

MARYLAND STATE TREASURER'S OFFICE
Louis L. Goldstein Treasury Building, Room 109
80 Calvert Street
Annapolis, Maryland 21401

RFP FOR BANKING SERVICES FOR THE
MARYLAND 529, RFP #MD529-03152019

PRE-PROPOSAL CONFERENCE SUMMARY

April 4, 2019

State of Maryland Representatives:

Anne Jewell, Procurement Officer, State Treasurer's Office
Nancy Clark, Director of Treasury Management, State Treasurer's Office
Stephen McGowan, Executive Director, Maryland 529
Erin Layton, Director of Investment and Cash Management, Maryland 529
Janaki Kannan, Chief Financial Officer, Maryland 529

On March 27, 2019 the Maryland State Treasurer's Office ("STO") held a pre-proposal conference at its office (located at 80 Calvert Street, Annapolis) to discuss the RFP for Banking Services for Maryland 529. The meeting opened with introductions by the Maryland State Treasurer's Office representatives, Maryland 529 representatives, and by representatives from the following financial institutions: Capital One Bank, Citibank, NA, First National Bank, JPMorgan Chase Bank, N.A., TD Bank, U.S. Bank and Wells Fargo Bank, N.A.

After introductions, Anne Jewell, Procurement Officer, discussed important dates and submission requirements relating to technical proposal submissions. If an Offeror has exceptions to any of the documents included as part of the RFP, those exceptions must be clearly identified and submitted with the technical proposal on a separate sheet that follows the transmittal letter. As stated in the RFP, proposals are due to the Procurement Officer no later than 2:00 p.m. on April 24, 2019. The dates for oral presentations have changed to May 14-15, 2019. The tentative notice of recommendation of award has also changed to June 7, 2019. An Amendment will be sent out regarding these date changes. Ms. Jewell stated that bank operating agreements required for these services are to be included as part of your technical proposal. For ease and accuracy of the document review, STO will ask the recommended awardee to provide such operating documents in a "Word" format to allow for track changes during document review. Further stated is that contract negotiations are to be completed within 30 days of recommended award notification. Offerors are to provide their price proposal on a sealed disk in both "Excel" and "Adobe" format, using the provided Appendix A1, A2 and A3 format. Additional line items that an Offeror requires to perform the services outlined on the RFP must be included on a separate sheet. The "Service Description" column on the Appendix A forms provides space

for Offerors to describe, or clarify their line item service, if necessary. There were no further questions regarding the general terms of the solicitation.

Erin Layton provided a brief overview of Maryland 529 (MD 529), stating that their agency is an independent State agency and currently offers three IRS 529 savings plans, one is the Edward J. Kasemeyer Prepaid College Trust, the second is the Edward J. Kasemeyer College Investment Plan that is managed by a program manager, and the third is the ABLE program, which is fairly new. The ABLE program is a savings program that allows disabled individuals to save without jeopardizing their federal accounts and benefits. The primary focus of this RFP is for the fiscal operations as well as the investments of the Prepaid College Trust, and one small cash account for the ABLE program. The Prepaid Program currently has over a billion dollars under management and is invested in a fully diversified investment program with about 20 different investment managers. Operationally, the plan has over 30,000 accountholders. Last year the Agency received approximately \$50 million in, while sending out approximately \$65 million for all the beneficiaries. For the Prepaid Trust, the enrollment period is typically December through May. In terms of distributions the busy season tends to coincide with tuition payments (August through September) as expected, and December through January for the spring semester.

Janaki Kannan provided a brief overview of cash flows. Deposits are received via lockbox, checks mailed directly to the MD 529, payroll deductions, ACH, and Checkfree accounts. For disbursement, MD 529 issues checks from its office. All reconciliations and monitoring are completed by staff. After funding the disbursements account, remaining funds are transferred into the custodial account which is currently held by US Bank. If a shortage occurs funds are transferred from the custodial account into the deposit account to cover any shortages of the disbursements. The checking account is small and receives one deposit per month. There is also another small checking account for ABLE which receives a deposit once every quarter.

