City of Lakewood

Request for Proposal
Banking Services
2015

Issue Date: January 15, 2015
Due Date: February 12, 2015 @ 1:00pm PST
City of Lakewood
REQUEST FOR PROPOSAL

I. PURPOSE OF REQUEST.

The City of Lakewood (“City”) is requesting proposals for its primary banking services. The City’s needs are outlined in the following Request for Proposal (“RFP”).

II. TIME SCHEDULE.

The City will attempt to follow this timetable, which should result in the implementation of a banking services agreement by May 1, 2015.

<table>
<thead>
<tr>
<th>Event</th>
<th>Time</th>
<th>Day</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue RFP</td>
<td>-</td>
<td>Thursday</td>
<td>January 15, 2015</td>
</tr>
<tr>
<td>Questions for Pre-Submittal Conference Due</td>
<td>5:00 pm</td>
<td>Thursday</td>
<td>January 22, 2015</td>
</tr>
<tr>
<td>Pre-Submittal Conference</td>
<td>10:00 am</td>
<td>Thursday</td>
<td>January 29, 2015</td>
</tr>
<tr>
<td>Proposal Responses Due</td>
<td>1:00 pm</td>
<td>Thursday</td>
<td>February 12, 2015</td>
</tr>
<tr>
<td>Interview with Selected Firm</td>
<td>-</td>
<td>Tuesday</td>
<td>February 24, 2015</td>
</tr>
<tr>
<td>Preliminary Selection of Firm</td>
<td>-</td>
<td>Friday</td>
<td>February 27, 2015</td>
</tr>
<tr>
<td>Recommendation to City Council</td>
<td>7:00 pm</td>
<td>Monday</td>
<td>March 9, 2015</td>
</tr>
<tr>
<td>City Council Approval</td>
<td>7:00 pm</td>
<td>Monday</td>
<td>March 16, 2015</td>
</tr>
<tr>
<td>Effective Date of New Contract</td>
<td>-</td>
<td>Friday</td>
<td>May 1, 2015</td>
</tr>
</tbody>
</table>

These dates are estimates and subject to change by the City.

III. MINIMUM QUALIFICATIONS

To be considered for selection, financial institutions must meet at least the following minimum qualifications:

A. Authority to offer banking services. Institution must hold a charter from either the United States Government or the State of Washington.

B. Access to the Federal Reserve System. Institution must be a member of (or have access to) the Federal Reserve System and have access to all Federal Reserve System services.

C. Legal Compliance. Institution must be in compliance with all applicable laws, rules, regulations, and ordinances of the City of Lakewood, the State of Washington, and the United States.


E. Local banking office. Institution must have an established office or local branch within the City of Lakewood.

IV. INSTRUCTIONS TO PROPOSERS

A. Questions regarding this RFP should be submitted in writing to:

Tho Kraus, Assistant City Manager/Admin Services
City of Lakewood
6000 Main Street SW
Lakewood, WA 98499
tkraus@cityoflakewood.us
(253) 983-7706

B. Proposals are due to the City Clerk no later than 1:00 pm Pacific time on February 12, 2015.

Sealed proposals (3 copies) clearly marked with “RFP – Banking Services” in the lower left-hand corner
may be mailed or delivered to:

City of Lakewood  
Attention: City Clerk  
6000 Main Street SW  
Lakewood, WA 98499  

No faxed or telephone proposals will be accepted  

Late proposals will not be considered for award of contract.  

C. Proposals should be prepared simply and economically, providing a straight-forward, concise description of provider capabilities to satisfy the requirements of the request. Special bindings, colored displays, promotional materials, etc. are not desired. Emphasis should be on completeness and clarity of content. Use of recycled paper for requests and any printed or photocopied material created pursuant to a contract with the City is desirable whenever practicable. Use of both sides of the paper for any submittal to the City is desirable whenever practicable.  

D. All proposals must include the following information in the order presented below:  

1. The names of individuals who will be working on the proposed services and their areas of responsibility including their specific experience relative to the request for proposal requirements.  

2. Provide your Institution’s contact name and phone number for each of the following areas: general banking services, safekeeping services, wire transfer services, ACH Direct Deposit, and local office/branch contact. It is the City’s preference to have one contact person who will deal with other representatives at the institution to resolve any questions or concerns.  

3. Firm must operate an office within the city limits of the City of Lakewood, Washington. Please submit a copy of your City of Lakewood business license.  

4. List the address and hours of operation at your nearest branch office and also the hours of operation for non-branch services.  

5. Provide at least five (5) references, including entity name, contact person, telephone number and services used. Municipal references preferred.  

6. Describe your institution’s customer service philosophy and organizational structure and provide meaningful examples to illustrate.  

7. Describe your institution’s community participation/reinvestment program and Community Reinvestment Act (CRA) rating  

8. Provide information on how your institution, in partnership with the City and local businesses, can facilitate economic development.  

9. Describe your institution’s formal disaster recovery plan, including how quickly back-up facilities will be activated and your institution’s operating capabilities to assist the City in the event of a disaster or declared emergency.  

10. Proposed Fee Structure, Attachment B.  

The items listed are current ongoing services and reflect the current service provider's terminology. Also included is transition/setup costs. Estimated volume is intended to serve as a guide only and not a guarantee of minimum or maximum activity. Please provide proposed fee structure for the services identified in this attachment and any other services and/or fees proposed. The City will provide copies of this document in electronic format upon request. Existing items are not to be modified or
deleted, additional items may be added to the end of the listing. Costs not included on the proposed fee structure, but which the financial institution/firm proposes to charge, must be individually itemized and thoroughly explained. Proposed fee structure must be executed by an official of the firm in a position to commit the institution to provide the services in accordance with these terms and conditions. Provide more detailed cost data under each description if needed. Indicate which services require direct payment (hard dollars). All other services will be assumed to be paid through service charge credit.

11. Provide the following reports and information about your institution:
   a) On-line reporting sample reports
   b) Account analysis & bank statement
   c) Safekeeping statement and receipts
   d) Most recent financial statement
   e) SEC and/or Moody’s credit rating or comparable rating

12. Describe your balance reporting systems and availability.
   a) What hardware/software does the bank use to deliver balance and transaction detail information?
   b) What time is previous day information available for access by the customer?
   c) What are the hours of access of the balance reporting system?
   d) Does the bank provide current day information? How frequently is this information updated throughout the day and what transaction types are available on current day reports?
   e) Describe the level of detail provided in previous and current day reports.
   f) How many days of history can be accessed through the system and how long are cancelled checks retained by the bank (retention requirements).
   g) In what format is information available?

13. Describe the credit/debit card acceptance services.

14. Discuss the process for issuing and the use of corporate and purchasing cards and available rebate programs.

15. Describe NSF or returned items processing procedures, fees or other related services available. The City will require re-depositing NSF or uncollected funds returned items so that they may be presented a second time prior to being charged back.

