

**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  
BANKING SERVICES FOR COLLEGE SAVINGS PLANS OF MARYLAND  
RFP #CSPM-03062014**

March 31, 2014

- Q-1. Can the Agency provide the Microsoft Excel spreadsheet versions of the pricing forms for Appendix A-1 (Category A – Depository and Disbursement Services), Appendix A-2 (Category B – Lockbox Services), and Appendix A-3 (Category C – Custody Services)?
- A-1. We do not have Appendix A1-A-3 in Microsoft Excel, but can provide them in Microsoft Word. Submit your request to the Procurement Officer.
- Q-2. Is the Agency open to accepting recommendations for the Operating Depository Account currently held at Bank of America (as shown in Exhibit 2)? If so, would the Agency provide detailed activity levels and requirements for same?
- A-2. Offerors may provide brief descriptions of other value added services as part of their response to Section 4.03, item 3.e of the RFP. There are typically five check deposits per month and an equal number of electronic withdrawals.

**General Banking (Depository and Disbursement)**

- Q-3. For the approximate assets for MPCT and MCIP listed on page 10, what is the average monthly balances in the bank depository accounts.
- A-3. The average balance for the past six months was \$10,616,841. It should be noted that this balance fluctuates significantly during periods when the Trust is rebalancing its' investments and making benefit payments to the universities.
- Q-4. Could you clarify what the range of deposits requiring collateralization will be in the comingled account discussed on page 10?
- A-4. The current comingled accounts do not have deposits that require collateralization.
- Q-5. Page 11 – In the list of payment method, the RFP states that checks are mailed or delivered to the office in Baltimore. Are there any other remote office locations that may be accepting payments, if so, can you please provide addresses for those locations?

- A-5. No, there are not any other remote locations.
- Q-6. Page 14 – 3(d) - Can the Agency clarify what is meant by “immediate”? Would same-day reporting meet this criteria?
- A-6. Yes, same day would satisfy the requirement in Section 3.04, Category A, item 3(d).
- Q-7. What type of daily balances do your depository accounts maintain?
- A-7. The Maryland Prepaid College Trust’s Statement of Investment Policy has a long-term target allocation to cash of 0%. The daily balance fluctuates significantly during periods when the Trust is making tuition benefit payments to the universities and implementing the placement of new investments.
- Q-8. For the depository accounts that utilize overnight investments, on average what dollar amount is swept out daily into an overnight investment?
- A-8. The average dollar amount of the daily sweep has been \$8.3 million for the past six months with a range between \$.1 and \$25.1 million.
- Q-9. Would you please supply us with a monthly statement for each of the current depository accounts?
- A-9. A copy of a monthly bank statement will not be made available.
- Q-10. What is your definition of a local depository? Would our bank with branch locations in Charles, St. Mary’s and Calvert Counties be considered local?
- A-10. We are seeking a depository bank within walking distance of the CSPM which is located at: 217 E. Redwood Street, Baltimore, Maryland. A depository bank that is not within walking distance may consider a correspondent relationship.
- Q-11. What might be a reason for courier services to be periodically utilized?
- A-11. The Trust may elect to have our daily check deposit delivered via a courier in the event where we received significant amount of deposits in a single day.
- Q-12. Page 14 – Is the State making any deposits of cash and coin and is this being deposited at a local branch or cash vault? When do you foresee the need to utilize a branch?
- A-12. Yes, CSPM occasionally receives a cash payment which is currently being deposited into the local branch.
- Q-13. Page 14 – Are remote deposit services currently utilized for check deposits now?
- A-13. No, we are not currently using remote deposit services for our check deposits.
- Q-14. If remote deposit services are currently being utilized for checks, can you please provide the number and make/model of scanners being utilized?

- A-14. Please see A-13 response.
- Q-15. Is this service being provided by the existing bank or by a solution in conjunction with your account software?
- A-15. Please see A-13 response.
- Q-16. Page 15 – For the processing of ACH transactions, does the State submit a file via direct transmission or through a file upload via an ACH module in its online banking platform?
- A-16. CSPM loads its daily ACH file to a secure bank portal.
- Q-17. Page 15 – Does the State currently contract directly with a courier service and cash vault services with its existing deposit bank? If so, what courier is being utilized?
- A-17. No.
- Q-18. Can the Agency provide more detail regarding the requirement for armed/ unarmed courier services, (i.e., type of pickups needed- cash and/or checks, frequency of trips required, number of locations to be picked up from, etc.)?
- A-18. Please see A-11 response.
- Q-19. Page 16, #6, c – Is the State requesting a file of images with this requirement?
- A-19. Yes, we are requesting a file of images.
- Q-20. Page 16, 1.a. verification that the withdrawal transaction is acceptable based on the guidelines provided by the CSPM. If possible, please provide the guidelines utilized by CSPM.
- A-20. Guidelines will be discussed with the financial institution awarded the contract for Lockbox Services.

