

**REQUEST FOR PROPOSALS
ADDENDUM 1**

**DEPOSITORY, INVESTMENT SERVICES,
PURCHASING CARD AND SECURITIES LENDING
SERVICES**

BID NO: 13-1495

BIDS DUE: July 30, 2013 @ 3:00 PM Central Time

The questions received and the responses to the questions are listed below.

You do not need to return this addendum with the proposal.

1. In the RFP it states the depository bank must at a minimum have banking facilities within the city limits of the City of San Antonio, TX. Is this absolutely required for a bid to be considered?

Response: Yes, respondents must have banking facilities within the city limits of the City of San Antonio, Texas as stated in the RFP.

A few reasons for the requirement are as follows:

- SAWS contracts separately for armored car service for the delivery of daily deposits
- Should SAWS Treasury Staff need to conduct business at the bank, it would need to go to the nearest location
- Facilitate personal transactions for SAWS employees (they could go to the nearest location from work or home)

2. Does this exclude the Purchasing Card portion of the RFP? Or are all the services being bundled together to a single provider? If not, then would banks that do not have a banking facility within the city limits of the City of San Antonio be able to submit a bid for this portion if not excluded?

Response: A respondent can reply to any one or all services in the RFP. Having banking facilities within the city limits of San Antonio does apply to the depository services portion of the RFP only. So yes, a bank located outside of the city limits of the City of San Antonio can respond to the Purchasing Card, Investment Services or Securities Lending portions of the RFP.

3. Does SAWS accept Letters of Credit for collateral?

Response: Yes, SAWS will accept Letters of Credit as collateral. SAWS currently has three Letters of Credit issued by BBVA-Compass Bank through Federal Home Loan Bank for three CD purchases with BBVA-Compass Bank.

4. Would you be able to supply a copy of your most recent GROUP account analysis statement?

Response: No additional Account Analysis Statements will be provided; Schedule I of the RFP was created from the most recent Account Analysis Statement with the current depository bank and reflects all monthly volume averages and services being provided.

5. Under Schedule I – Depository Services
 - a. Under General Account Services – (1) Controlled Disbursement account is listed; however I do not see any volumes.

Response: Controlled Disbursement account (1) means that we have only one controlled disbursement account, all volumes for this account are combined with all the other bank accounts listed as debits posted and credits posted (next two line items on Schedule I).

- b. Under Depository Services – Can you explain the differences between “Cash Dep Processing Fee I, II, and III, and is this charged per \$100?

Response: The explanation for each “Cash Dep Processing Fee I, II, III” is listed below.

- i. Cash Dep I = charge for handling and posting a deposit consisting of currency (equal to or less than 135 bills)
 - ii. Cash Dep II = charge for handling and posting a deposit consisting of currency (between 136 and 250 bills)
 - iii. Cash Dep III = charge for handling and posting a deposit consisting of currency (equal to or greater than 251 bills)
- c. Under General ACH Services – there are no volumes for transmissions, can you please provide?

Response: Our current depository bank does not charge SAWS a per transmission fee (that is why there is no line item on Schedule I), but the monthly estimated volumes are as follows:

Debit ACH Files = 84
Credit ACH Files = 6

6. Official Bid Form Schedule 1 Depository services details service at the current bank. Please provide further definitions of the following line items:

10 Depository Services

10 Remote Capture - Image Capture 9,525 0.00

Response: This is a per item charge for all Remote Capture transactions

100047 Minimum Change Order 1 0.00

Response: This is a minimum change order fee charge for orders (coin & strap) not meeting a minimum fee amount of \$5.00

15 Paper Disbursement Services

151700 Monthly Controlled 1 0.00

Response: This is a monthly charge for the Controlled Disbursement Account (we have one account)

25 General ACH Services

2502 EPA Monthly Service Fee 7 0.00

Response: This is a charge for ACH filtering (debt blocks) per bank account

2502 EPA Originator Authorization Fee 15 0.00

Response: This is a charge for the number of authorized vendor/payees that are filtered and allowed to debit our bank accounts.

7. What type of Deposit tickets do you use?

Response: Deposit tickets are used for cash that is deposited on a daily basis along with a few checks that are not captured through Remote Capture or converted to ACH. The deposit tickets are a three part carbonless form bound in a booklet.

8. Will you provide us a vendor file to identify which of the vendors accept Visa? A sample vendor file is attached.

Response: Purchasing/Accounting has posted an active vendor list of our website.

