

MARYLAND STATE TREASURER'S OFFICE

**Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401**

**QUESTIONS AND ANSWERS
FOR
REQUEST FOR PROPOSALS FOR
DEPOSITORY BANKING SERVICES**

RFP # DEP-06132018

July 19, 2018

Q-1. Who are the incumbent bank(s)?

A-1. Bank of America, N.A.

Q-2. Can you provide a recent account analysis statement?

A-2. This cannot be provided as account analysis statements contain pricing.

Q-3. If a bank is not located within the entire footprint of Maryland, is that an inhibitor in responding to this RFP?

A-3. No. The requirements outlined in Section 3.3 Minimum Qualifications, Section 3.4 General Requirements must be met. Offerors are to provide their compliance with the requirements in Section 3.5 Depository Banking Services Requirements.

Q-4. Section 3.1 (pg. 9) - Is the State open to support a process change for depository services that may impact how the agencies currently handle this activity?

A-4. Yes, provided that the overall requirements outlined in Section 3.5 are satisfied.

Q-5. Are there other process changes underway that may impact this solution?

A-5. No.

Q-6. Section 3.1 (pg. 9) The RFP refers to Merchant Services (1532 MIDS) - Is this referring to a clearing account through which you accept daily (or other) wire and ACH lumps-sum credits from your merchant processor? Are there any special reporting requirements? Please describe.

- A-6. This was included for informational purposes only. There are no special clearing accounts required and no special reporting requirements. For the depository banking purposes these are ACH credits.
- Q-7. Is this RFP's intent to have responding financial institutions propose solutions and pricing for merchant acquiring as well as depository services.
- A-7. This RFP is for depository services. Merchant services will be procured separately.
- Q-8. Where is your image Cash Letter processed? By which provider?
- A-8. The Revenue Administration Division processes in-house using Fairfax software. The State Highway Administration uses Conduent.
- Q-9. Please describe what a "Voucher Credit Account". What services are associated with this account?
- A-9. This reference in section 3.1 represents current State account setups. The existing Voucher Credit Account is not included in the new RFP requirements.
- Q-10. What is the total combined average monthly collected balance of all your accounts at all banks?
- A-10. Below is the combined average monthly collected balance for FY 2018 for the accounts with the current depository bank.

Description	Average FY 2018
Average Ledger Balance	\$72,794,926.00
Less Average Float	45,669,290.30
Average Collected Balance	<u>\$27,125,635.70</u>

The combined total average daily account balance for the seven correspondent banks is \$2,260,043.51 for FY 2017. FY 2018 information is not yet available for correspondent banks.

- Q-11. Currently, how are funds consolidated to depository account from the 104 sub-accounts? ZBA, ACH, Internal transfers?
- A-11. Funds are transferred ZBA. Refer to Section 3.5.10 of the RFP.
- Q-12. Is there a target balance set on the account?
- A-12. No. Balances should be zero.
- Q-13. What is average collected balance of REPO that are interest bearing?

- A-13. Currently, this is zero since we receive an earnings credit in place of this service on our bank statements. We may, however, want this service in the future.
- Q-14. The RFP refers to Total FY 2017 volume of commercial deposit credits @153,000 valued at \$1,745,899,542. Can you provide detail as to the composition of these deposits?
- A-14. Checks, cash, coin and money orders are being deposited. Detail is not available as to the composition of the deposits.
- Q-15. Section 3.2 (pg. 9) – Can the Office provide the monthly average ledger and collected balances maintained in the master depository account. Can the Office provide the average amount swept into overnight investments daily and the average balances maintained in the sweep accounts?
- A-15. See the chart above for the monthly average ledger and collected balances. The Office is currently not utilizing the overnight investment product, but may decide to do so in the future. Due to the change in the market, the Office is currently receiving the Earnings Credit on the Account Analysis.
- Q-16. Section 3.2 – Is this file a NACHA file, and/or an EDI820 file following ANSI X12 standards?
- A-16. The bank will need to be able to receive ACH payments CCD+ and EDI format and provide the information to the State of Maryland. This is provided on the NACHA file which the State Treasurer’s Office (the “Office”) uses to process the incoming ACH payments. The State does not send NACHA files to the bank for what we refer to as “direct debit.” In this circumstance, the depository bank debits taxpayer accounts from other banks and then gives the ACH credit to the State.
- Q-17. Can you share which correspondent bank(s) you use today (pg. 10)?
- A-17. The following correspondent banks are in use day:
- 1) Calvin B. Taylor Bank
 - 2) First United Bank & Trust
 - 3) M&T Bank
 - 4) PNC Bank
 - 5) Provident State Bank
 - 6) Shore United Bank
 - 7) The Peoples Bank
- Q-18. NACHA Direct Debit file - Please clarify. Is this a file instructing your designated depository to debit accounts at other banks?
- A-18. Yes.