Anne Jewell clarified that one or more contracts can be awarded as part of this procurement, ie., currently there is one Contractor providing banking services for Deposit and Disbursement (Category A), and Lockbox (Category B). A second Contractor provides Custody (Category C).

Below are the questions and responses that were discussed at the Pre-Proposal Conference:

Questions

Q-1. Regarding the Custodial Account, who record keeps the 32,000 accounts for the MPCT account?

A-1. Currently this is done in-house. MD 529 has a recordkeeping system and staff maintain the system.

- Q-2. Custody services do not have AFP codes. Is there anything other than the descriptions that you want designated there?
- A-2. No, just the descriptions.
- Q-3. To clarify, there is a Broker Dealer College Investment Plan that's been authorized, but there are no requirements to date, correct?
- A-3. Correct, there is no movement from the MD 529 Board offering that at this time.
- Q-4. Regarding the pricing for lockbox services, is the wholesale lockbox document re-association fee mean you are receiving the paperwork back, including the envelopes?
- A-4. Yes, we receive the paperwork and envelopes.
- Q-5. Do you require the physical documents be returned or are there alternatives that you accept?
- A-5. All physical documents are scanned. All paper copies of signed Applications must be sent to the MD 529 as they are required to maintain these documents.
- Q-6. Can you clarify what a withdrawal transaction is (pg. 15 a)? Is it in reference to user authorities, permissions or physical withdrawals or whatever the case is, ACH, etc.
- A-6. Under the current system we upload a daily check issuance file and verify through positive pay.
- Q-7. So this is largely for the checks?
- A-7. Yes.
- Q-8. Section 3.3.4, regarding direct invoice of fees, is the MD 529 looking exclusively for direct invoice or is there some consideration for compensating balances and offsetting fees?
- A-8. The State requires invoicing of service fees. In terms of compensating balances, the balance is typically transferred to another account, however any residual balance will be used for earnings credit.
- Q-9. Is there a specific location for the local depository facility?
- A-9. MD 529 is looking for a bank to be centrally located close to their Office in Baltimore.
- Q-10. How many check scanners does MD 529 currently have?

- A-10. One.
- Q-11. Section 3.3.4 (pg. 13) – do you require that invoicing be electronic email, or do you require it to be sent by mail?
- A-11. Either way is fine, but electronic email is quicker.
- Q-12. What is the timeframe as far as payment should the payment be there?
- A-12. Receipt of a properly payable invoice is within 30 days of receipt of that invoice.
- Q-13. Section 3.4.1.3.d (Category A) states immediate notification of all dishonored items. What is the expectation and what would like that process to be?
- A-13. An immediate notification is to be received by email or phone call to MD 529, with follow-up of a letter that is mailed for our records. This is mostly ACH returns.
- Q-14. And then checks?
- A-14. Yes.
- Q-15. In Section 3.4.1.4, it's stated that funds are wired from the depository account to the custodial cash management account. Is that automatic?
- A-15. No, it's a standard Fed wire. This is very sporadic. In FY '18 we did not have a transaction from operations to custodial or wired back to them, it may just be a possibility.
- Q-16. Section 3.4.1.5.c, has the request for acceptable copy of all validated deposit tickets, deposit items, and check images received for a period of 7-years. Is CD-ROM acceptable?
- A-16. The current Contractor stores the images for 7 years, however CD ROM is acceptable.
- Q-17. Is online archiving acceptable?
- A-17. Yes.
- Q-18. Section 3.4.1.5.g states, "accept single file with multiple payment methods." As far as the disbursement services, what are the multiple payment methods?
- A-18. Currently MD 529 only issues checks. We are looking for Offerors to let us know if direct deposit, ACH, or other electronic payment options are available.

Q-19. Appendix A-2, what does, "Recruitment Monthly" consists of?

A-19. FDIC.

Q-20. Can you provide details on the average balances in all the deposit accounts?

A-20. Day to day, it fluctuates depending on peak season. The monthly average is approximately \$2 million. The Disbursement account is a zba and the checking account receives \$200,000 to \$250,000 monthly from its Program Manager for the savings plan. The ABLE account payments are received quarterly and currently has a balance of just over \$5,000.