



CITY of NOVI CITY COUNCIL

**Agenda Item C
December 22, 2014**

SUBJECT: Approval to award request for proposal for lockbox collection services to Fifth Third Bank with an estimated annual cost of \$36,000 for a three year period with two one-year renewal options.

SUBMITTING DEPARTMENT: Treasury and Water & Sewer

CITY MANAGER APPROVAL: *[Signature]*

EXPENDITURE REQUIRED	\$36,000
AMOUNT BUDGETED	\$35,000 Treasury \$24,500 Water & Sewer
APPROPRIATION REQUIRED	None
LINE ITEM NUMBER	101-253.00-802.100 592-592.00-802.100

BACKGROUND INFORMATION:

The City posted a Request for Proposal for lockbox collections services on the MITN website and received four proposals. Staff evaluated the proposals based on the financial strength and capacity of the banking institution, quality of the proposal, ability of the bank's representatives to service the City, availability and location of the lockbox services, references, and total cost to the City.

The criteria and weighting used to evaluate the proposals included the following:

Criteria	Weight
Financial strength and capacity of the banking institution	25%
Completeness and quality of the proposal	15%
Ability of the bank's representatives to service the City	25%
Availability and location of the lockbox services	15%
References	20%

The Quality Based Selection (QBS) tool was used to evaluate all four submitted proposals. QBS is a method of evaluating proposals for professional services where the qualifications of the firm are of the utmost importance and the award is not automatically made to the firm with the lowest price. With QBS, the fee proposal, including any hourly rates or other fee detail, is to be submitted in a separate sealed envelope. The fee proposals are opened after the technical proposals are evaluated and only for the short list of firms determined to be most qualified. Based on the results of those quality evaluations, the top two ranking lockbox collections services proposals were selected for fee comparison and their fee proposals were opened and reviewed.

The following is a summary of the Quality Based Selection results for those two selected firms:

Institution	Evaluation Score	Estimated Annual Fee
Comerica Bank	1040	\$42,100
Fifth Third Bank	975	\$34,900

Fifth Third Bank is the City's current provider of operational banking services, as well as our purchasing card merchant. City administration members have been pleased with the performance and service levels from Fifth Third Bank to date in these other areas and recommend Fifth Third Bank for a three year agreement with two one-year options.

RECOMMENDED ACTION: Approval to award request for proposal for lockbox collection services to Fifth Third Bank with an estimated annual cost of \$36,000 for a three year period with two one-year renewal options.

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Markham				

	1	2	Y	N
Council Member Mutch				
Council Member Poupard				
Council Member Wrobel				

ORIGINAL

LOCKBOX SERVICES

CITY OF NOVI

Friday, November 14, 2014

Presented By:

Aron Kominars

Vice President

&

Colette Rush

Vice President





11/14/2014

Sue Morianti
City of Novi
City Clerk's Office
45175 Ten Mile Rd.
Novi, MI 48375-0324

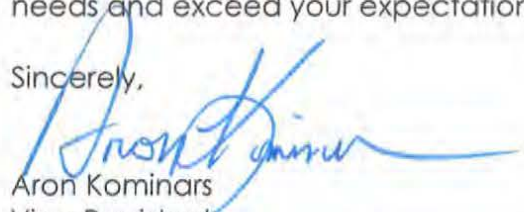
Dear Sue:

For 15 years, Fifth Third has proudly delivered comprehensive, flexible financial services solutions to the City of Novi to help you maximize your working capital. During this time, your city has evolved; and Fifth Third has changed and grown as well, bringing new Treasury Services to market and continually exceeding our clients' expectations.

Fifth Third stands ready to continue to be the best financial partner for the City of Novi. We are proud of what we've accomplished together, but we are also interested in moving forward to help you take your city to the next level of success. We know that a more efficient business operation and consolidating your Treasury Service relationship is one of your goals. In addressing this challenge, Fifth Third has proposed our Wholesale Lockbox solution for the City of Novi.

Our past work with the City of Novi combined with our financial strength and award-winning performance, ensure that Fifth Third will continue to strive to meet your banking needs and exceed your expectations.

Sincerely,



Aron Kominars
Vice President
Fifth Third Bank
Public Funds



Colette Rush
Vice President
Fifth Third Bank
Treasury Management

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Executive Summary

Your Situation – Our Understanding

Today's business environment is dynamically shifting. Competition is strong, the economy is changing, and many Cities are looking to their financial partners to help them thrive during this time. Fifth Third understands today's business climate and believes that we play an important role in helping our clients capitalize on opportunities.

Fifth Third will continue to offer financial solutions, like Wholesale Lockbox that can help the City of Novi facilitate growth, maximize working capital by improving cash flow, reducing operating costs and streamlining administrative processes. Our experienced relationship managers and top-rated local service professionals will deliver customized services that help you achieve your business strategies and goals.

OPPORTUNITIES TO IMPACT YOUR BUSINESS

Fifth Third serves many organizations like the City of Novi. More important is our familiarity with the local markets we serve, coupled with our culture of listening to clients, which helps ensure that we fully and completely understand the specific needs of your organization. It's important for you to partner with a bank that can offer solutions to meet those needs.