9. What date do you plan on responding to questions from the RFP?

Response: Responses to questions should be ready on July 18, 2013

10. How often do you request cashier checks? What are they used for?

Response: SAWS does not request cashier checks often, every once in a while there will be a request from within SAWS where a cashier check is required for payment.

11. May we have a sample copy of your current invoice sent to customers?

Response: See attached copy of SAWS current invoice

12. In trying to reconcile between the Scope of Services Section and the requirements sections we have found that some items in scope of services are not in the requirements section. How would you like us to address these items: For example: Scope of Services p – t

Response: SAWS recommends that respondent reply to all the Scope of Services Section and the requirements sections of the RFP. SAWS is asking the respondent to acknowledge if they have the ability to provide the required services listed in the Scope of Services items a through o, then SAWS is asking respondent to provide a detailed narrative as to how they will provide services listed under p through t (see requirements section of RFP Item #2 under Depository Services, to see what exactly should be in the narrative portion of the response).

13. Can you send a copy of the RFP in Word Format/Word Document?

Response: The RFP is posted on the SAWS website, http://www.saws.org/business_center/ProcBids/ in Word Format.

14. What IT/financial software system would be used by SAWS, to reconcile this program/payments back into?

Response: SAWS needs to be able to export a .csv file format from the P-Card system and this file will be uploaded into SAWS Accounts Payable Financial System named "Lawson"

15. Will your Card program have any needs for International travel/transactions? If so, which countries?

Response: No International travel or transactions will be required.

16. With regards to your Card Design, could you provide a sample of today's card and the correlating design utilized today?

Response: If respondent is awarded these services, SAWS will gladly provide the Card Design.

17. Can you provide a jpeg image of the logo you would want to use on a physical card?

Response: If respondent is awarded these services, SAWS will gladly provide the jpeg image of the logo.

18. Will this program be utilized for Fuel/Fleet Management? Or do you have a separate Fleet Card? If so, with who and what is spent annually?

Response: No, it will not be utilized for Fuel/Fleet Management. We do not have a Fleet Card.

19. How do you expect to handle receipts associated with the cards/program? Are you planning on keeping the paper receipts or do you have image capability?

Response: SAWS does not have image capability, so for now we plan on keeping paper receipts.

20. Can you provide a sample form of your employee would complete for reimbursement/expense reports today?

Response: If respondent is awarded these services, SAWS will gladly provide a sample report as requested.

21. Can you provide a listing of the 1099's (Company and Dollar Amounts) generated by SAWS last year? - We try to transfer those transactions to a card program as it will transition the 1099 reporting to the Card network and out of SAW's operations.

Response: If respondent is awarded these services, SAWS will gladly provide a listing of 1099's as requested.

22. AP Analysis – attached is an excel spreadsheet that can be populated with paper Check information. We are trying to determine how much of your current paper transactions can be placed on a card. We normally ask for the last year of check activity to be downloaded into the file.

Response: Purchasing/Accounting has posted an active vendor list of our website.

23. Does SAWS's have any Store Branded Cards today (i.e. Walmart, Amazon) etc.? If so, how many and what is the annual volume?

Response: No, SAWS does not have any Store Branded Cards

24. If you had the opportunity to grow your program, would that be acceptable to SAWS?

Response: SAWS is open to opportunities that will provide efficiencies and improvements to current practices.

25. Do you allow for Cash Advance options on your program?

Response: No, Cash Advance options are not allowed.

26. Do you allow for Convenience Checks on your program?

Response: No, Convenience Checks are not allowed on our program.

27. Will SAWS accept Mortgage Backed Securities as issued by Fannie Mae or Freddie Mac as collateral for their deposits? These are acceptable under the Texas Public Funds Collateral Act

Response: Yes, SAWS will accept Mortgage Backed Securities as issued by Fannie Mae or Freddie Mac as collateral for SAWS deposits.

28. Will SAWS accept Federal Home Loan Bank of Atlanta Letters of Credit as collateral for their deposits? These are acceptable under the Texas Public Funds Collateral Act.

Response: Yes, SAWS will accept Federal Home Loan Bank of Atlanta Letters of Credit as collateral for SAWS deposits.

29. Would SAWS consider a more automated collateral management process that uses The Bank of New York Mellon as the collateral custodian? This process would provide SAWS access to daily collateral reports on-line that include total uninsured deposit balances as well as detailed listings of the securities pledged.

Response: No, SAWS is not interested in this type of collateral management process. SAWS Legal Department had a previous conversation with bank on this type of collateral process and SAWS is not interested in this type of process.

30. Will the client accept indirect sourcing, and other corporate efforts to support MWBE, toward the 19% goal, or do only actual subcontracts to MWBE suppliers under this agreement count as "good faith efforts"?

