to diversify the investments within its portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy, the securities market, and the City's anticipated cash flow needs. The Finance Director may establish diversification guidelines as market conditions warrant.

INVESTMENT MATURITY AND LIQUIDITY REQUIREMENTS

To the extent possible, investments shall be matched to anticipated cash flow requirements. The Finance Director shall maintain sufficient liquidity in the portfolio to meet anticipated disbursements. Investments shall be limited to maturities not exceeding five years from the date of trade settlement with a maximum portfolio weighted average maturity (WAM, effective duration) of three years. In the case of callable securities, the final maturity date of the security shall not exceed five years from the date of trade settlement.

COMPETITIVE TRANSACTIONS

Each investment transaction shall be competitively transacted with approved broker/dealers.

Whenever possible, at least three broker/dealers or issuers shall be contacted for each transaction and their bid and offering shall be recorded. Federal Instrumentality discount notes bought through dealers at the "window" need not be competitively transacted.

If the City is offered a security for which there is no other readily competitive offering, authorized City finance personnel shall maintain a record of quotations for comparable, alternative securities with similar maturity dates.

CONSIDERATIONS FOR THE SELECTION OF BROKER/DEALERS AND FINANCIAL INSTITUTIONS ACTING AS BROKER DEALERS

Authorized Broker-Dealers will be limited to those who meet all of the following conditions:

- The firm must be recognized as a Primary Dealer by the Federal Reserve Bank of New York. Non-primary broker/dealers may be utilized for the purchase and sale of securities listed in the Authorized Investments and Transactions section of this policy once due diligence has been completed and the Finance Director has given approval.
- The firm shall be licensed to do business in the State of Arizona and as such are subject to the provisions of the Arizona Revised Statutes.
- The firm and its representative must be registered with the financial industry regulatory authority (FINRA); and,
- The Broker-Dealer must have a minimum of five (5) years of current and continuous employment history involving fixed income securities; and,
- All assigned individuals who have direct contact with securities trading between the City (representative) and the firm must have a FINRA Series 7 license, or equivalent certification.

If a registered investment advisor/manager is executing trades on behalf of the City, the approved list of broker/dealers of that firm will be used.

If there is not a registered investment advisor/manager executing trades on behalf of the City, the Finance Department shall maintain a list of broker/dealers and financial institutions which are approved for investment purposes, and securities shall be purchased only from those authorized firms.

Broker/dealers and other financial institutions will be selected by the Finance Director based on their expertise of public cash management and their ability to provide services for the City's account. .

In addition, each broker/dealer must complete and annually update a Broker/Dealer Information Request form which includes the firm's most recent financial statements. Authorized broker/dealers shall also attest in writing that they have received a copy of this Policy. The Finance Director shall maintain a file of each approved broker/dealer's most recent Broker/Dealer Information Request form.

SAFEKEEPING AND CUSTODY

The City shall approve one or more financial institutions to provide safekeeping and custodial services for the City. To be eligible for designation as the City's safekeeping and custodian bank, a financial institution must qualify as a depository of public funds in the State of Arizona as defined in A.R.S. 35-321 and must be a member of FDIC. The City shall execute a written Safekeeping Agreement with each custodian bank, prior to utilizing that bank's safekeeping services.

Custodian banks will be selected on the basis of their ability to provide services for the City's account and the competitive pricing of their safekeeping related services.

It is the intent of the City that all purchased securities be perfected in the name of the City. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities purchased by the City will be delivered by either book entry and will be held in third-party safekeeping by a City approved custodian bank or its Depository Trust Company (DTC) participant account.

All fed wire-able book entry securities owned by the City shall be evidenced by a safekeeping receipt, issued to the City by the custodian bank stating that the securities are held in the Federal Reserve System in a customer account for the custodian bank which names the City as "customer."

All securities which are eligible for delivery through the Depository Trust Company shall be held in the custodian bank's DTC participant account and the custodian bank shall issue a safekeeping receipt to the City evidencing that the securities are held by the DTC for the City as customer.

REPORTING REQUIREMENTS

A quarterly report shall be prepared and submitted by the Assistant Finance Director or designee to the Finance Director which will list the cost and current fair value of investments held by the City, in accordance with Governmental Accounting Standards Board Statement No. 31. The report shall include a summary of investment earnings and performance results during the period and a review of the portfolio and a comparison between the portfolio's total return and the established investment objectives. A record shall be maintained by the City of all bids and offerings for security transactions in order to ensure that the City receives competitive pricing.

The City has established reporting and accounting standards for callable Instrumentality securities. Callable securities may be retired at the issuer's option prior to the stated final maturity. All securities holding reports shall disclose the final maturity as well as the next call date of each callable security held. For callable securities which are purchased "priced to the next call date" and have an overwhelming probability of being called on the next call date, the

weighted average maturity as well as yield shall be calculated using the next call date.

PERFORMANCE REVIEW

The Finance & Technology Department, in collaboration with the City's Investment Advisor, shall periodically establish a set of benchmark yields for the City's investments based on "comparative rates of return". When comparing the performance of the City's portfolio, all fees involved with the investment management of the portfolio should be included in the computation of the portfolio's rate of return.

POLICY REVISIONS

This Investment Policy will be reviewed annually by the Finance Director and may be amended by the City Council as conditions warrant. The data contained in the Annexes to this document may be updated by the Finance Director as necessary, provided the changes in no way affect the substance or intent of this Policy.

ANNEX 1
AUTHORIZED PERSONNEL

The following City personnel are authorized to conduct investment transactions on behalf of the City of Glendale:

Director of Finance & Technology

Assistant Finance Director

Controller

Accounting Manager

Accountant II

Revised January 12, 2016