A SUMMARY OF FIFTH THIRD'S RECOMMENDED SOLUTIONS

While it's true that most commercial banks provide similar products and services, it does not mean that all banking partnerships are created equal. How services are customized and delivered to each client makes all the difference.

In our evaluation of your needs, Fifth Third has developed some specific recommendations of products and services that will help the City of Novi achieve its desired results as follows:

- Reviewed and comply with items outlined in the "Instructions to Proposers" section.
- Consolidation of Financial Institutions by moving your Lockbox processing to Fifth Third Bank.
- Eliminating the need to transfer funds daily to support your payable needs as we are your custodial bank.
- Guaranteed Pricing for a 3 year term with one, two year renewal agreement under the same terms.
- One local Client Advisor to provide any and all client servicing and support.
- Detroit Mailing address for lockbox receipts with same day courier to our processing site.

Executive Summary

➤ Innovative Receivable solutions including, Biller Direct and Electronic Lockbox.

Why Choose Fifth Third?

Successful organizations know that retaining the right banking partner can significantly impact their chances for success. Later in this proposal, we highlight some specific business strengths that we believe are most relevant to the City of Novi. At the highest-level, however, it's important to know that Fifth Third has the financial strength and demonstrates the thought leadership that you should demand from your bank.

We appreciate this chance to demonstrate Fifth Third's capabilities and express our desire to continue to work closely with the City of Novi. As you review this proposal, please make note of any questions that arise or points you would like us to clarify further. We welcome your feedback and look forward to continuing our discussions about how Fifth Third Bank can best serve your lockbox needs.

Specifications

CITY OF NOVI REQUEST FOR PROPOSALS

LOCKBOX SERVICES

SPECIFICATIONS

Project Objectives/Scope of Work

The City of Novi is seeking proposals from qualified banking institutions to submit proposals to provide lockbox services as described herein. The objective is to identify a banking institution that provides exemplary lockbox services at the most competitive rates.

Fifth Third has reviewed and agrees with all statements listed in the "Specifications" section.

Qualified Banks

A proposer must be a federally or State of Michigan chartered banking institution. The proposer must have the capacity to meet the requirements of the Request for Proposal (RFP).

Each proposer must submit with their proposal, copies of their most recent quarterly call reports and their most recent annual financial reports. These reports will be used by the City to determine the financial strength of the proposer. The successful proposer will, during the term of this contract, continue to furnish to the City updated issues of each report in a timely manner.

Website <http://phx.corporate-ir.net/phoenix.zhtml?c=72735&p=disclosures> contains our annual financial reports. Five copies of the quarterly call report and one 2013 annual report is included.

Account Compliance

All accounts proposed by the banking institutions must be in compliance with Michigan Public Act 20 PA. 1943, as amended and the City of Novi Investment Policy as amended in 2009.

Specifications

Pricing and Quantities

Prices shall be stated in units of quantity specified in the document. In case of a discrepancy in computing the amount of the proposal, the unit price will govern. All quantities stated, unless indicated otherwise, are estimates and the City reserves the right to increase or decrease the quantity at the unit price proposed as best fits its needs.

Selection Criteria

It is the City of Novi's desire to select the bank that will provide the best overall value on a long term relationship rather than simply selecting the "low bidder." The following evaluation criteria will be utilized for the evaluation of proposals 1) legal and other qualifications have been met by the proposer; 2) completeness of the proposal; 3) financial strength and capacity of the banking institution; 4) availability of services; 5) references from other Customers and 6) total cost to the City.

Accordingly, the following factors may be considered in order to select the most qualified bank to service the City's banking needs: net overall costs, ability of bank representatives to service the needs of the City, quality of the written proposal, quality of references, location (Michigan mailing address for lockboxes is preferred), ability and commitment to implement new technologies and financial strength.

Term of Banking Services Agreement

The City of Novi is proposing a contractual agreement of three (3) years with one (1) two (2) year renewal under the same terms, conditions and pricing, unless otherwise awarded by City Council.

Specifications

Contract Termination

The City reserves the right to terminate the contract without penalty upon ninety (90) days written notice due to poor performance or for reasons deemed to be in its best interest. A designated representative of the City will be solely responsible for determining acceptable performance levels. His/her decision will be deemed in the City's best interest and will be final. The City reserves the right to re-award the contract to the second most qualified proposal, re-bid the contract or do whatever is deemed to be in its best interest. The banking institution will provide the City at least ninety (90) days prior written notice of its intent to terminate the agreement.

Services Requested

SERVICES REQUESTED

Novi is interested in the following services:

- Lockbox Services; two separate lockbox services and accounts one for Water/Sewer & one for Tax
- CD provided monthly with lockbox images
- Ability to retrieve on-line images for 90 days

GENERAL BANKING SERVICES

A. FINANCIAL STRENGTH

i. SAFETY AND SOUNDNESS

Identify key measures of the bank's financial strength (e.g. capital ratios, market capitalization, total assets).