Q-19. Do you manage the correspondent banking relationships or does your primary bank manage the relationship?

A-19. The correspondent banking relationship is managed by the current depository bank.

Q-20. Section 3.9 (pg. 11) - Is this online system something that the state is asking the Depository to provide or simply to receive and process the associated ACH transactions and addenda?

“The State utilizes an electronic payment system to collect State tax payments”

A-20. The new depository bank must be able to process the associated ACH transactions and addenda. They are not being asked to provide this online system.

Q-21. Page 11 – referring to, “The State utilizes an electronic payment system to collect State tax payments... through the internet or via phone.”

q. Is this Payment Gateway with integrated IVR system supported by your current bank, or independently through a vendor?

a. This is supported through our current depository bank by First Data.

q. Does the State support this payment gateway in-house, or by your current bank, or do you use a third party to support this?

a. This service is provided by our current depository bank. However, this service will be solicited under a separate RFP to be consolidated under our Merchant Services Procurement.

q. The RFP mentions ACH and IVR (phone payments), but what other payments are accepted?

a. The State of Maryland also accepts credit cards.

Q-22. Section 3.4.3 (pg. 12) - Can the Office provide the title and the detail within these reports received today so that we can confirm that required information is available to the State?

A-22. See Exhibit 6 – Collateral Reports in the RFP (Pages 111 – 113) for reporting requirements.

Q-23. Section 3.5.10 (pg. 14) - Is the statement below referring to the reporting of transactions at a detailed/individual level or the actual posting of transactions at a detailed/individual level as they are transferred to the master account? Can you provide an example of this reporting?

“All transactions including but not limited to ACH, wires, bank deposits and adjustments posted to sub-accounts must be transferred to the master depository account individually and not at the aggregate level. All transfers must clearly identify the sub account number from which the transaction originated”

A-23. It is essential that each transfer contain the sub-account number and the information exactly the way it was posted to the sub-account, including the full addenda information. Sub-account number should always come before the addenda information.

Examples:

WIRE TRANSFER CREDIT
CUR TRSF FR MD (Include Sub-Account Number)
All addenda information

CORPORATE TRADE CREDIT
CUR TRSF FR MD (Include Sub-Account Number)
All addenda information

Q-24. Section 3.5.11 (pg. 14) - How are you receiving ACH file confirmation?

A-24. Controls totals are called in and a confirmation number received. If the file is not received by the bank, the bank will call the Office. In addition, if the control totals called in do not match the file, the bank will call the Office.

Q-25. Section 3.5.17 (pg. 16) – Are you expecting to use the pre-encoded deposit tickets with RDC? RDC does not use a deposit ticket but 6 or 10 digit code can be put on each location.

A-25. The Office is open to new processes with the understanding that the proposed solution provides the Office with the identification of the agency and specific deposit. In order to meet the State’s requirement to identify each agency deposit with the reconciliation process, the current process is pre-encoded deposit tickets and scanners that have been programmed to accept deposit tickets. See the Pre-Proposal Summary dated July 13, 2018, questions and answers 7 through 10 for more information.

Q-26. Section 3.5.17 – Can the Office provide the file formats utilized in the custom flat file being received each morning? Can this file be sent any later in the morning, say 6:30 a.m.?

A-26. NACHA file is the Standard NACHA ACH file format. BAI file is in the BAI2 format.

Per the requirement in Section 3.5.17 on Page 16 of the RFP, the file must be received by 4:00 AM daily.

Q-27. Regarding the custom flat file of electronic receipts by 4 AM daily, is this for receipts of the prior business day?

A-27. Yes, they are from the prior day.

Q-28. How does the content of this customer flat file differ from the daily BAI file (i.e., does this custom file contain only \$ and remittance from received ACH payments)?

A-28. There are two files received daily; (1) a standard BAI file and (2) a standard NACHA file. The term "custom" file refers to these two files.

Q-29. Please clarify the nature of the ACH file received by the State from the bank. Are these RECEIVED ACH Deposits with remittance addenda?

A-29. See response above.

Q-30. The BAI file report all bank account transactions, yet appear to be only a fraction of the ACH items.

A-30. See the Amendment to the RFP which corrects the chart.

Q-31. Section 3.2 – Please clarify the volume of "Daily Average Detail Transaction Count" of 7,246 payments of \$23 million.