16. Describe your armored car/courier service.

17. Provide a funds availability schedule. Describe one-day, two-day availability and wire requirements.

18. Identify the proposed compensation method and describe the effective rate and formula proposed to calculate the service charge credit for collected fund balances. Describe the interval/time frame proposed to pay any additional fees not offset by service charge credit (i.e.: monthly, quarterly, semi-annually, annually) and to what extent the service charge credit/debit from one period can be carried forward to the next period.

19. Describe the mechanism and fee for handling possible overdraft situations and identify a line of credit/overdraft interest charge formula and when it will be applicable. Describe what constitutes a daylight and overnight overdraft situation.
20. Describe the timelines associated with payroll direct deposits and if possible, alternatives to the standard timeline, as well as the associated costs.

21. Describe any service enhancements, technological or otherwise, that we should consider to improve operational or cash management efficiencies.

22. Provide a detailed description of the implementation process, including testing, and a sample implementation schedule.

23. Discuss any special conditions, other fees, other services, or deviations from the bid specifications.


25. Execute contract upon award (see attachment C). Any modifications to contract must be noted in proposal.

V. SELECTION CRITERIA

Proposals will be evaluated by a committee of City staff. Evaluations will be based on criteria outlined herein which may be weighted by the City in a manner it deems appropriate. All proposals will be evaluated using the same criteria. The criteria used will be:

A. Responsiveness to the RFP. The City will consider all the material submitted to determine whether the financial institution’s offering is in compliance with the RFP document.

B. Ability to Perform Required Services. The City will consider all the relevant material submitted by each financial institution, and other relevant material it may otherwise obtain, to determine whether financial institution is capable of providing services of the type and scope specific to the RFP. The following elements may be given consideration by the City in determining whether a financial institution is capable of:

1. The ability and capacity of the financial institution and the skills, experience, and availability of the specific individuals assigned to the City to perform the services required;
2. The quality and performance by the financial institution on previous and similar contacts and such other information as may be secured and considered relevant by the City, including information on customer service supplied in IV.D.6 and obtained from references provided.
3. The ability of the financial institution to present professional and innovative work; the skill of the financial institution as demonstrated by samples of similar work and/or references.
4. Strength and stability of the financial institution. The financial institution’s financial standing among its peers and the associated credit quality ratings.

C. Price. As described in Attachment B.

VI. TERMS AND CONDITIONS

A. The City reserves the right to reject any and all proposals, and to waive minor irregularities in any proposal.

B. The City reserves the right to reject any or all submitted proposals, waive technicalities or irregularities or accept any proposal received for this RFP if such action is believed to be in the best interest of the City.

C. The City reserves the right to award any contract to the next most qualified firm, if the successful firm does not execute a contract implementation date of May 1, 2015.

D. Any proposal may be withdrawn up until the date and time set above for opening of the proposals. Any
proposal not so timely withdrawn shall constitute an irrevocable offer, for a period of ninety (90) days to sell to the City the services described in the attached specifications, or until one or more of the proposals have been approved by the City administration, whichever occurs first.

E. The contract resulting from acceptance of a proposal by the City shall be in a form supplied or approved by the City, and shall reflect the specifications in this RFP. Attachment C provides a copy of the contract. The City reserves the right to reject any proposed agreement or contract that does not conform to the specifications contained in this RFP, and which is not approved by the City Attorney’s office.

F. The City shall not be responsible for any costs incurred by the firm in preparing, submitting or presenting its response to the RFP.

VII. SCOPE OF SERVICES

As described in attachment A of this document.

VIII. PRE-SUBMITTAL CONFERENCE

Attendance at the pre-submittal conference is strongly encouraged. Questions regarding the RFP and the services desired will be answered at this time.

Date & Time: January 29, 2015 @ 10:00am
Location: Lakewood City Hall, Room 1E
6000 Main Street
Lakewood, WA 98499

IX. PUBLICATION

Name of Publication: Tacoma News Tribune
Dates: January 15, 2015

City of Lakewood website
January 15, 2015 thru February 12, 2015

X. NON-COLLUSION AFFIDAVIT

State of Washington

County of ________

The undersigned, duly sworn, deposes and states: that the person, firm, association, co-partnership, or corporation herein named has not either directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in the preparation and submission of a proposal to the City of Lakewood for consideration in the award of a Banking Services contract:

________________________________
Authorized Signature

I certify that on the ___ day of [month], 2015, I know or have satisfactory evidence that (name of person) is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the (type of authority, e.g., officer, trustee, etc.) of (name of party on behalf of whom instrument was executed) to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

________________________________________
Notary Public in and for the State of Washington.

Residing at ______________________________

My Commission Expires: _________________
Attachment A
Scope of Services

GENERAL INFORMATION

The City of Lakewood is soliciting proposals for a primary banking relationship with a Financial Institution or Firm which operates an office within the city limits. The City will be contracting for the following general services for a four year and eight (8) months period beginning May 1, 2015 and ending December 31, 2019. At the City’s option, two 2-year extensions will be permitted with the same terms and conditions of the original contract or as amended.

The following is a listing of services the City requires of its financial institution:

- Checking Accounts
- ACH Services & Reporting
- Credit/Debit Card Services
- Direct Deposit for Payroll
- Trust & Escrow Agent Services
- Safekeeping Services
- Overdraft Protection
- Armored Car/Courier Service
- Online Balance Reporting
- Online Image Retrieval
- Online Stop Payments
- Online Wire Transfers
- Positive Pay
- Bank Supplies

The City utilizes a check system, as opposed to warrants. The City anticipates that proposed banking services will be compensated by the credit earned on average collected balances, but is also willing to consider other options.

The following is a list of optional services the City may require:

- Automatic Account Reconciliation
- Web Based Payment System
- E-Payments

SERVICES REQUIRED

Checking Accounts: The City will require three (3) checking accounts:

- primary checking account, which includes accounts payable and payroll check processing;
- municipal court account into which violation fees, fines and bail money is deposited; and
- DPA/Home Loan account for down payment assistance and home loans that are federally funded.

The institution will furnish the City with additional checking accounts as needed.

Currently, the off-site locations, Police Station and Senior Center, drop off their deposits at City Hall. Armored car service picks up from City Hall and delivers the deposit to the institution’s branch once each workday, for processing and credit to the City’s account that day. The City is interested in expanding armored card/courier service to include the Police Station.

NSF checks must be processed twice before being returned to the City.

The basic checking account services should at least consist of:

- Provide month-end statements by the 10th day of the following month and provide statements to various auditors upon request;
- Electronic check image retrieval including necessary software;
- Provide individual and consolidated monthly account analysis for all accounts by the 10th day of the
following month;

- Provide an automated wire transfer system for transferring money to other institutions, along with appropriate security levels for wire transfer initiations and approvals;

- Provide computer balance reporting system, with information on collected, available and closing balances, as well as details of all debits and credits posted to the account for the previous day, by 8:00 a.m. each business day;

- Provide a reporting system that shows current day ACH credits, by 8:00 a.m. each business day;

- Provide support in answering questions, trouble shooting problems and resolving issues in a prompt manner;

- Provide means to inquire about canceled checks and stop payment on checks upon proper authorization.