Profitability Ratios (%)		9/30/14
Return on Assets – As Reported		1.02
Return on Equity – As Reported		9.2
Net Interest Margin – As Reported		3.10
Efficiency Ratio		62.54
Total Loans/Total Deposits		91.69
Asset Quality Ratios (%)		9/30/14
Nonperforming Assets/TA		2.51
Loan Loss Reserve/GL		1.56
Loan Loss Reserve/Nonperf Assets		42.01
Net Charge-offs/Avg Loans		0.51
Capital Adequacy Ratios (%)		9/30/14
Tier 1 Capital Ratio (%)		10.83
Total Capital Ratio (%)		14.34
Leverage Ratio (%)		9.82
Tangible Equity/Tangible Assets		9.23
Valuation Ratios (%)		9/30/14
Dividend Payout Ratio (%)		32.87

Services Requested

ii. CREDIT RATINGS

Provide ratings for the bank from the following agencies: Standard & Poor's/Moody's/Fitch. Include ratings for bank financial strength, bank deposits and issuer rating.

2014: Quarter 2 Credit Agency Ratings *

	Holding Company Long-Term Issuer Rating	Rating Level	Bank Long-Term Deposit Rating	Rating Level
Moody's	Baa1	8th highest of 22	A3	7th highest of 22
S&P	BBB+	8th highest of 23	A- [#]	7th highest of 23
Fitch	A	6th highest of 23	A+	5th highest of 23
DBRS	AL	7th highest of 26	A	6th highest of 26

*As an investor, you should be aware that a security rating is not a recommendation to buy, sell or hold securities, that it may be subject to revision or withdrawal at any time by the assigning rating organization and that each rating should be evaluated independently of any other rating.

S&P does not provide a depositor rating. Fifth Third Bank's issuer credit rating is A-.

iii. FINANCIAL STATEMENTS

Each proposer must submit with their proposals copies of their annual financial reports for the past one (1) year.

Our 2013 annual report and our most recently quarterly call report have been included with the RFP response. Upon the successful award of the contract to Fifth Third Bank, updated reports will be furnished to the City in a timely manner.

Refer to: <http://phx.corporate-ir.net/phoenix.zhtml?c=72735&p=disclosures> for full financial information. A bound 2013 annual report and a quarterly call report has been included via hard copy.

Services Requested

B. ACCOUNT SERVICING

i. BANK CONTACTS

List names, titles, telephone and fax numbers and email addresses for key Bank contact personnel.

PUBLIC FUNDS DEPARTMENT	
Aron Kominars, Vice President Relationship Manager	Phone: 248-603-0528 Fax: 248-603-0548 Email: Aron.Kominars@53.com
TREASURY MANAGEMENT DEPARTMENT	
Colette Rush, Vice President Treasury Management Officer	Phone: 248-603-0410 Fax: 248-603-0453 Email: Colette.Rush@53.com
Janice Strociak, Assistant Vice President Client Advisor	Phone: 248-603-0104 Fax: 248-603-0633 Email: Janice.Strociak@53.com

Aron Kominars - Vice President, Relationship Manager

Your Relationship Manager is your primary contact for general Fifth Third business. The Relationship Manager understands your organization's objectives, your accounts and your business requirements. His role is to consult with you about new and existing services, ensure your continued satisfaction and bring together the right Fifth Third specialists to meet your financial needs.

Aron joined Fifth Third Bank in May 2003. Aron brings over 25 years of banking industry experience in the fields of Public Funds, Treasury Management, Employee Benefit Plan Administration, Institutional Trust, Trust Accounting and Performance Measurements. Prior to joining Fifth Third, Aron was responsible for Municipal and Educational clients within Oakland, Livingston and Ingham Counties while working with Standard Federal Bank/Michigan National Bank.

Services Requested

Aron received his M.S.F. and B.B.A. from Walsh College of Accountancy and Business Administration. He maintains memberships in the Oakland County Treasurers' Association, Livingston County Treasurers' Association, Michigan Municipal Finance Officers Association and Michigan School Business Officer's Association. In addition, Aron is a member of the Professional Development Committee of the Municipal Finance Officers Association as well as a past Associate Director for the Oakland County Treasurer's Association.

Colette Rush - Vice President, Treasury Management Officer

Your Treasury Management Officer consults with you concerning your organization's needs in order to develop a customized account and payments solution. Your Treasury Management Officer coordinates the work of the sales and service teams, keeps you informed about industry trends and new services, and makes recommendations to optimize your treasury management processes.

Colette has over thirty years of Treasury Management experience to include all customer segments, Sales Management and Product Management. At Fifth Third Bank, Colette is a Team Leader of the Treasury Management Sales Team and is also responsible for Public Funds and Financial Institutions. Colette received her B.A. in Economics from the University of Michigan. She is a permanent Certified Cash Manager (CCM) and a board member of The Ann Arbor YMCA.

Janice Strociak - Assistant Vice President, Client Advisor

Your local Client Advisor and the Commercial Support Center Premier Service Team will provide enhanced servicing that is streamlined to meet your needs. They are responsible for meeting your requests in a personalized and professional manner. CSC Premier Service team members are trained on a wide variety of products and services, and are aligned with subject matter experts in order to quickly and efficiently resolve any issues.

Janice joined Fifth Third Bank in November 2001 as the Affiliate Technical Trainer and now the Wholesale Client Advisor. Janice brings 29 years of banking industry experience, in the fields of Retail Banking, Consumer Lending, Development Support and Testing and Treasury Management.

Services Requested

ii. REFERENCES

Each proposer should include five (5) references of customers who have used services similar to those included in this request. Please provide name, address, telephone number and a contact person for each reference.