### **Category B – Lockbox Services**

- Q-21. Can the Agency provide a sample of the remittance documents/coupons, if applicable?
- A-21. See Exhibit 1.
- Q-22. Can the Agency provide the lockbox processing requirements for both “Wholesale” and “Retail,” including the output requirements or what the Contractor will be required to data enter/key.
- A-22. Each business day we download a file for the Trust account holder payments sent to the “Retail” lockbox, which contains the previous day’s lockbox transactions, via a secure bank portal. In addition, we receive the reports in Exhibit 2.

Each business day we receive the original enrollment forms received at the “wholesale” lockbox (Exhibit 3).

- Q-23. Can the Agency confirm the volumes listed in the RFP? Are they the expected volumes for the lockbox? If no, can the Agency confirm what the expected volumes are, so the Contractor can provide the best processing solution?
- A-23. Actual volumes are not provided. We expect Offerors to provide the best processing solution. Appendix A is for price comparison purposes.
- Q-24. What is the Agency's current process for posting/reconciling these payments?
- A-24. The "Retail" lockbox file is downloaded from the bank secure portal to our internal network and subsequently uploaded to our record keeping system and reconciled daily. Payments received at the "Wholesale" lockbox are manually entered once the new account has been established by the Trust. These payments are batched and reconciled daily.
- Q-25. What is the Agency doing with the paper that are received back daily? Would the Agency consider expanded image storage options?
- A-25. The Agency has an established records retention policy that documents the onsite and offsite storage requirements of any paper documents routinely used. The Agency will consider expanded image storage options.
- Q-26. How important is the below requirement? How is the Agency handling these items?
- verification that the check is not more than 2 days postdated or 6 months stale dated
  - verification that the check is signed.
- A-26. It is a requirement of the RFP.
- Q-27. Does the State require that the lockbox be located in the State or will the State allow the Lockbox to be located outside the State of Maryland?
- A-27. Lockbox processing does not have to be located in Maryland.
- Q-28. Does the State utilize a PO Box for lockbox remittances that is owned by the State or the Bank?
- A-28. The Maryland Prepaid College Trust uses two lockboxes which are owned by the State.
- Q-29. Will the State allow the lockbox documents to be delivered to a PO Box outside of the State of Maryland?
- A-29. No.
- Q-30. We see in the pricing sheet, pricing elements for Wholesale and Retail lockbox payments. Does the State have both services?
- A-30. Yes, The Maryland Prepaid College Trust currently utilizes both Wholesale and Retail lockboxes for account holder payments.

- Q-31. Can we get more detailed monthly volume estimates including: single match payments, partial payments, multiples, check only payments, rejects, foreign items, correspondence items (with payment and without payment) received today in each lockbox location?
- A-31. We are asking for enhanced services. Previous service usage is not predictive.
- Q-32. Can we get a physical copy of the remittance document and envelope for each lockbox?
- A-32. See Exhibit 1 for a sample of the remittance document. The envelope is a #10 envelope.
- Q-33. Can the State provide written processing instructions for each lockbox?
- A-33. Processing instructions will be provided to the Offeror selected for contract award.
- Q-34. How does the State handle exceptions, correspondence & rejects today?
- A-34. Any exceptions, correspondence and/or rejects are mailed to the Agency daily, along with the remittance reports.
- Q-35. How does the State handle check only items (with and without account numbers)?
- A-35. All check only remittances are returned to the Agency daily and are treated as a rejected item.
- Q-36. Do you have any special processing or requirements?
- A-36. Yes. Special processing will be discussed with the Offeror selected for contract award.
- Q-37. How do you process out of balance multiple payments?
- A-37. Out of balance payments are returned to the Agency daily and are treated as a rejected item.
- Q-38. The RFP indicated that the State requires images of processed items. In what format (i.e.: Internet hosted, image delivery, CD-ROM, DVD) does the State require images? Can The State accept an Image Transmission and if so, in what format?
- A-38. Image Transmission is acceptable. CSPM will work with the Offeror selected for Contract award to ensure accuracy.
- Q-39. Can the State provide the daily transmission file layouts?
- A-39. CSPM will work with the Offeror selected for contract award.
- Q-40. Can the State accommodate Secure FTP?
- A-40. Yes.
- Q-41. Would the State like images of correspondence?
- A-41. Yes.