**Overdraft protection:** Although the City will attempt to minimize daylight and overnight overdraft situations, it recognizes that there are times these situations will occur. It is anticipated these overdraft situations will not exceed $2 million, if and when they do occur.

**Trust and Escrow Agent Services:** The City may require trust and escrow agent services to hold letters of credit and other third party commercial documents. The institution will, in most cases, be required to take physical custody of these securities, notify the Parties of their expiration thirty days prior to termination of the agreement and accept renewal or replacement of instruments.

**Safekeeping Services:** The institution will be required to provide safekeeping facilities and services for the City’s investment securities. Required safekeeping services include (but are not limited to):

- receive/deliver securities on a delivery versus payment method;
- protect the City’s assets;
- collect coupon bond interest;
- provide delivery confirmation on new security purchases;
- provide a monthly statement of holdings;
- register or transfer securities;
- verify holdings as of specific dates for audit purposes;
- credit the City’s account for interest and principal payments on the day received;
- provide maturity and interest payment notices at least 5 days prior to payment date

The successful bidder will be required to comply with all State and Federal regulations regarding safekeeping of municipal securities.

**Banking Supplies:** The institution will be required to provide a supply of coin rollers, security bank bags, deposit slips, manual checks and endorsement stamps for each location. The cost of such supplies shall be charged to the City’s account.

**Direct Deposit for Payroll:** The City provides and encourages direct payroll deposit for its employees. The City pays its employees semi-monthly on the 5th and 20th. On an average payroll, 265 employees receive direct deposit, which generates approximately 325 transactions per pay period due to many employees having multiple bank account transfers.

Currently, the City transmits the payroll data to the institution via internet two working days prior to payday. Deposits must be made into the employees’ account by 8:00 a.m. on payday. Any deviation from these time limits must be stated in the proposal.
**Credit/Debit Card Services:** The institution will provide the City with the ability to accept payment through the use of credit/debit cards. The City currently accepts MasterCard and Visa credit cards and debit cards for collection of permit fees, license fees, recreation fees, court fines, application fees, and miscellaneous payments. The City currently has three (3) merchant accounts that accept credit card onsite. The City will be credited daily for the gross amount of the bank card transactions. Any sales discount fee or percentage proposed will be billed at the end of each month as part of the activity charges.

**Corporate Credit Cards:** The City utilizes credit cards for travel and other purposes and would require the institution to itemize the cost for issuing credit cards to the City and associated annual fees and rates including available rebate programs. Currently the City has 13 Visa Accounts issued in the City’s name shared by multiple employees. Variation from this Corporate Card set up must be described in the proposal.

**Purchasing Cards:** The City utilizes purchasing cards for making routine purchases in lieu of the normal requisition/purchase order mode of operations and would require the institution to itemize the cost for issuing credit cards to the City and associated annual fees and rates including available rebate programs. Currently the City has 29 purchasing cards issued to employees.

**Data Equipment Compatibility:** The City heavily relies on online transactions and wishes to ensure equipment and data compatibility and therefore requests the specifications needed for an automated wire transfer, ACH debit & credit, credit card, balance reporting and any other automated systems be included in this proposal. Any costs associated with automated data and equipment should be identified in “Attachment B”.

**Miscellaneous Services:** In addition to the requirements listed above, the proposal shall identify proposed fees for the following services:

- Safe deposit box facilities both locally and at least 50 miles from Lakewood with available boxes measuring at least 10”x10”x20”;
- Other services provided by your institution that would be beneficial to the City of Lakewood, but have not specifically been addressed. Please itemize on “Attachment B”.

**Services Not Provided:** In the event that the primary proposing institution does not provide all requested services included in this RFP, the institution will submit as part of its proposal additional partners/providers whom do provide these services. It is the sole responsibility of the primary proposer to secure and maintain the relationship with any additional providers. The primary proposer, at the time of bid submittal will identify all secondary providers.
## Attachment B
### Proposed Fee Structure

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Estimated Monthly Volume</th>
<th>Unit</th>
<th>Unit Price</th>
<th>Monthly Cost</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ongoing Current Services:</strong></td>
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<td><strong>On-Line Banking Services</strong></td>
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<td><strong>Supplies:</strong></td>
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<td>Security Bank Bags for Deposits</td>
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<td><strong>Deposits and Disbursements:</strong></td>
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<td><strong>Wire Transfer:</strong></td>
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<td>Wire Transfer Out (online)</td>
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<td>Wires Monthly Client Maintenance</td>
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<td>Preauthorized ACH Cr</td>
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<td>ACH Origination Item</td>
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<td>ACH Positive Pay/Filter</td>
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<td>ACH Batch</td>
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<td>ACH Validator</td>
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<td><strong>Corporate Credit Card:</strong></td>
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<td>Purchasing Card - Purchase Amount</td>
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<td><strong>Merchant Services:</strong></td>
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<td>Credit Card Account/Equipment/Connect/Stmt</td>
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<td>Boat Launch - # of Transactions - Per Item Fee</td>
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<td>Boat Launch - Sales Amount - Discount Rate</td>
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<td>City Hall - # of Transactions - Per Item Fee</td>
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<td>City Hall - Sales Amount - Discount Rate</td>
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<td>Municipal Court - # of Transactions - Per Item Fee</td>
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<td>Municipal Court - Sales Amount - Discount Rate</td>
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<td>Item Description</td>
<td>Estimated Monthly Volume</td>
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<td>Unit Price</td>
<td>Monthly Cost</td>
<td>Explanation</td>
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<td>Safekeeping:</td>
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<td>Maintenance Charge</td>
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<td>Maturities/Calls</td>
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<td>Investment Settlement (DVP)-Trade</td>
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<td>Armored Car/Courier Service:</td>
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<td>City Hall to Bank</td>
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<td>Police Station to Bank</td>
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<td>Overdraft Protection:</td>
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<td>Overdraft Rate-Overnight</td>
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<td>Overdraft Charge Per Item</td>
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<td>Earnings Credit:</td>
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<td>Other Charges (Please Itemize):</td>
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<td>Subtotal Ongoing Services</td>
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<td>Transition/Setup Costs (Please Itemize):</td>
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<td>One-Time Credit Toward Service Costs</td>
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<td>Total Startup/Transition Cost</td>
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<td>Grand Total</td>
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Attachment B
Proposed Fee Structure (continued)

FORMULAS

Daylight Overdraft: _______________________________________________________________________________

Overnight Overdraft: _______________________________________________________________________________

Short-Term Financing: _______________________________________________________________________________

FDIC Insurance: _______________________________________________________________________________

Service Charge Credit: _______________________________________________________________________________