COMPANY	TELEPHONE NO.	CONTACT PERSON
Charter Township of Brownstown 21313 Telegraph Rd Brownstown, MI 48183	(734) 362-8130	Cynthia Majlinger, Deputy Treasurer
City of Dayton 101 W 3RD ST Dayton, Oh 45401	(937) 333-3559	Lisa Wilson
City of Kalamazoo 241 W South St Kalamazoo, MI 49007	(269) 337-8530	Wade Carlson, Treasurer
City of Grand Rapids 300 Monroe Ave NW Grand Rapids, MI 49503	(616) 456-3285	John Globensky, City Treasurer
City of Sylvania 6730 Monroe St Sylvania, OH 43560	(419) 885-8934	Toby Schroyer

Fifth Third Bank Ranked First in Greenwich Associates Survey

Customer satisfaction is a key component of Fifth Third Bank's performance and talent management of customer service representatives. Fifth Third Bank uses both internal and external feedback to monitor effectiveness of the Commercial Support Center and overall customer satisfaction. The Bank routinely engages Greenwich Associates to survey our customers and provide data on customer satisfaction. From surveys of random customers, Greenwich provides quarterly updates to measure overall customer satisfaction, as well as knowledge of the

Services Requested

- Our primary and secondary Information Technology data center facilities have state-of-the-art Power Protection System and cooling systems designed by GE Power Systems and Liebert Corporation and are certified by IBM to eliminate single points of electrical or cooling failure. Fifth Third Bank's data center facilities cooling and power systems are based on "N + 1" design, providing independent yet redundant cooling and power systems. The power systems include redundant power feeds from the local utility companies, battery backup with 30 minutes of capacity, and generator equipment designed to engage and provide power to the computer equipment within one (1) minute of any disruption of either utility supply. These systems are exercised monthly and are fully tested for failover annually.
- Both production data center facilities maintain state-of-the-art fire protection systems that actively monitor air quality in our computer equipment areas.
- Dual-host processing that prevents localized single-processor failures from causing long-term hardware failures and disruptions to key application processing.
- A robust telecommunication network and participation in federal telecommunication recovery programs that help assure system reliability and connectivity.
- Our Information Technology processing site in Michigan (IT hot-site) is strategically positioned to resume or recover processing. Our hot-site Information Technology staff assumes critical functionalities and roles. Designated Cincinnati Information Technology staff will relocate to the Michigan IT hot-site.

Fifth Third's Cincinnati and Chicago Lockbox sites operate on the same platform and serve as reciprocal backup sites. The sites can currently be used to key from image to load level on peak processing days.

The Bancorp owns and maintains a back-up data processing hot site in Grand Rapids, Michigan, which is more than two hundred miles from our Cincinnati processing facility. This site is equipped with sufficient processing capacity, disk storage, input/output devices, and offsite file storage space to support the requirements of our critical applications. Recovery procedures are tested at this site on a periodic basis. The results of these tests are analyzed and used to continually improve the effectiveness of the recovery procedures.

Services Requested

The Payment Services Operations unit is also responsible for documenting, testing, and maintaining an appropriate business resumption plan. Their plan addresses alternate processing needs for both temporary and long-term disruption of the normal operating environment.

iv. CONVERSION PLAN

Describe the overall plan for ensuring a smooth transition from the City's current provider to your bank. Indicate what direct costs the City would be responsible for and what costs would be absorbed by the bank as start-up costs covering the areas described below. The plan should include a timetable that the bank will be accountable, provided the City meets the proposed dates.

1. Account set up

Colette Rush, Treasury Management Officer, will lead the conversion with the full support of product specialists and IT professionals. We will provide on-site conversion meetings with detailed schedules and timelines of the progress. We have provided a sample conversion schedule as an attachment for the lockbox service. Fifth Third's Premier Commercial Support Department is dedicated to an efficient and seamless conversion process. Within this Department are the centralized Implementations and Commercial Billing functions for customers who use Fifth Third Bank's Treasury Management products and services.

2. Web-based products

Colette Rush and our Technical Trainer will host webinar based training for all new solutions at a time that meets the schedule of the City of Novi.

Services Requested

3. IT (Information Technology) dependent services such as file transmissions, City-to-bank connectivity, testing, account reconciliation, ACH, positive pay, etc.

Colette Rush will be responsible for coordinating the conversion services involving the transmission of data between you and the Bank. Direct support will be provided by phone and e-mail. Project plans including testing schedules and timelines, status reports and conference calls are all part of this implementation phase. Detailed project plans and timelines will be developed and published following the awarding of business.

Aron Kominars, Colette Rush, and the City of Novi will work together to insure accurate information is provided and completion of documentation is timely in order to enable services. Fifth Third Bank has one Treasury Management Agreement that covers all services. We will coordinate and resolve any conversion issues within 30 days post-implementation. Following the 30-day post-implementation period, we will meet with you to review the first analysis statement and to gather feedback as well as obtain direction going forward.

Fifth Third Bank will not charge the City of Novi a fee for service implementations and/or product trainings.

C. LOCKBOX SERVICES

The City of Novi uses lockbox services for tax collection billings, with approximately 15,000 non-escrow tax bills sent each July and December, and water and sewer utility payment processing with approximately 5,000 sent monthly. All recipients do not use this service.