Q-42. Does the State accept Credit Card payments as a form of payment in the Lockbox? If so, can you please provide volumes in \$ and number of transactions?

A-42. No, the State does not accept credit card payments in either lockbox.

### **Custody**

Q-43. Does the CPSM anticipate any structural changes to the plans asset allocation, manager lineup or any other changes that the custodian should consider when providing a response to the RFP?

A-43. Yes, CSPM is in the process of negotiating contracts with several new asset managers as part of the recent changes made to its' Statement of Investment Policy.

Q-44. If possible, please describe or provide samples of any present customized reporting provided by your present custodian.

A-44. At this time customized reports are not available. We are asking that Offerors have this capability.

Q-45. If possible, please provide the average daily balance invested in the custodian's short term investment vehicle.

A-45. Average daily balance is not predictive.

Q-46. If possible, please provide a holdings reporting in Excel with the following information:

- a. Date (holdings as of)
- b. Fund Name
- c. Number of Shares
- d. Valid Security Identifiers (CUSIP, Sedol)
- e. Security Name
- f. Market Value

Q-46. This information will be provided to the Offeror selected for contract award.

Q-47. Why is the State of Maryland requesting proposals for the College Savings Plans?

A-47. The current Contract expires June 30, 2014.

Q-48. Are we correct in our interpretation of the RFP that custody is not required for MCIP?

A-48. Yes, you are correct that custody is not required for the MCIP.

Q-49. What is the frequency of updating for reporting on assets not held in custody? Are these held as line items with shares and market values updated?

A-49. Reports should be updated monthly (when possible) for assets not held in custody. Assets should be reported as line items with shares and market values.

- Q-50. Are assets not held in custody included in performance reporting?
- A-50. Assets not held in custody are not included in performance reporting.
- Q-51. Is the State willing to provide a conference line for the Pre-proposal conference?
- A-51. A conference line will not be available, however, a summary of the Pre-Proposal Conference will be provided.
- Q-52. Please define the following: Base Fee, Market Value Fee, Book Entry and Physical transaction fee. Provide details to the calculations. Is the MD State Treasurer's Office open to establishing alternative methods of fee calculation (for example, one calculated annual fee).
- A-52. Fees are to be presented in the format provided in Appendix A1 through A-3. No alternative method will be accepted.
- Q-53. What is the required frequency of the list of reports, i.e. daily, monthly, quarterly (page 78)?
- A-53. The information contained on the reports listed should be accessible online daily and in hard copy format monthly.
- Q-54. While we will provide a proposal on the Custodial Services for the MPCT Custodial Investment Accounts, is there a third party group providing advisory services on selecting separately managed accounts (SMA's)? Is the Office open to alternative recommendations on the SMA's?
- A-54. CSPM currently uses Wilshire Associates as its financial advisor for both of its' 529 plans.

## **Appendices**

- Q-55. The volumes contained in the pricing worksheet appear they may be generic volume placeholders rather than actual volumes processed by the State and contained on your monthly bank analysis statement. In order to provide the best possible pricing, could we be provided bank analysis statements that show the specific volumes and line item detail on your current services?
- A-55. Appendix A is for price comparison. Offerors are expected to provide the best processing solution.
- Q-56. Page 73 Appendix I – Will the State simultaneously consider “designation of depository” with review of the RFP response?
- A-56. The Designation of Depository is included as an Exhibit to the Contract and will be completed upon execution of the Contract documents. The Designation of Depository is for this contract only.

**EXHIBIT 1**

**RFP #CSPM-03062014**

Account holder name  
Beneficiary name

Make Checks Payable To:

MARYLAND PREPAID COLLEGE  
TRUST  
P.O. BOX 17412  
BALTIMORE, MD 21297-1412

Account holder name  
Street address1  
Street address 2  
City, State zip

00S0CSECNUMBXXXXXXXXX000167008

**MARYLAND PREPAID COLLEGE TRUST**

OFFERS THE SECURITY OF A LEGISLATIVE GUARANTEE

Please do not make changes to your account on your coupons but mail a request separately.

Contract No.	XXXXXXXX
Due Date	April 1, 2014
Amount Due	167.00
If Received After	April 17, 2014
Late Fee	\$10.00
Late Payment	177.00

If applicable, a new coupon book will be mailed to you automatically. Coupons are mailed 2-3 weeks prior to the first of each month. Please put your account number on your check.

**AVOID LATE CHARGES:** Payments must be received on or before the due date. A late charge will be assessed for each payment not received within fifteen (15) days of the due date. Late Charges are assessed according to the day payment is actually received, not the postmark date.