

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
LOCKBOX BANKING SERVICES
RFP # LB-11212016**

December 21, 2016

Q-1. Can Appendix A be provided in Excel format?

A-1. To request a copy of the Appendix A - Price Proposal in Excel format, email the Procurement Officer at: www.procurement.state.md.us.

Q-2. Can there be a second round of questions once the initial Q&A is received?

A-2. A "second round" of questions is not scheduled for this RFP. If you have any additional questions, please submit them to the Procurement Officer for consideration.

Q-3. Can we use your logo on the cover page of the response?

A-3. Yes.

Q-4. For audited financial statements, instead of printing them out, can we provide these electronically?

A-4. One copy of the financial statements is to be included in the "original" copy of the technical proposal. An Offeror's financial statements can be provided on a CD, or by hard copy.

Q-5. Would the Maryland State Treasurer's Office consider removing the following requirements?

- Requirement 1 - The Offeror is a financial institution as defined in Section 6-201(e) of the State Finance and Procurement Article of the Annotated Code of Maryland.
- Requirement 2 - The Offeror must be certified by or a member with the Federal Deposit Insurance Corporation ("FDIC").

A-5. Requirement 1 - No.
Requirement 2 - No.

Q-6. As a lockbox processor, we are bank agnostic and will support your current depository relationship and support the requirement for mail pickup at Baltimore P.O. boxes. Would

the State Treasurer's Office consider removing all references requiring the Offeror to be a financial institution?

A-6. No.

Q-7. Can you provide a current bank analysis statement?

A-7. We are unable to provide a current bank analysis statement, as there is no combined analysis statement for the lockbox bank accounts. Each agency is responsible for its own bank analysis. The State Treasurer's Office will want to view the agencies' monthly bank analysis under the new contract.

Q-8. Under depository services on page 13, what types of items will you be receiving?

A-8. The lockboxes will be receiving checks, money orders and cash.

Q-9. Is the Treasurer's Office able to release a copy of the current lockbox procedures for each agency to clarify processing requirements?

A-9. See answer to answer to Question 10 (below).

Q-10. Can you share your current processing instructions for each of your Lockboxes included in this RFP? We would ask they include the following for *each* Lockbox:

- a. Check Negotiability Requirements – Check Date Review, Number of Acceptable Payees
- b. Document Negotiability Requirements
- c. Sorting Requirements
- d. Supplemental Data Entry field requirements – from check and/or documents
- e. Reporting Delivery Requirements – Data Transmission, on-line human readable, paper
- f. Paper/Photocopy requirements – re-association
- g. Image Delivery – online, transmission
- h. Exceptions/Decisioning Requirements – business rules for decisioning, time window
- i. Data Transmission File Specifications
- j. Current Deposit cutoff/deadline

A-10. Each lockbox set up is unique and each agency's requirements are different; the Offeror awarded the contract will be given complete information to complete the transition.

Q-11. We noticed that there are only 6 DDA accounts but 35 lockbox accounts. Please confirm how these lockbox accounts are structured and linked to the corresponding demand deposit account for each agency.

A-11. See Page 8 of the RFP – there are 48 lockboxes utilizing 35 DDA accounts.

Q-12. Which agencies require/desire receiving a combined reporting Data Transmission with both Lockbox and electronic (Wire/ACH) payments?

A-12. We do not currently have combined Data Transmission for Lockbox and Wire/ACH.

Q-13. Can you please provide samples of the standard documents/forms expected to be received in each agency's Lockboxes?

A-13. Each agency is responsible for creating and testing of document/forms; therefore, we are unable to provide samples. Most forms change from year to year.

Q-14. Is special handling of passport photos and the identification and special handling of notarized documents a requirement of this RFP?

A-14. Most agencies require special handling of their documents.

Q-15. Is special handling of social security number and handwritten limitations for your higher volume agencies a requirement of this RFP?