The undersigned, an institution or firm maintaining branch/office operations within the city limits of Lakewood, Washington, submits the following proposal for the City’s banking services for the period May 1, 2015 through December 31, 2019:

AUTHORIZATION:

______________________________________________________________________________________________
Institution Name Date

______________________________________________________________________________________________
Mailing Address Phone Number

______________________________________________________________________________________________
City, State, Zip Fax Number

______________________________________________________________________________________________
By Title

Contact Name (if different from above) Contact Phone Number
This Professional Services Agreement ("Agreement"), made and entered into this ____ day of ____ , 2015, by and between the City of Lakewood, a Washington municipal corporation ("City"), and Bank, a Washington State chartered Banking Association ("Contractor"). The City and Contractor (together “Parties”) are located and do business at the below addresses which shall be valid for any notice required under this Agreement:

<table>
<thead>
<tr>
<th>INSERT CONTRACTOR'S CO. NAME:</th>
<th>CITY OF LAKEWOOD:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insert Contact Name</td>
<td>Tho Kraus</td>
</tr>
<tr>
<td>Insert Contractor’s Address</td>
<td>Assistant City Manager/Admin Services</td>
</tr>
<tr>
<td>Address - Continued</td>
<td>6000 Main Street SW</td>
</tr>
<tr>
<td>Insert Telephone Number</td>
<td>(253) 983-7706 (telephone)</td>
</tr>
<tr>
<td>(telephone)</td>
<td>(253) 589-3774 (facsimile)</td>
</tr>
<tr>
<td>Insert Fax Number</td>
<td><a href="mailto:tkraus@cityoflakewood.us">tkraus@cityoflakewood.us</a></td>
</tr>
<tr>
<td>(facsimile)</td>
<td></td>
</tr>
<tr>
<td>Insert email address</td>
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</tbody>
</table>

The Parties agree as follows:

1. **TERM.** The term of this Agreement shall commence upon the effective date of this Agreement, which shall be the date of mutual execution, and shall continue until the completion of the Work, but in any event no later than December 31, 2019 ("Term"). At the City’s option, two 2-year extensions will be permitted with the same terms and conditions of the original contract or as amended.

2. **SERVICES.** The Contractor shall perform the services more specifically described in Exhibit "A", attached hereto and incorporated by this reference ("Services"), in a manner consistent with the accepted professional practices for other similar services within the Puget Sound region in effect at the time those services are performed, performed to the City's satisfaction, within the time period prescribed by the City and pursuant to the direction of the City Manager or his or her designee. The Contractor warrants that it has the requisite training, skill, and experience necessary to provide the Services and is appropriately accredited and licensed by all applicable agencies and governmental entities, including but not limited to obtaining a City of Lakewood business registration. Services shall begin immediately upon the effective date of this Agreement. Services shall be subject, at all times, to inspection by and approval of the City, but the making (or failure or delay in making) such inspection or approval shall not relieve Contractor of responsibility for performance of the Services in accordance with this Agreement, notwithstanding the City’s knowledge of defective or non-complying performance, its substantiality or the ease of its discovery.

3. **TERMINATION.** The City may terminate this Agreement, with or without cause, upon providing the other party thirty (30) days written notice at its address set forth above. The City may terminate this Agreement immediately if the Contractor fails to maintain required insurance policies, breaches confidentiality, or materially violates Section 12; and such may result in ineligibility for further City agreements.
4. **COMPENSATION.**

4.1 **Amount.** The total compensation to be paid to the financial institution shall be detailed in Exhibit B. These fees include all labor, materials and expenses required for the completion of these services. Except as otherwise provided in Exhibit "B", the Contractor shall be solely responsible for the payment of any taxes imposed by any lawful jurisdiction as a result of the performance and payment of this Agreement.

4.2 **Payment.** Payment to the Financial Institution by the City in accordance with the above shall be the total compensation for all work performed under this agreement and supporting documents hereto as well as all subcontractor’s fees and expenses, supervision, labor supplies, materials, equipment or the use thereof, reimbursable expenses, and other necessary incidentals. If the Services do not meet the requirements of this Agreement, the Contractor will correct or modify the work to comply with the Agreement. The City may withhold payment for such work until the work meets the requirements of the Agreement. The Financial Institution shall be paid based on the acceptance of the proposed compensation. Unless otherwise specified in this Agreement, any payment shall be considered timely if a check is mailed or is available within 30 days of the date of actual receipt by the City of an invoice conforming in all respects to the terms of this agreement.

4.3 **Non-Appropriation of Funds.** If sufficient funds are not appropriated or allocated for payment under this Agreement for any future fiscal period, the City will not be obligated to make payments for Services or amounts incurred after the end of the current fiscal period, and this Agreement will terminate upon the completion of all remaining Services for which funds are allocated. No penalty or expense shall accrue to the City in the event this provision applies.

5. **INDEMNIFICATION.**

5.1 **Contractor Indemnification.** The Contractor agrees to release, indemnify, defend, and hold the City, its elected officials, officers, employees, agents, representatives, insurers, attorneys, and volunteers harmless from any and all claims, demands, actions, suits, causes of action, arbitrations, mediations, proceedings, judgments, awards, injuries, damages, liabilities, taxes, losses, fines, fees, penalties expenses, attorney’s fees, costs, and/or litigation expenses to or by any and all persons or entities, including, without limitation, their respective agents, licensees, or representatives; arising from, resulting from, or in connection with this Agreement or the acts, errors or omissions of the Contractor in performance of this Agreement, except for that portion of the claims caused by the City's sole negligence. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the City, the Contractor's liability hereunder shall be only to the extent of the Contractor's negligence. Contractor shall ensure that each sub-contractor shall agree to defend and indemnify the City, its elected officials, officers, employees, agents, representatives, insurers, attorneys, and volunteers to the extent and on the same terms and conditions as the Contractor pursuant to this paragraph. The City's inspection or acceptance of any of Contractor’s work when completed shall not be grounds to avoid any of these covenants of indemnification.

5.2 **Industrial Insurance Act Waiver.** It is specifically and expressly understood that the Contractor waives any immunity that may be granted to it under the Washington State industrial insurance act, Title 51 RCW, solely for the purposes of this indemnification. Contractor's indemnification shall not be limited in any way by any limitation on the amount of damages, compensation or benefits payable to or by any third party under workers' compensation acts, disability benefit acts or any other benefits acts or programs. The Parties acknowledge that they have mutually negotiated this waiver.
5.3 **City Indemnification.** The City agrees to release, indemnify, defend and hold the Contractor, its officers, directors, shareholders, partners, employees, agents, representatives, and subcontractors harmless from any and all claims, demands, actions, suits, causes of action, arbitrations, mediations, proceedings, judgments, awards, injuries, damages, liabilities, losses, fines, fees, penalties expenses, attorney’s fees, costs, and/or litigation expenses to or by any and all persons or entities, including without limitation, their respective agents, licensees, or representatives, arising from, resulting from or connected with this Agreement to the extent solely caused by the negligent acts, errors, or omissions of the City.