Response: If the prime consultant is not recognized as a Small, Minority, or Woman-owned Business, then internal efforts (such as assigning minority or female employees to the contract)

will not count toward the aspirational 19% goal. Indirect sourcing, to be applied toward the goal, must encompass a commercially useful function toward the contract. The source must also be recognized as a Small, Minority, or Woman-owned Business through any of the following entities: the South Central Texas Regional Certification Agency, the Texas Historically Underutilized Business (HUB) program, or the federal System for Award Management (“SAM”) website.

31. Is it permissible to submit a bid for only one or more of the services? If bid separately will preference given to single service provider?

Response: Yes, it is permissible to submit a bid for only one or more services. If bid separately, there will be no preference to any given single service provider.

32. Is a local branch/presence within SA city limits a requirement?

Response: Yes, respondents must have banking facilities within the city limits of the City of San Antonio, Texas as stated in the RFP.

A few reasons for the requirement are as follows:

- SAWS contracts separately for armored car service for the delivery of daily deposits
- Should SAWS Treasury Staff need to conduct business at the bank, it would need to go to the nearest location
- Facilitate personal transactions for SAWS employees (they could go to the nearest location from work or home)

33. Please define collateral leverage, clarification of 102%; for instance CG currently on a Treasury bill/note provides 90% advance rate (could interpret 4.c. below to mean 102% collateral = 98% advance; please clarify 4. c. Loan up to 100% of eligible portfolio @ min collateral leverage of 102%

Response: Collateral should at all times be of a par value or market value, whichever is the lesser value equal to or in excess of 102% value of the securities loaned out.

34. Page 3 C. Scope of Services, number m: For the 80 bi-weekly payroll checks that SAWS currently issues what is the average payroll check amount?

Response: the average payroll check amount is \$1,340.00

35. Page 3 C. Scope of Services, number k: How many cashiers' checks are needed on a monthly basis?

Response: SAWS does not request cashier checks often, every once in a while there will be a request from within SAWS where a cashier check is required for payment.

36. Page 11 Submitting a Response number B 2: Please confirm what you are referring to as the signature sheet.

Response: The signature sheet is page number 17.

37. Page 11 Submitting a Response number B 6: You are requesting a list of branches, 5 references, personnel resumes, implementation timelines and pricing, can these be included as appendices. If we are allowed to use appendices, do they count towards our 25 page limit? Also, would a cover letter count towards our 25 page limit?

Response: Yes, you can include a list of branches, references, resumes, etc., as appendices and they will not count towards the 25 page limit. The cover letter will also not count towards the 25 page limit.

38. Pricing: Could you please provide a copy of your current account analysis statement?

Response: No additional Account Analysis Statements will be provided; Schedule I of the RFP was created from the most recent Account Analysis Statement with the current depository bank and reflects all monthly volume averages and services being provided.

39. Pricing: Do you settle account analysis monthly?

Response: No, we currently settle on a quarterly basis. This is something we can negotiate if respondent is selected for depository services.

40. Pricing: Please provide a description of the following services:

- Special Signature Req – what service is being performed?
- Monthly controlled – what service is being performed?
- EPA monthly service fee – what service is being performed?
- RDC monthly maint – customer – what service is being performed?
- Cash Dep Proc Cash Amt Flat
- Cash Dep Proc Cash Amt Per 1000
- Rolled Coin Furnished – Com
- Minimum Change Order
- Strap Currency Furnished – Com
- Cash Dep Processing Fee I
- Cash Dep Processing Fee III
- Cash Dep Processing Fee II

Response:

Special Signature Req - SAWS requires a manual second signature on checks issued over \$100,000.00. This fee is per bank account and for each transaction (check) over \$100K for the month.

Monthly Controlled - This is a monthly charge for the Controlled Disbursement Account (we have one account)

EPA monthly service fee – This is a charge for ACH filtering (debt blocks) per bank account

RDC monthly maint – customer – Remote Deposit Capture (digital capture/image capture) monthly maintenance Fee

Cash Dep Proc Cash Amt Flat – This is a negotiated flat rate per deposit

Cash Dep Proc Cash Amt per 1000 – This is a negotiated rate for daily deposits divided by 1000

Rolled Coin Furnished – Com – Charge for rolled coins

Minimum Change Order – This is a minimum change order fee charge for orders (coin & strap) not meeting a minimum fee amount of \$5.00

Strap Currency Furnished – Com – Charge for strap currency bills

Cash Dep Processing Fee I – Cash Dep I = charge for handling and posting a deposit consisting of currency (equal to or less than 135 bills)

Cash Dep II = charge for handling and posting a deposit consisting of currency (between 136 and 250 bills)

Cash Dep III = charge for handling and posting a deposit consisting of currency (equal to or greater than 251 bills)

The following questions, 41 – 43, pertain to Purchasing Card services:

41. Is SAWS familiar with the State's program or Consortium?

Response: SAWS is aware of, but not familiar (exact detail of how it works) with the State's P-Card program or Consortium.