A-31. These are files originating from TAX (direct debit) and sent by our IT Division to the current depository bank to debit accounts at other banks for various taxes.

Q-32. Section 3.5.20 (pg. 17) – Can the Office provide more detail on the cash recycling solution? What are the volumes anticipated, the breakdown of those volumes and which agency may utilize these machines in the future?

A-32. A cash recycling solution will be a new product, therefore we are uncertain of the anticipated volumes. MDTA has expressed an interest in this service, however aside from them we are not sure which agencies also be interested.

Q-33. Section 3.5.20 – Does virtual deposits mean a smart safe?

A-33. Product names vary by provider, so we have not designated specific solutions. We are asking for recommendations from Offerors for products and solutions to support these needs.

Q-34. What type of check scanners do you use today? What is the make and model?

- A-34. There are 15 agencies are using remote deposit and we currently pay for 17 high volume scanners and 54 medium volume scanners. The make and model of the scanners is not readily available.
- Q-35. Section 3.6.5 (pg. 21) – Can the Office provide an agency listing to include their addresses, the average amount of currency deposited monthly and a breakdown of the average of amount of currency ordered monthly?
- A-35. See Exhibit A for the FY 2018 totals for the cash exchange account activity. Agencies will make a deposit for the same dollar amount being ordered. The deposit may be in cash or check.
- Q-36. How are you receiving your checking account statements?
- A-36. The Office has the capability of downloading the daily checking account statements online for the main depository accounts and the revenue account. Due to the high volume of the main depository account and the revenue account, the Office receives statements by secure email daily. The daily statements can be up to 8,000 pages.
- State agencies have the capability of receiving their monthly statements online and/or by paper.
- Q-37. What is the location of your vault?
- A-37. State agencies currently do not have on-site vaults.
- Q-38. Section 3.6.7 (pg. 22) – Can the Office provide your online portal structure for information reporting? Is the administration of user and agency access done at the Office level or by agency administrators? Do you want to maintain a similar structure in the new contract?
- A-38. Currently, the structure is decentralized. Each agency has its own online system id with administrators who add users and grant access to those users. The Office has its own administrators and users. The Office must be able to access all account activity. The Office would explore the possibility of having a centralized online portal depending on the structure of the system (i.e, can the Office assign Agency Administrators? Can the Agency Administrators add users, assign user privileges, reset passwords, etc. without having to contact the Office?)
- Q-39. How many individuals will need to have access to daily online reporting?
- A-39. This will vary by each agency. We do not have an exact number.
- Q-40. Section 3.6.15.4 – Is the State seeking a data file transmission of ACH file acceptance or failure, or instead is the State seeking reporting of returned ACH payments, and Returns NACHA data file or readable report?

- A-40. We are looking for how ACH returns are handled and reported.
- Q-41. Section 3.6.16.11 (pg. 28) – Can the Office confirm if all agencies require the ability to receive images of deposited items via image transmission? Can the Office provide more detail on this requirement/need?
- A-41. This is a question to the Offeror as to what they can provide. This is not a requirement.
- Q-42. Section 3.6.16.17 (pg. 29) – Can the Office provide the armored couriers utilized by the State agencies today? Does your current banking provider hold the armored courier contracts for the agencies and pass these fees to the Office’s agency accounts via their account analysis invoice?
- A-42. The majority of the agencies use Dunbar. The Office does not contract armored courier service for the agencies. The current depository bank does not hold the armored courier contracts for the agencies. The agencies procure their armored courier.
- Q-43. Do you have equipment that is leased/bought from the armored courier, like in-store safes or re-cycling safes?
- A-43. The Office does not have this information available. Each agency has their own contract.
- Q-44. Do agencies order coin currency in ways other than over the phone?
- A-44. When using the Cash exchange account, the only method to order coin currently is via phone. MVA now uses Dunbar for their change orders rather than the cash exchange process.
- Q-45. Do the agencies use any courier they want or is Dunbar the required courier?
- A-45. Agencies can use other courier services, however, most are using Dunbar.
- Q-46. Section 3.6.17.1 (pg. 29) – Can the Office provide the names of the agencies using image cash letter, the hardware and software used by these agencies and provide the image cash letter formats used by these agencies to make deposits at your current banking provider?
- A-46. Comptroller’s Office Revenue Administration Division (RAD) and State Highway Administration (SHA) use image cash letter. The Office does not have information on the hardware used by these agencies. RAD processes in-house using Fairfax software. SHA uses Conduent for processing Work Zone payments. Both agencies

submit their image cash letters using the DSTU X9.37 – 2003 standard as defined by the Federal Reserve Bank.