5.4 **Survival.** The provisions of this Section shall survive the expiration or termination of this Agreement with respect to any event occurring prior to such expiration or termination.

6. **INSURANCE.** The Contractor agrees to carry insurance for liability which may arise from or in connection with the performance of the services or work by the Contractor, their agents, representatives, employees or subcontractors for the duration of the Agreement and thereafter with respect to any event occurring prior to such expiration or termination as follows:

6.1. **Minimum Limits.** The Contractor agrees to carry as a minimum, the following insurance, in such forms and with such carriers who have a rating that is satisfactory to the City:

   a. Commercial general liability insurance covering liability arising from premises, operations, independent contractors, products-completed operations, stop gap liability, personal injury, bodily injury, death, property damage, products liability, advertising injury, and liability assumed under an insured contract with limits no less than $1,000,000 for each occurrence and $1,000,000 general aggregate.

   b. Workers' compensation and employer's liability insurance in amounts sufficient pursuant to the laws of the State of Washington;

   c. Automobile liability insurance covering all owned, non-owned, hired and leased vehicles with a minimum combined single limits in the minimum amounts required to drive under Washington State law per accident for bodily injury, including personal injury or death, and property damage.

   d. Professional liability insurance with limits no less than $1,000,000 per claim and $1,000,000 policy aggregate for damages sustained by reason of or in the course of operation under this Agreement, whether occurring by reason of acts, errors or omissions of the Contractor.

6.2. **No Limit of Liability.** Contractor’s maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Contractor to the coverage provided by such insurance, or otherwise limit the City’s recourse to any remedy available at law or in equity. The Contractor’s insurance coverage shall be primary insurance as respect to the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Contractor’s insurance and shall not contribute with it.

6.3. **Additional Insured, Verification.** The City shall be named as additional insured on all commercial general liability insurance policies. Concurrent with the execution of this Agreement, Contractor shall provide certificates of insurance for all commercial general liability policies attached hereto as Exhibit “C” and incorporated by this reference. At City's request, Contractor shall furnish the City with copies of all insurance policies and with evidence of payment of premiums or fees of such policies. If Contractor's insurance policies are "claims made," Contractor shall be required to maintain tail coverage for a minimum period of three (3) years from the date this Agreement is actually terminated or upon project completion and acceptance by the City.
6.4 **Survival.** The provisions of this Section shall survive the expiration or termination of this Agreement.

7. **CONFIDENTIALITY.** All information regarding the City obtained by Contractor in performance of this Agreement shall be considered confidential subject to applicable laws. Breach of confidentiality by the Contractor may be grounds for immediate termination. All records submitted by the City to the Contractor will be safeguarded by the Contractor. The Contractor will fully cooperate with the City in identifying, assembling, and providing records in case of any public records disclosure request.

8. **WORK PRODUCT.** All originals and copies of work product, including plans, sketches, layouts, designs, design specifications, records, files, computer disks, magnetic media or material which may be produced or modified by Contractor while performing the Work shall belong to the City upon delivery. The Contractor shall make such data, documents, and files available to the City and shall deliver all needed or contracted for work product upon the City’s request. At the expiration or termination of this Agreement, all originals and copies of any such work product remaining in the possession of Contractor shall be delivered to the City.

9. **BOOKS AND RECORDS.** The Contractor agrees to maintain books, records, and documents which sufficiently and properly reflect all direct and indirect costs related to the performance of the Work and maintain such accounting procedures and practices as may be deemed necessary by the City to assure proper accounting of all funds paid pursuant to this Agreement. These records shall be subject, at all reasonable times, to inspection, review or audit by the City, its authorized representative, the State Auditor, or other governmental officials authorized by law to monitor this Agreement.

10. **INDEPENDENT CONTRACTOR.** The Parties intend that the Contractor shall be an independent contractor and that the Contractor has the ability to control and direct the performance and details of its work, the City being interested only in the results obtained under this Agreement. The City shall be neither liable nor obligated to pay Contractor sick leave, vacation pay or any other benefit of employment, nor to pay any social security or other tax which may arise as an incident of employment. Contractor shall take all necessary precautions and shall be responsible for the safety of its employees, agents, and subcontractors in the performance of the contract work and shall utilize all protection necessary for that purpose. All work shall be done at Contractor’s own risk, and Contractor shall be responsible for any loss of or damage to materials, tools, or other articles used or held for use in connection with the work. The Contractor shall pay all income and other taxes due except as specifically provided in Section 4. Industrial or any other insurance that is purchased for the benefit of the City, regardless of whether such may provide a secondary or incidental benefit to the Contractor, shall not be deemed to convert this Agreement to an employment contract. If the Contractor is a sole proprietorship or if this Agreement is with an individual, the Contractor agrees to notify the City and complete any required form if the Contractor retired under a State of Washington retirement system and agrees to indemnify any losses the City may sustain through the Contractor’s failure to do so.

11. **CONFLICT OF INTEREST.** It is recognized that Contractor may or will be performing professional services during the Term for other parties; however, such performance of other services shall not conflict with or interfere with Contractor’s ability to perform the Services. Contractor agrees to resolve any such conflicts of interest in favor of the City. Contractor confirms that Contractor does not have a business interest or a close family relationship with any City officer or employee who was, is, or will be involved in the Contractor’s selection, negotiation, drafting, signing, administration, or evaluating the Contractor’s performance.

12. **EQUAL OPPORTUNITY EMPLOYER.** In all services, programs, activities, hiring, and employment made possible by or resulting from this Agreement or any subcontract, there shall be no
discrimination by Contractor or its subcontractors of any level, or any of those entities’ employees, agents, subcontractors, or representatives against any person because of sex, age (except minimum age and retirement provisions), race, color, religion, creed, national origin, marital status, or the presence of any disability, including sensory, mental or physical handicaps, unless based upon a bona fide occupational qualification in relationship to hiring and employment. This requirement shall apply, but not be limited to the following: employment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Contractor shall comply with and shall not violate any of the terms of Chapter 49.60 RCW, Title VI of the Civil Rights Act of 1964, the Americans With Disabilities Act, Section 504 of the Rehabilitation Act of 1973, 49 CFR Part 21, 21.5 and 26, or any other applicable federal, state, or local law or regulation regarding non-discrimination.

13. GENERAL PROVISIONS.

13.1 Interpretation and Modification. This Agreement, together with any attached Exhibits, contains all of the agreements of the Parties with respect to any matter covered or mentioned in this Agreement and no prior statements or agreements, whether oral or written, shall be effective for any purpose. Should any language in any Exhibits to this Agreement conflict with any language in this Agreement, the terms of this Agreement shall prevail. The respective captions of the Sections of this Agreement are inserted for convenience of reference only and shall not be deemed to modify or otherwise affect any of the provisions of this Agreement. Any provision of this Agreement that is declared invalid, inoperative, null and void, or illegal shall in no way affect or invalidate any other provision hereof and such other provisions shall remain in full force and effect. Any act done by either Party prior to the effective date of the Agreement that is consistent with the authority of the Agreement and compliant with the terms of the Agreement, is hereby ratified as having been performed under the Agreement. No provision of this Agreement, including this provision, may be amended, waived, or modified except by written agreement signed by duly authorized representatives of the Parties.