42. Has SAWS been a part of the State's program or Consortium in the past? If so, why did SAWS opt to leave the program?

Response: No, SAWS has never been part of the State's P-Card program or Consortium in the past.

43. Has SAWS had a Purchasing Card program historically? If so, with whom?

Response: SAWS has had a Purchasing Card program for the past ten years (all with Bank of America).

44. Can you please clarify page 11, number 6? Is the 25 page maximum for the depository services section or does that included all tabs?

Response: The 25 page limit is for the entire proposal response including all services (depository, investment services, P-Card and Securities Lending). The limit is 25 pages overall for all services. This however, excludes all required pages, appendices, resumes, references, cover letter, etc.

45. Can we receive the RFP in Word format to prepare a cleaner formal response for you?

Response: The RFP is posted on the SAWS website, http://www.saws.org/business_center/ProcBids/ in Word Format.

46. Does SAWS truly utilize a Controlled Disbursement Account or is the main Account a ZBA Master?

Response: SAWS does use a Controlled Disbursement Account for its Vendor Payments. This account is a ZBA Account that ties back to a Concentration Account where all ZBA accounts settle. In the Controlled Disbursement Account SAWS pays all large dollar items to vendors and all cash is reconciled on a daily basis to get the daily cash position. Any excess cash is then invested as needed.

47. How many scanners does SAWS utilize and how many different locations utilize the scanners?

Response: SAWS has four Customer Service Centers, and one scanner is used by each center (total of 4 scanners).

48. What size of scanner does SAWS use?

Response: The type of scanners used are "Digital Check TellerScan" Model TS4120

49. On page 7, SAWS expects for us to collateralize 120MM dollars, is this an average monthly collateral need?

Response: The \$120 million dollar collateral requirement is the daily balance needed to cover deposits and investments (certificates of deposit) with our current depository and investment services bank. This is based on the Texas Government Codes Chapter 2256 and 2257. The collateral level needed in the future will depend on the amount of deposits held at the depository and/or investment services banks.

50. There is no comment regarding the type of collateral a bank can utilize, are FHLB LC acceptable?

Response: The type of collateral respondent can utilize is listed under SAWS Investment Policy and Texas Government Code Chapters 2256 and 2257. And yes, FHLB Letters of Credit are acceptable as pledged collateral.

51. Also the request is for the Custodian or what they call the Investment Bank to send a monthly position balances of the pledges. We will send a monthly report for their reconciliation purpose but in order to get it from FHLB they will be required to send a request each month to FHLB. Which comes to us, we sign off on the signature of the requester, and then forward to FHLB. I doubt you will want to go through that process every month. If we can ensure you that we balance to FHLB monthly and that they can request a report at any time from both us and FHLB, is that acceptable as well?

Response: Based on the number of ACH payments SAWS processes on a monthly basis, the percentage of ACH return items is small. The EPA is not for EDI module and reporting, it stands for a charge for ACH filtering (debt blocks) per bank account (7 - off Schedule I), along with a charge for the number of authorized vendor/payees that are filtered and allowed to debit SAWS bank accounts (15 – off Schedule I).

Below are some question related directly to the Securities Lending portion of the RFP.

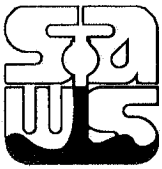
60. Is there any special or additional reporting needed beyond a monthly statement of the securities (similar to the one you provided in your RFP)? If so what additional information would you like to have?

Response: A monthly securities statement is the minimum report that is required. If respondent has any recommendations as to other report types, SAWS is interested in discussing this further.

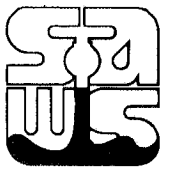
61. Do you have any outgoing wires originating from the Custody accounts? If so how many?

Response: SAWS has no wires originating from Custody Accounts.