The City has a separate lockbox service for tax collection billings and water and sewer utility payment processing. The City wants to transfer the funds collected by the lockbox services on a daily basis to the City's custodial bank through an automatic daily sweep by the custodial bank. The City will process payments made at the City and deposit funds into the City's custodial bank.

Set forth below is a list of lockbox features. Please specify whether these options are available at your bank.

Services Requested

Fifth Third Bank appreciates the opportunity to expand our existing and long term relationship with the City of Novi by providing wholesale lockbox services as outlined in this Request for Proposal. We can provide all of the options listed. Our capabilities for delivering returns through Fifth Third Direct has proven to be efficient and timely and uses on line imaging functionality.

- a) Remittance with Photocopy
- b) Remittance without Photocopy
- c) Invoice balances to check
- d) Return items included in mailed work

Return items can be re-deposited based on your instructions. Fifth Third offers several options to manage your return items.

- **Returns Management, an online tool to manage the status of all returns, whether Fifth Third is bank of first deposit or serves as a consolidated return provider. Returns Management provides data and images of all returns by 8AM ET. This tool can be used to expedite and better organize the collections process.**
- **Eligible consumer return items may be converted to an ACH, enhancing the ability to collect an item by selecting the timing of the re-deposit.**
- **Supplemental data entry to capture pertinent data from the check, often the maker's name, can be included with a daily file of return items deposited.**

- e) Detailed transaction list
- e) Integration with BS&A software via internet desired
- f) Data Transmission Options – see attached data layout requested
- g) Other recommendations/services

Fifth Third Bank offers other solutions to fit your needs:

Biller Direct

Fifth Third's Bill Pay - Biller Direct Solution provides an easily deployed, fully-hosted, configurable solution to increase payment options and channels.

Our Biller Direct Solution Suite provides:

- **Multiple deployment options to meet the client's user experience goals. (Fully Hosted Web Site, Single Sign-On, Secure Handoff and API)**

Services Requested

- Multiple payment options to provide additional consumer choice in payments. (ACH, American Express, Visa, MasterCard, Discover)
- Multiple payment channels providing solutions for web, fully hosted IVR, customer service or collections initiated payments.
- Fully hosted option greatly reduces the PCI compliance requirements for our clients so they can focus on their core competencies.
- Integrated posting files streamlines clients IT resources and processes providing a total receivables solution for all payment types. (Lockbox, Internet Banking, ACH Debit, Web, CSR, and IVR initiated payments)
- Convenience fee model to allow clients to create additional revenue streams for more costly payment options and helps drive consumer behaviors.
- Recurring payment options augments the consumer experience and provides greater convenience with recurring payments and auto payment options. Expedites receipt of payments from a consumer to the client.
- Online customer portal to provide real time tools to initiate payment research, enroll recurring payment schedules, manage customer accounts, and initiate payment reversals.
- Branding and business rules customization supports our clients unique account rules to ensure consumers are authenticated, provide good biller account information, and support our clients branding standards.
- Summary and full presentment options allow for even greater consumer adoption.

Electronic Lockbox

Fifth Third Bank's Electronic Lockbox Solution is a receivables product which supports online banking payments in a good funds model allowing you to:

- Eliminate the paper checks you receive from your customers' bill pay services;
- Receive a single ACH credit deposited directly into your Fifth Third Bank account;
- Be paid electronically by your customer at over 1,400 financial institutions;
- View corresponding payment information on the Customer Service Interface (CSI)

Services Requested

1. What is your deadline for transmissions?

Fifth Third recommends a transmission time of 3:00 PM ET or later to ensure all checks received for that day are extracted, processed, and deposited prior to the transmission. An earlier transmission time can be accommodated, although any items received and/or processed after the cutoff time required to meet the earlier deadline will be deposited and transmitted on the following business day.

2. Please disclose the location of your processing center, and if that would also be the mailing address.

Fifth Third's proprietary lockbox location for the City of Novi is Cincinnati, Ohio. We will provide a Detroit, Michigan mailing address for the city with same day courier to our Cincinnati site.

3. Please describe how processing errors are resolved and expected timeframes for resolution.

A dedicated customer service unit exists within Wholesale Lockbox. A database is maintained for each customer to account for the reporting of research requests and subsequent follow through and closure of each request. All errors and research requests are recorded by type and customer in a database that is used as the basis of the incentive system for operators and to gauge performance at a customer level. The timeliness and thoroughness of the resolution of each request is monitored to identify trends, measuring processing accuracy and resolution of requests against standards.

Your dedicated Client Advisor, Janice Strociak, is available for ongoing support. Additionally, Fifth Third's Premier Commercial Support Center (CSC) is available Monday – Friday between the hours of 7:00am – 10:00pm for service on all banking services.

You may also contact your Relationship Manager, Aron Kominars or Treasury Management Officer, Colette Rush as needed.