13.2 Assignment and Beneficiaries. Neither the Contractor nor the City shall have the right to transfer or assign, in whole or in part, any or all of its obligations and rights hereunder without the prior written consent of the other Party. If the non-assigning party gives its consent to any assignment, the terms of this Agreement shall continue in full force and effect and no further assignment shall be made without additional written consent. Subject to the foregoing, the rights and obligations of the Parties shall inure to the benefit of and be binding upon their respective successors in interest, heirs and assigns. This Agreement is made and entered into for the sole protection and benefit of the Parties hereto. No other person or entity shall have any right of action or interest in this Agreement based on any provision set forth herein.

13.3 Compliance with Laws. The Contractor shall comply with and perform the Services in accordance with all applicable federal, state, local, and city laws including, without limitation, all City codes, ordinances, resolutions, regulations, rules, standards and policies, as now existing or hereafter amended, adopted, or made effective.

13.4 Contractor’s Employees – Employment Eligibility Requirements. The Contractor and any subcontractors shall comply with E-Verify as set forth in Lakewood Municipal Code Chapter 1.42. E-Verify is an Internet-based system operated by United States Citizenship and Immigration Services in partnership with the Social Security Administration. E-Verify is free to employers and is available in all 50 states. E-Verify provides an automated link to federal databases to help employers determine employment eligibility of new hires and the validity of their Social Security numbers. The Contractor shall enroll in, participate in and document use of E-Verify as a condition of the award of this contract. The Contractor shall continue participation in E-Verify throughout the course of the Contractor’s contractual relationship with the City. If the Contractor uses or employs any subcontractor in the
performance of work under this contract, or any subsequent renewals, modifications or extension of this contract, the subcontractor shall register in and participate in E-Verify and certify such participation to the Contractor. The Contractor shall show proof of compliance with this section, and/or proof of subcontractor compliance with this section, within three (3) working days of the date of the City’s request for such proof.

13.5 Enforcement. Time is of the essence of this Agreement and each and all of its provisions in which performance is a factor. Adherence to completion dates set forth in the description of the Services is essential to the Contractor’s performance of this Agreement. Any notices required to be given by the Parties shall be delivered at the addresses set forth at the beginning of this Agreement. Any notices may be delivered personally to the addressee of the notice or may be deposited in the United States mail, postage prepaid, to the address set forth above. Any notice so posted in the United States mail shall be deemed received three (3) days after the date of mailing. Any remedies provided for under the terms of this Agreement are not intended to be exclusive, but shall be cumulative with all other remedies available to the City at law, in equity or by statute. The failure of the City to insist upon strict performance of any of the covenants and agreements contained in this Agreement, or to exercise any option conferred by this Agreement in one or more instances shall not be construed to be a waiver or relinquishment of those covenants, agreements or options, and the same shall be and remain in full force and effect. Failure or delay of the City to declare any breach or default immediately upon occurrence shall not waive such breach or default. Failure of the City to declare one breach or default does not act as a waiver of the City's right to declare another breach or default. This Agreement shall be made in, governed by, and interpreted in accordance with the laws of the State of Washington. If the Parties are unable to settle any dispute, difference or claim arising from this Agreement, the exclusive means of resolving that dispute, difference, or claim, shall be by filing suit under the venue, rules and jurisdiction of the Pierce County Superior Court, Pierce County, Washington, unless the parties agree in writing to an alternative process. If the Pierce County Superior Court does not have jurisdiction over such a suit, then suit may be filed in any other appropriate court in Pierce County, Washington. Each party consents to the personal jurisdiction of the state and federal courts in Pierce County, Washington and waives any objection that such courts are an inconvenient forum. If either Party brings any claim or lawsuit arising from this Agreement, each Party shall pay all its legal costs and attorney's fees and expenses incurred in defending or bringing such claim or lawsuit, including all appeals, in addition to any other recovery or award provided by law; provided, however, however nothing in this paragraph shall be construed to limit the Parties’ rights to indemnification under Section 5 of this Agreement.

13.6 Execution. Each individual executing this Agreement on behalf of the City and Contractor represents and warrants that such individual is duly authorized to execute and deliver this Agreement. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and with the same effect as if all Parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart. The signature and acknowledgment pages from such counterparts may be assembled together to form a single instrument comprised of all pages of this Agreement and a complete set of all signature and acknowledgment pages. The date upon which the last of all of the Parties have executed a counterpart of this Agreement shall be the “date of mutual execution” hereof.

[Signature page follows]
IN WITNESS, the Parties hereto have caused this agreement to be executed the day and year first above written.

CITY OF LAKEWOOD

John J. Caulfield, City Manager

FINANCIAL INSTITUTION

Name & Title

ATTEST:

Alice M. Bush, MMC, City Clerk

APPROVED AS TO FORM:

Heidi Ann Water, City Attorney

Agreed upon Exhibits will be added. They will include at least the following:

Exhibit A --Services
Exhibit B --Compensation (Listing all charges)
Exhibit C --Authorized Personnel
Exhibit D --Wire Transfers
Exhibit E --Safekeeping Agreement
Exhibit F --Certificate of Insurance
EXHIBIT “A”

SERVICES

ARTICLE 1. DEPOSITORY SERVICES

Section 1.01. Designation of Bank as City Depository

City hereby designates Bank to serve as the depository of City pursuant to the terms of this Agreement and applicable law. Bank accepts designation and agrees to serve as the depository of City and to said terms.

A. Duration.

Bank shall serve as such depository for the initial term and for any additional term of this Agreement.

B. Interest on Compensating Balance Not Payable.

CITY shall receive the Banking services specified in this Agreement in lieu of interest on the compensating collected balance in the accounts maintained hereunder.

C. Compliance with Collateralization Requirements.

BANK shall comply with all State and Federal laws and regulations, specifically Chapter 39.58 RCW and WAC 389-12, relating to collateralization requirements for deposits as administered by the Washington State Public Deposit Protection Commission.

Section 1.02. Depository Requirements

In consideration of City's designation of Bank as its depository, Bank agrees to render the following depository services to City in connection with such active (demand deposit) accounts as the Assistant City Manager/Administrative Services shall, from time to time, establish. Bank shall honor only those instruments signed by authorized signers as set forth in Exhibit C, “Authorized Personnel”, attached hereto and incorporated herein by this reference, or as modified from time to time by City.

Each service listed in this Section shall be performed as specified in this Agreement.