Q-47. Please confirm that the cash volume in the vault is over \$10 million monthly.

A-47. We do not know the dollar value of each deposit. Volume of cash deposits by location for the month of August 2017 is attached as Exhibit A.

Appendix A – Price Depository Services

Q-48. Do the electronic credits of 146,000 include ACH?

A-48. Yes.

Q-49. Will the State allow alternatives to VRU ACH items?

A-49. The Office is currently calling in batch totals. However the preferred method would be through a portal. We are looking for solutions.

Q-50. Please provide volumes by agency deposit location. This is particularly important as it pertains to the cash deposited items (Banking Center Deposit, Night Drop, Coin/Currency, Change Orders and Encashments).

A-50. See Exhibit 2, Bank Branch and Cash Services Activity for the Month of August 2017 of the Pre-Proposal Summary dated July 13, 2018.

Q-51. Please define the Service Description, “DEP CONDITIONING-SURCHG-VAULT”.

A-51. Per deposit charge for deposits delivered to a vault which do not meet standard vault deposit preparation criteria (e.g., currency is not presented orderly) the charge is applied for each deposit not presented per deposit instructions.

Q-52. Please define the “RDSOL” for the Service Description, “RDSOL-ITEM STORAGE.”

A-52. Remote Deposit Storage On-line - The storage fee is for a rolling 45 days. On day 46, the volume for day 1 will drop off and the volume for day 46 will be added.

Q-53. Please define the “QBD” for the Service Description, “QBD / NIGHT DROP DEPOSIT.”

A-53. “QBD” is Quick Business Deposit.

Q-54. What are the foreign banks in reference to the Service Description, “CKS DEPOSITED FOREIGN ITEMS”?

A-54. We do not have information on the checks deposited from foreign banks.

Q-55. What reports are you receiving in reference to the Service Description “ACH STANDARD RPTS-ELECTRONIC”?

A-55. Online reports for Previous Day ACH transactions.

Q-56. Please define the Service Description, “RPO MAINTENANCE.”

A-56. This line item is deleted. See Amendment to RFP dated July 17, 2018.

Q-57. In Section III. Scope and Services Requirements, Section 3.1 on page 9 of the RFP referenced above the next to last bullet states:

“The State accepts AMEX, Discover, MasterCard and VISA depending upon Agency and site that are processed through approximately 1,532 MIDs that settle to depository sub accounts; and” ... Is this RFP’s intent to have responding Financial Institutions propose solutions and pricing for merchant acquiring as well as depository services?

A-57. This was included for informational purposes only. There are no special clearing accounts required and no special reporting requirements. For the depository banking purposes these are ACH credits.

Exhibit A

**Cash Exchange Account Change Orders
FY 2018**

Agency	Location	Number of Change Orders	Total Dollar Amount
Motor Vehicle Administration	6601 Ritchie Hwy, Glen Burnie MD 21062	4	\$4,290.00
University MD Office of the Bursar	1109 Lee Building, College Park, MD 20742	44	\$574,302.00
University MD Business Office Cash Room	Campus Dining Room 1109, College Park MD 20742	12	\$205,000.00
University MD Adeles Cash Room/Dining	Stamp Union Building, College Park, MD 20742	44	\$134,550.00
University MD Baltimore County Book Store	1000 Hilltop Circle, Baltimore, MD 21250	14	\$149,536.00
Maryland Transit Administration	1515 Washington Blvd, Baltimore MD 21230	73	\$1,460,000.00
Baltimore City Community College Liberty Campus Book Store	2901 Liberty Heights Ave, Baltimore, MD 21215	11	\$5,100.00
Baltimore City Community College Liberty Campus Cashier	2901 Liberty Heights Ave, Baltimore, MD 21215	5	\$1,340.00
Baltimore City Community College Harbor Campus Cashier	710 E. Lombard Street, Baltimore, MD 21202	6	\$1,362.00
Dept Budget Management Baltimore CCU	300 West Preston Street, Baltimore, MD 21201	40	\$1,760.00
Dept Budget Management CCU	MVA Glen Burnie, 6601 Ritchie Hwy, Glen Burnie MD 21062	239	\$47,800.00
University of Maryland McKeldin Library Copy Shop	6117 McKeldin Library, 7649 Library Lane, College Park, MD 20742	14	\$22,800.00
Department Assessments and Taxation	301 West Preston Street, Baltimore, MD 21201	19	\$8,700.00
Total Change Orders FY 2018		525	\$2,616,540.00