Attachment A

CITY OF NOVI INSURANCE REQUIREMENTS

ATTACHMENT A

EXCEPTIONS:

1. The Contractor shall maintain at its expense during the term of this Contract, the following insurance:
 - a. **Worker's Compensation** insurance with the Michigan statutory limits and Employer's Liability insurance with minimum limits of **\$100,000** (One Hundred Thousand Dollars) each accident.
 - b. **Commercial General Liability Insurance** – The Contractor shall procure and maintain during the life of this contract, Commercial General Liability Insurance, Personal Injury, Bodily Injury and Property Damage on an "Occurrence Basis" with limits of liability not less than **\$1,000,000** (One Million Dollars) per occurrence combined single limit.
 - c. **Automobile Liability** insurance covering all owned, hired and non-owned vehicles with Personal Protection insurance to comply with the provisions of the Michigan No Fault Insurance Law including Residual Liability insurance with minimum bodily injury limits of **\$1,000,000** (One Million Dollars) each person and **\$1,000,000** (One Million Dollars) each occurrence and minimum property damage limits of **\$1,000,000** (One Million Dollars) each occurrence.
2. All policies shall name the Contractor as the insured and shall be accompanied by a commitment from the insurer that such policies shall not be canceled or reduced without at least thirty (30) days prior notice date to the City; alternately, contractor may agree to provide notice of such cancellation or reduction.

**** Please Note: We cannot commit to the 30 day notification clause because our carrier will not grant that endorsement. We will provide you any updated policies.****
3. The City of Novi shall be named as Additional Insured for General Liability and Auto Liability. Certificates of Insurance evidencing such coverage shall be submitted to City of Novi, Purchasing Department, 45175 Ten Mile Road, Novi,

Attachment A

Michigan 48375-3024 prior to commencement of performance under this Contract and at least fifteen (15) days prior to the expiration dates of expiring policies. A current certificate of insurance must be on file with the City for the duration of the contract. Said coverage shall be primary coverage rather than any policies and insurance self-insurance retention owned or maintained by the City. Policies shall be issued by insurers who endorse the policies to reflect that, in the event of payment of any loss or damages, subrogation rights under those contract documents will be waived by the insurer with respect to claims against the City.

4. The Contractor shall be responsible for payment of all deductibles contained in any insurance required hereunder.
5. If, during the term of this Contract, changed conditions or other pertinent factors should in the reasonable judgment of the City render inadequate insurance limits, the Contractor will furnish on demand such additional coverage as may reasonably be required under the circumstances. All such insurance shall be effected at the Contractor's expense, under valid and enforceable policies, issued by the insurers of recognized responsibility which are well-rated by national rating organizations and are acceptable to the City.
6. If any work is sublet in connection with this Contract, the Contractor shall require each subcontractor to effect and maintain at least the same types and limits of insurance as fixed for the Contractor.
7. The provisions requiring the Contractor to carry said insurance shall not be construed in any manner as waiving or restricting the liability of the Contractor under this contract.
8. The City has the authority to vary from the specified limits as deemed necessary.

ADDITIONAL REQUIREMENTS HOLD HARMLESS/INDEMNITY

1. The Contractor agrees to fully defend, indemnify and hold harmless the City, its City Council, its officers, employees, agents, volunteers and contractors from any claims, demands, losses, obligations, costs, expenses, verdicts, and settlements (including but not limited to attorney fees and interest) resulting from:
 - A. Acts or omissions by the Contractor, its agents, employees, servants and contractors in furtherance of execution of this Agreement, unless resulting from the sole negligence and tort of the City, its officers, employees, agents and contractors.

Attachment A

- B. Violations of state or federal law involving whether administrative or judicial, arising from the nature and extent of this Agreement.
 - C. The Contractor agrees to defend the City from and against any and all actions or causes of action, claims, demands or whatsoever kind or nature arising from the operations of the Contractor and due to the acts or omissions of the Contractor or its agents, including, but not limited to, acts of omissions alleged to be in the nature of gross negligence or willful misconduct. The Contractor agrees to reimburse the City for reasonable attorney fees and court costs incurred in the defense of any actions, suits, claims or demands arising from the operations of the Contractor under this Agreement due to the above-referenced acts or omissions.
2. The Contractor agrees that it is its responsibility and not the responsibility of the City of safeguard the property and materials used in performing this Contract.

Further the Contractor agrees to hold the City harmless for any loss of such property and materials used in pursuant to the Contractor's performance under this Contract.
 3. The Contractor shall not discriminate against any employee, or applicant for employment because of religion, race, color, national origin, age, sex, height, weight, handicap, ancestry, place of birth, sexual preference or marital status. The Contractor further covenants that it will comply with the Civil Rights Act of 1973, as amended; and the Michigan Civil Rights Act of 1976 (78. Stat. 252 and 1976 PA 453) and will require a similar covenant on the part of any consultant or subcontractor employed in the performance of this contract.