SAWS Current Invoice



San Antonio Water System



P.O. Box 2990
San Antonio, Texas 78299-2990
(210) 704-SAWS (7297)

CURRENT BILL SUMMARY

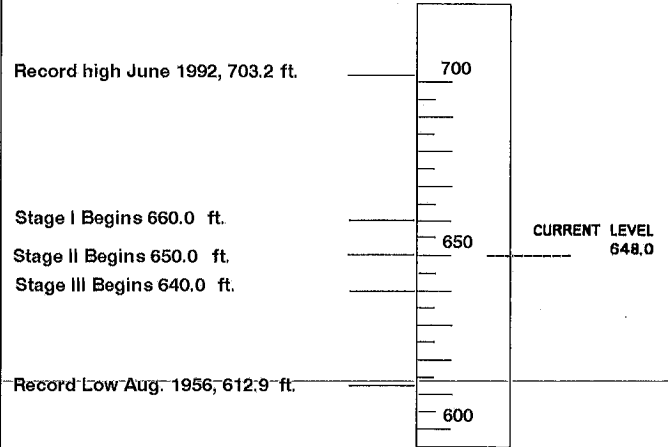
ACCOUNT # 17 7620 176219 7

DOMESTIC WATER SERVICE CHARGE	11.40
WATER SUPPLY FEE	4.85
EDWARDS AQUIFER AUTHORITY FEE	1.54
FEDERAL STORMWATER FEE	4.25
SEWER SERVICE CHARGE	22.89
STATE-IMPOSED TCEQ FEE	.22

AMOUNT DUE NOW	45.15
5% LATE FEE AFTER JUL 11 2013	1.95
TOTAL WITH LATE FEE	47.10

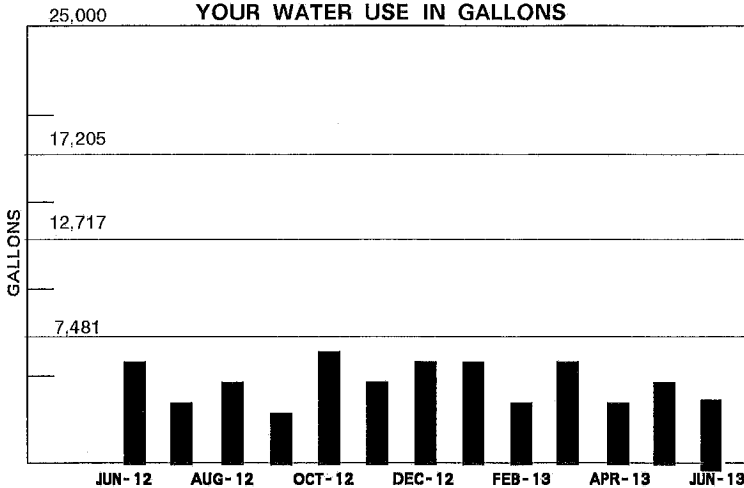
(Detailed bill calculation on back)

EDWARDS AQUIFER WATER LEVEL



** Measured in feet above sea level

YOUR WATER USE IN GALLONS



YOUR WATER USE WAS 4,489 GALLONS.

YOUR NEIGHBORHOOD AVERAGE WATER USE WAS 5,237 GALLONS.

SAWS RESIDENTIAL AVERAGE WATER USE WAS 7,481 GALLONS.

YOUR NEXT SCHEDULED METER READING DATE IS ON OR ABOUT: JUL 22 2013

PERSONALIZED MESSAGE

YOUR CURRENT MONTH USAGE IS LESS THAN THE SAME TIME LAST YEAR.

YOUR WINTER AVERAGE IS 5,237 GALLONS. THIS AVERAGE, BASED ON YOUR USAGE BETWEEN NOVEMBER 15 AND MARCH 15, GENERALLY REPRESENTS INDOOR WATER USE. WATER USE IN EXCESS OF THIS AVERAGE MAY BE ATTRIBUTED TO OUTDOOR APPLICATION. THIS MONTH YOUR WATER USE IS 748 GALLONS BELOW YOUR WINTER AVERAGE.

DETACH HERE

SAVE A STAMP: PAY ONLINE AT WWW.SAWS.ORG

DETACH HERE

Project Agua keeps water flowing to your neighbors in need.

Project Agua Donation:

ACCT# 17 7620 176219 7

07508

Check here for mail address change. Make changes on the reverse side.

RETURN BOTTOM PORTION WITH PAYMENT



AMOUNT DUE NOW.....

\$45.15

AMOUNT DUE AFTER JUL 11 2013 (INCLUDES 5% LATE CHARGE)

\$47.10



377620176219700004710000045159



If you have any question about your bill, please call (210) 704-SAWS or write to: SAWS Customer Service, P.O. Box 2449, San Antonio Texas 78298-2449. SAWS appreciates the opportunity to serve you.