A. Deposit Services.

All deposits received during normal business hours shall be given ledger credit for that same day. Any deposits not credited to City on the appropriate day must be back-valued on the account analysis for that month.

Bank shall accept and credit all deposits received from citizens, private corporations or any other depositor(s) in City's name to City's account. Bank shall provide City, on a daily basis, a detailed analysis of the deposits. This detailed analysis will include the name of contributor, amount of contribution, and the project with which the contribution is associated.
B. Credit Card Payments.

Bank shall provide the capability to process credit card payment transactions (Visa and Mastercard) for City at the discount rate set forth in Exhibit B. Bank shall apply any charges to City's account analysis, not by separate billing. Bank shall provide reporting capability for each day's transactions.

C. Advance of Uncollected or Overdrawn Funds.

Bank shall provide an overdraft line of credit (interest rate and limit as provided in Exhibit B) in the unlikely event that one of City's accounts becomes overdrawn.

D. Returned Check Processing.

Bank shall automatically process returned checks twice if the instruments are initially dishonored due to "NSF" or "Return to Maker" or other similar notations. See Exhibit B for Bank charge.

E. Electronic Funds Transfer Services.


   a. Authorizations

      Bank shall execute ACH transfers upon the authorization of a designated employee as identified in Exhibit C.

   b. Direct Deposit.

      City encourages all full-time City employees to participate in a direct deposit program for payroll. City pays its employees semi-monthly, on the 5th and 20th of each month (or the Friday prior to those dates if they fall on a weekend or holiday).

      Bank shall provide an automated means for City to transmit the payroll to Bank for transmission through the ACH system.

      City shall transmit the payroll one day prior to the designated payday. The amount for each employee must be deposited as good funds in each employee's receiving depository institution on the designated payday in accordance with NACHA Rules and Regulations.

      Bank shall provide to City a means to verify immediately upon transmission that the transmission has been successful. Bank shall immediately notify the appropriate City employee (see Exhibit C) upon learning of any failed direct deposits. In the event of any failed direct
deposits, Bank shall rectify the situation and compensate City for any loss that occurs as a result of this failure within 24 hours. In successful transmissions, good funds are available by 8:00 AM.

F. Safe Deposit Facilities

Bank shall provide reasonable safe deposit facilities free of charge as City requires, provided that the location of such facilities shall be at a Lakewood Branch designated by Bank and/or at a branch at least 50 miles away from Lakewood measuring at minimum 10”x10”x20”.

G. Stop Payment Services

Bank shall provide a means for the City to inquire about canceled checks. Bank shall stop payment on checks issued by City upon proper authorization in accordance with Exhibit C. If Bank fails to execute a stop payment after authorization is provided, Bank shall compensate City for the amount of the check.

H. Lock Box Service

Bank shall provide a lock box system if City requests the service, the terms of which to be negotiated at the time of the request for said service.

I. Armored Car Service

Bank shall provide armored car service pick up from City Hall and deliver the deposit to the institution’s branch once each workday, for processing and credit to the City’s account that day.

J. Other Services.

1. City may require escrow agent services to hold letters of credit and other three-party documents. Bank shall take physical custody of these securities and notify City thirty (30) calendar days prior to each respective expiration date.

2. Bank shall provide cashier's checks and/or money orders as City requires. After verifying that there are good funds available, Bank shall charge City's account for the face amounts of these items; Bank shall not require a City check.

3. Bank shall provide coin sorting and wrapping services, coin purchases, currency purchases, coin bags, bag seals, coin wrappers, cashier's checks, money orders, etc. as set forth in Exhibit B.

4. Bank shall periodically provide updated training and information on measures which both Bank and designated City employees must take in order for City to access funds and property in the event of any degree of an emergency.

5. Bank shall provide updated training and information on the capabilities of U.S. Bank Connections Web and/or other software it supports for the benefit of Bank's customers at the earliest time such is available.
Section 1.03. Account Maintenance Services

Bank shall provide City the account maintenance services listed in this Section.

A. Schedule for Providing Reports and Information

Bank shall provide City the reports and financial data identified below in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Report or Data</th>
<th>Deadline</th>
<th>Additional Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Monthly account analysis, by account and summary</td>
<td>No later than the 10th of the month</td>
<td>Provide to authorized City employee (see Exhibit C)</td>
</tr>
<tr>
<td>2. Automated retrieval of account balances and detail information for previous day’s transactions</td>
<td>No later than 8:00 AM each morning</td>
<td>Bank must fax or deliver to authorized City employee if system is down (see Exhibit C)</td>
</tr>
<tr>
<td>3. Automated detail of all ACH and wire transfers for previous day</td>
<td>No later than 8:00 AM each morning</td>
<td>Provide to authorized City employee (see Exhibit C)</td>
</tr>
<tr>
<td>4. Automated detail of all ACH transfers that will occur that day</td>
<td>No later than 8:00 AM each morning</td>
<td>Bank must fax or deliver to authorized City employee if system is down (see Exhibit C)</td>
</tr>
<tr>
<td>5. Monthly Bank account statement</td>
<td>No later than the 10th of the month</td>
<td>Provide to authorized City employee (see Exhibit C)</td>
</tr>
<tr>
<td>6. Automated access to information for incoming wire transfers that occur on same day</td>
<td>Upon request by an authorized City employee (see Exhibit C)</td>
<td>See Exhibit C</td>
</tr>
</tbody>
</table>

NOTE: If the daily account balance and detail information is not available by any mode of communication by the specified time, City personnel will estimate the account balances and invest surplus funds according to their best estimates of the account balances. In those cases, City shall not be charged or penalized if an overdraft results from overestimated balances.

B. Printing

Bank shall provide checks and deposit slips upon request by City. (see Exhibit C).

C. New Accounts

Should City require additional accounts or services during the term of this Agreement, those new accounts or services shall be provided under the same terms and conditions as existing City accounts. If the Federal Reserve or other regulatory bodies provide for the establishment of new accounts or other regulations favorable to City, Bank shall make those new services available to City.
D. Access to Records and Cooperation.

Bank shall allow lawful and reasonable access to its records by City. For those cases in which state or federal assistance is involved, the same access shall be permitted for state or federal auditors who wish to examine records relating to the use of City funds. Bank shall also cooperate in any prosecution for the misuse of checks and misappropriation of City funds.


Bank shall indicate the primary resource personnel who will service City's accounts. At least one (1) Bank officer must be designated for communications purposes. Bank shall provide City with a toll-free or WATS telephone line to the servicing operations department, investment department, and custody securities clearance department.

Bank shall identify data processing liaison staff members as well. If a conversion process is necessary, Bank shall provide support to accomplish the conversion.

F. Training.

Bank shall provide thorough training and ongoing support for the software used to retrieve account information, wire transfer funds, and transmit the direct deposit.

G. Account Reconcilement.

Upon request by City, Bank shall provide account reconcilement in the format specified by the City.