****Please Note: This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than at arm's length. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties and/or (3) unilaterally terminate all negotiations with the other party hereto. ****

APPENDIX (Conversion Schedule)

Wholesale Lockbox		
Task Name	Weeks	Resource Names
Initiation Requirements		
Complete New Account Documentation	1 Week	City of Novi
Submit new service request to Implementation	1 Week	Fifth Third
Validate new service request information and completed authorizations (T&Cs and Signature cards)	1 Week	Fifth Third
Requirements		
Send welcoming email to the City of Novi with requested information	1 to 3 weeks	Fifth Third
Receive file layout requirements	1 to 3 weeks	City of Novi
Receive sample invoices	1 to 3 weeks	City of Novi
Identify data communication method	1 to 3 weeks	City of Novi
Receive processing instructions from the City of Novi	1 to 3 weeks	City of Novi
Determine test criteria	1 to 3 weeks	City of Novi
Review processing requirements from the City of Novi	1 to 3 weeks	Fifth Third
Receive sign off from the City of Novi on processing requirements from the City of Novi	1 to 3 weeks	Fifth Third / City of Novi
Design and Boarding		
Initiate setup of 5/3 Direct Communication Method	2 to 8 weeks	Fifth Third
Non-5/3 Direct Communication Method *days dependent upon type (VPN-FTP, FTSP or AS2)		
Communication Connection established	2 to 8 weeks	Fifth Third
Job Setup and Programming	2 to 8 weeks	Fifth Third
Testing		
Review and approve processing requirements with client	3 to 8 weeks	Fifth Third / City of Novi
Review processing requirements with Lockbox operations	3 to 8 weeks	Fifth Third
Conduct testing (communication, file) with the City of Novi	3 to 8 weeks	City of Novi
Receive sign-off from the City of Novi	3 to 8 weeks	Fifth Third / City of Novi
Production and Training		
Migrate coding to production mainframe	3 to 8 weeks	Fifth Third
Ramping		
Notify client that service is in production	8 week	Fifth Third
Release first mailing	8 week	City of Novi
Notify the City of Novi of receipt of production payment	8 week	Fifth Third
Communicate production file is available for download	8 week	Fifth Third
Monitor progress with Lockbox Operations	8 to 12 weeks	Fifth Third
Move the City of Novi and project to the Commercial Services Group for normal processing	8 to 12 weeks	Fifth Third



CITY OF NOVI
LOCKBOX SERVICES

FEE PROPOSAL FORM

We, the undersigned as proposer, propose to furnish to the City of Novi, according to the specifications, terms, conditions and instructions attached hereto and made a part thereof:

Service Description	Service Definition	Monthly Volume (Estimated)	Does your institution provide this service?	If so, what is your fee to provide this service?
Depository Services				
Account maintenance fee	Per account monthly service charge for maintaining an analyzed account. Reduction in volume if funds can be deposited into an existing account.	2	Yes	\$12.50
Lockbox deposit	Per deposit fee to post a lockbox deposit to a client's deposit account.	40	Yes	\$0.60
Returns - chargeback	Per item charge for a deposited check which is returned by the payer bank and debited back to the depositor's account.	3	Yes	\$2.00
Checks deposited	Transactional charge for processing un-encoded checks.	4,000	Yes	\$0.06
Checks deposited on us	Transactional charge for processing checks drawn on processing bank.	150	Yes	\$0.06
Checks deposited all other	Transactional charge for processing deposited checks drawn on non-local Federal Reserve District banks. The default tier for any items not assigned to a select price tier.	8	Yes	\$0.06
Debits posted – electronic	Per item charge associated with posting a miscellaneous electronic debit item against a depositor's account.	2	Yes	\$0.10

Service Description	Service Definition	Monthly Volume (Estimated)	Does your institution provide this service?	If so, what is your fee to provide this service?
Credits posted – electronic	Per item charge associated with posting a miscellaneous electronic credit item against a depositor's account.	1	Yes	\$0.10
Lockbox Services				
Access maintenance	The fixed monthly fee for accessing lockbox detail information through processing bank software. Lockbox image detail can be accessed via Fifth Third Direct at no additional charge.	2	Yes	NC
Deposit prep per deposit	Per deposit fee to assemble checks received in a client's lockbox. Number of daily deposits is driven by the lockbox system on which the box is processed.	40	Yes	NC
Special batch size	Per item fee to bundle and process items in a non-standard batch size. The batch size is determined at implementation, there is no additional charge.	140	Yes	NC
Non deposit correspondence	Per Item fee to handle non-deposit (un-bankable) checks and credit card fees. This also includes a per envelope fee for correspondence.	40	Yes	\$0.25
Foreign items	Foreign currency items	1	Yes	\$5.50
Data transmission maintenance	Per month fee to generate a DATA transmission of lockbox deposit information and accompanying remittance detail. Data Transmission is charged daily and is listed under the section for other fees	2	Yes	NC
Access per item	Per check fee for lockbox to provide remittance detail via processing bank software. Lockbox check image detail can be accessed via Fifth Third Direct at no additional charge.	3,000	Yes	NC

Service Description	Service Definition	Monthly Volume (Estimated)	Does your institution provide this service?	If so, what is your fee to provide this service?
Data transmission per item	Per check fee to transmit captured data from checks, envelopes, and remittance documents. Data Transmission is charged daily and is listed under other fees	4,500	Yes	NC
Data capture	Per keystroke fee to capture data from the checks and/or remittance support documents received in the lockbox. The water coupon will be keyed at 53 keystrokes and tax at 26 keystrokes for a revised estimated volume of 175K per month	15,000	Yes	\$0.0025
Image process per item	Per item fee to process a check on a box which has an IMAGE lockbox.	1,500	Yes	NC
Image check print	Per item fee to print and return a copy of each check processed for a box that also receives IMAGE output. Checks are returned bundled (reassociation is not an option).	1,000	Yes	NC
Detail returned	Per check fee to return remittance detail (invoice, envelope or other supporting documents) to a client. Postage is a daily fee listed under other fees	1,500	Yes	NC
Accept all payees	Per item fee to provide processing of all checks to applicable lockbox, regardless of the payee.	4,500	Yes	NC
Scannable sort per item	Per item fee to sort all scannable and wholesale remittances processed thru a scannable wholesale lockbox. They are sorted into payments with OCR coupon (scannable processing), or without a coupon (wholesale processing.) We will process all payments through wholesale lockbox	4,500	No	NA