ARTICLE 2. CUSTODIAL SERVICES

Section 2.01. Custodial Services

Upon written request by City, Bank shall establish for City a custodial account and such subordinate separate custodial accounts as City may direct (hereinafter “Custodial Accounts”). Bank shall be under no duty to take or omit to take any action with respect to cash and/or securities held in such Custodial Accounts, unless specifically otherwise directed by City and agreed to by Bank in writing. The Finance Director or her/his designee is authorized to deposit City property in such Custodial Accounts and otherwise to represent City in respect thereto (see Exhibit E attached hereto).

Section 2.02. Bank's Duties as Custodian

Bank shall keep the deposited property; collect and receive the income and principal; and hold, disburse or otherwise dispose of the property or its proceeds, as hereinafter provided. City shall be responsible for money or other property paid or delivered to any broker or other person at the specific direction of City.

Section 2.03. Responsibility for Safekeeping
On receipt of bonds or other securities lodged with Bank for safekeeping, and upon Bank's issuing its non-negotiable advice of receipt therefore, Bank assumes full responsibility for the safekeeping thereof while the same are in actual possession by Bank's depositories (including any subsidiary of Bank), officers and employees, except for losses from causes beyond its control. Losses beyond its control shall mean only loss or damage resulting from war, insurrection, military, naval or usurped power, hurricane, cyclone, tornado, earthquake, volcanic eruption or similar disturbances of nature, or nuclear fission, fusion or radioactivity. Bank shall be responsible for losses due to negligence in selecting the agency which transports the securities and for losses due to theft, robbery or larceny while the securities are in transit.

Section 2.04. Property Not to be Commingled

Bank agrees that City's property deposited with Bank is not fungible and that it may not be commingled with the property of the Bank or other customers, unless specifically authorized by designated City employees (see Exhibit C).

Section 2.05. Investment Management

Bank shall have no duty to service, recommend or advise City with respect to the investment, purchase, sale, retention or other disposition of any property held hereunder unless provided for by separate written agreement.

Section 2.06. Authority of Bank to Act Upon Instructions

Unless otherwise instructed in writing by a duly designated officer of City, Bank is authorized, directed, and instructed to act upon all instructions by the person or persons designated to sign checks, drafts or other orders for the payment of money in connection with City's Custodial Accounts and, without instructions from any such person or persons, Bank is authorized, directed, and instructed to receive any securities tendered for City's Custodial Accounts without payment therefore being requested. If City so requests, Bank shall furnish for the mutual convenience of City and Bank, a test key for purposes of identification in all telegraphic, telephone, cable or radio orders. Bank shall recognize a proper resolution or ordinance of the governing body of City granting authority to specific officers or their successors in office, or limiting the authority of specified officers or their successors in office, provided Bank is furnished with a certified copy of such resolution or ordinance by City.

Section 2.07. Delivery of Eligible Transactions

In complying with instructions for delivery of eligible transactions, Bank will make deliveries through the Federal Reserve System or physical delivery to the account, pursuant to (a) Subpart 0 of the Treasury Department Circular #300 (31 Code of Federal Regulations, Part 306) and operating circulars of the Federal Reserve Bank of San Francisco and New York, as both may be amended from time to time.

Section 2.08. Delivery Versus Payment

Bank will not make any delivery of City's property without prior or simultaneous verification that the corresponding payment has been received. Bank will not release any payment without prior or simultaneous verification that the corresponding property has been received for City's account.

Section 2.09. Receipt by Bank
Unless otherwise instructed by City, Bank shall receive any money or property, including interest, due and payable from or on account of the securities and other property in City's Custodial Accounts.

Section 2.10. Crediting of Income

The proceeds of sales, redemption’s and collections, and other receipts shall be credited to City's Custodial Accounts upon collection. Interest income shall be credited to City's Custodial Accounts on the date due or payable.

Section 2.11. Confirmations

All confirmations and transaction statements produced by the City and the Bank are subject to the terms of this Agreement. In the event of any conflict between the terms of such confirmations and this Agreement, this Agreement shall prevail. Bank shall cause those securities safekept at any correspondent depository or depositories of Bank (including any subsidiary of Bank) to be confirmed by the correspondent institution or institutions in order to perfect City's interest in the securities held therein. Confirmations to City shall be addressed to the designated City employee identified in Exhibit C.

Section 2.12. Distributions from Custodial Accounts

Bank shall promptly pay or deliver money or property held in the Custodial Accounts in accordance with the instructions of the Finance Director or her/his designee.

Section 2.13. Monthly Statement; On-Line Access

Bank shall furnish City a statement, at least once a month, in a form that will enable City to follow all investment activity, including interest income received, and that will provide City with a complete list of assets in the Custodial Accounts. Bank shall provide City on-line viewing access to the Custodial Accounts via Bank's own system at no additional charge to City.

Section 2.14. Repurchase Agreements

In the event of the insolvency of the other party to one of City's repurchase agreements, Bank shall release the securities only to City unless otherwise ordered by a court of competent jurisdiction. The City does not currently use this option.

Section 2.15. Property Not Subject to Attachment

Bank certifies to City that in the event a third party attempts to or does effect an attachment of property of City held by Bank under this Agreement on account of an obligation owing to such third party by Bank or Bank's subsidiary, or Bank or Bank's subsidiary becomes a debtor in Bankruptcy, neither of these events will impair or modify the right, title, and interest of City, in and to such property and its proceeds. Bank will indemnify City, without limitation, for all costs incurred by City as a result of any attempted or actual attachment of City property as described herein.
ARTICLE 3. MISCELLANEOUS PROVISIONS

Section 3.01. Notices

All notices pertaining to the contract rights of City and Bank hereunder shall be given in writing and delivered via certified mail, postage prepaid, addressed as follows or as the parties may otherwise designate:

To City: Assistant City Manager/Admin Services
To Bank:
City of Lakewood
6000 Main Street SW
Lakewood, WA 98499

Bank shall provide written notice to City within ten (10) business days of major changes in Bank's organization, such as change of corporate control.

In the event City or Bank shall determine that an emergency exists, City or Bank may use such other means of communication as is deemed advisable; however, immediately thereafter, written communication shall also be sent.

Communications regarding the day-to-day performance of the Banking services covered by this Agreement shall be given in the manner specified herein, and where not specified, they shall be given in the manner agreed upon by the City and Bank.

Section 3.02. Financial Reports

As an initial requirement, Bank shall provide copies of its call reports for the past two (2) years. Call reports are defined as the quarterly Consolidated Report of Condition and Consolidated Report of Income. Bank shall also provide its annual financial reports for the past three (3) years. Bank shall continue to provide updated issues of each report specified above, in a timely manner, during the term of the Agreement. Specifically, quarterly reports shall be forwarded within thirty to forty-five (30 to 45) days of the end of the reporting period. Annual reports shall be forwarded within ninety to one hundred twenty (90 to 120) days of the end of the reporting period. All reports required in this Section shall be sent to City in care of the Assistant City Manager/Administrative Services.