Service Description	Service Definition	Monthly Volume (Estimated)	Does your institution provide this service?	If so, what is your fee to provide this service?
Scannable sort maintenance	Per month base fee for a scannable lockbox to separate work by with or without coupon. We will process all payments through wholesale lockbox	2	No	NA
No deposit notification	Per month fee to notify the client via hardcopy report, FAX, or telephone, when no checks were received for processing. We notify you of "no deposit" and lockbox total through our phone/fax reporting solutions listed under other fees.	1	Yes	NC
E-mail reporting	Per lockbox charge for multiple lockboxes included in the same e-mail.	2	Yes	NC
Additional report copy	Per month fee to receive a duplicate deposit report or any hardcopy report of keyed data or of data transmission details.	1	Yes	NC
Scannable process - invoice	Per invoice fee to process each OCR-readable coupon for a scannable lockbox. We will process all payments through wholesale lockbox	4,500	No	NA
Documents imaged	Per image fee to capture images of remittance documents. This includes the check, invoice, supporting documents, envelope (optional) and correspondence (optional).	8,000	Yes	\$0.04
Scannable process - item	Per item fee to process checks with scannable coupons received for a scannable box.	4,500	Yes	\$0.25
CD Rom - per disk	Per disk fee to prepare a CD ROM with lockbox remittance detail.	2	Yes	\$25.00
Scannable lockbox maintenance	Per month fee to maintain a scannable lockbox.	2	Yes	\$86.00
ACH Services				
ACH optional reports – fax	A per report charge to fax optional ACH reports. All ACH reports are available online via Fifth Third Direct	1	Yes	NC

Service Description	Service Definition	Monthly Volume (Estimated)	Does your institution provide this service?	If so, what is your fee to provide this service?
ACH monthly maintenance	Monthly fee to maintain a company ID on the ACH system. Service is included with your current solution set with Fifth Third; there would be no additional charge.	1	Yes	\$10.00
ACH input - transmission	Per file fee to process ACH entries that are delivered to processing bank via a data transmission.	1	Yes	\$0.00
ACH credit received item	Per item fee, charged by ACH, for an ACH received credit. This fee is in addition to the per item fee the client receives from the posting of an electronic item to their DDA account.	1	Yes	\$0.05
ACH debit received item	Per item fee to receive an ACH debit item which was originated by another bank or processing bank account holder.	1	Yes	\$0.05
Information Services				
Web account	The per account charge to maintain and update prior day and same day information	2	Yes	\$5.00
Web subscription	The monthly subscription fee for web subscription. Service is included with your current solution set with Fifth Third; there would be no additional charge.	1	Yes	\$45.00
Web prior day per item	The per item charge for downloading previous day data from web. Examples would include checks paid, ACH debits and credits, and deposits.	900	Yes	\$0.05
Other fees - please list	Any other fees you believe will be necessary for this type of lockbox arrangement			
WLBX Phone/Fax Reporting	Per business day for fax/phone reporting deposit info	40		\$6.00

Service Description	Service Definition	Monthly Volume (Estimated)	Does your institution provide this service?	If so, what is your fee to provide this service?
WLBX Transmission	Per box/transmission to send customizable file of receivable data for reconcile	40		\$8.25
WLBX Postage	Daily Fee per box for returning packages to customer	40		\$5.00
WLBX Item W/ Copy	Additional per item charge for transactions processed that include a photocopy being returned to client			\$0.05

Comments: _____

Type of Organization: (Circle One)
 a. Individual b. Partnership c. Corporation d. Joint Venture e. Other

Firm Established: _____ 1859 _____ Years in Business: _____ 155 _____

Lockbox Service Location: Detroit, Michigan mailing address with processing in Cincinnati, Ohio

Please provide times for a possible site visit to your service location, if deemed necessary by the City of Novi:

Thursday, November 20, 2014 Available at your convenience
 Friday, November 21, 2014 Available at your convenience

We acknowledge receipt of the following Addendums: #1
 (please indicate numbers)

Non-Iran Linked Business:

By signing below, I certify and agree on behalf of myself and the company submitting this proposal the following: (1) that I am duly authorized to legally bind the company submitting this proposal; and (2) that the company submitting this proposal is not an "Iran linked business," as that term is defined in Section 2(e) of the Iran Economic Sanctions Act, being Michigan Public Act No. 517 of 2012; and (3) That I and the company submitting this proposal will immediately comply with any further certifications or information submissions requested by the City in this regard.



This proposal submitted by:

Firm Name: Fifth Third Bank

Address: 1000 Town Center Dr.

City/State/Zip Code: Southfield, MI 48075

Telephone Number: 248-603-0410

Fax Number: 248-603-0453

Agent's name (please print): Colette Rush

Agent's signature: 

Email Address: Colette.Rush@53.com

Date: 11/13/2014