A-15. Privacy laws require security by the lockbox processor of all information, particularly social security numbers and tax identification numbers. There is higher volume agency that requires processing of handwritten documents.

Q-16. Is there a requirement for same-day processing for large, unique P.O. boxes?

A-16. Yes.

Q-17. Is there a requirement for establishing and maintaining specific business rules for vendor payments?

A-17. Yes. There are specific requirements for every lockbox payment processed.

Q-18. Is there a requirement for transcribing desired information onto a payee's payment method and into the agency's data files?

A-18. There is no transcription onto the monetary instrument.

Q-19. Is there a requirement for manually identifying the correct drug program to process payments against for payees?

A-19. Yes.

Q-20. Can you share your current vendor billing invoice, less pricing, that shows specific monthly volumes and services provided for *each* agency's Lockbox:

- a. For a peak month
- b. For an off-peak month

A-20. No. See Answer to Question 7 above.

Q-21. What is your average monthly balance for all accounts at Citibank (the current processor) combined?

A-21. Average monthly collateral balance for all accounts is \$24 million.

- Q-22. Please confirm that the total monthly check processing volume for all lockboxes. The provided sorting and data capture volumes are very high compared to check clearing volumes.
- A-22. See attached Exhibit A. Data capture volume is keystroke volume.
- Q-23. Do you desire to receive electronic transmissions on weekends (Sat, Sun or both) or any Holidays?
- A-23. Electronic transmissions take place every banking day.
- Q-24. File Transmission – Which system is currently used to upload file reports?
- A-24. Each agency maintains its own sub-system to upload file reports.
- Q-25. Do you use a Stop File or Positive File processing to validate customer account numbers are acceptable for processing?
- A-25. Not at this time.
- Q-26. What are your requirements for Return Items (return check) processing?
- A-26. Each agency sets its requirements for return items processing.
- Q-27. Do you receive foreign checks other than USD items drawn on a Canadian bank?
- A-27. No.
- Q-28. For Electronic Check Deposits (ECD) can you answer:
- a. Which State Agencies deposit checks through this channel?
 - b. Do the checks represent identical payment types received through the Lockbox, only received separately?
 - c. If any are different payment types, can you provide more detail on what they are for?
- A-28.
- a. Department of Labor, Licensing & Regulation
 - b. Yes
 - c. N/A
- Q-29. Section 3.04 Lockbox Services Requirements, number 1.
The RFP states, “The Offeror must have at least one branch in Maryland and currently be operating lockbox services for clients from the Baltimore Post Offices. This lockbox function must include a separate department of the Offeror or, the Offeror must show a substantial commitment of continuation of operations in this area.”

What is the anticipated role of a branch in Maryland for this procurement that is just for lockbox services and why is it a “must have” requirement?

- A-29. See the attached Amendment to the RFP regarding Section 3.04.1.
- Q-30. Similarly, why is it mandatory to have a Baltimore Post office box in paragraph 1, when in paragraph #4 of this section there is an option: "or any other postal facility which may improve deposit and funds availability"?
- A-30. See the attached Amendment regarding Section 3.04.4.
- Q-31. It appears that it is a requirement to have a lockbox operation in Maryland for this RFP. Is that true, to show our commitment?
- A-31. Lockbox operations can be located outside of the State of Maryland as long as there is daily pick up from the post office and all items are processed same day.
- Q-32. Is Treasurer's Office equally open to Post Office locations in Baltimore, Washington and Philadelphia provided funds availability is equal or improved?
- A-32. Not for Washington and Philadelphia. Post Office Box locations must have a Maryland address.
- Q-33. Do you currently perform consumer check conversion to ACH for deposit (ARC processing)?
- A-33. No.
- Q-34. Is Treasurer's Office open to efficiencies that will eliminate manual document handling and paper return?
- A-34. Yes.
- Q-35. For the purposes of determining compliance with the Living Wage statute, which employees are considered to be "covered employees" for the purposes of the statute?
- A-35. As stated in the Living Wage Requirements for Service Contracts, A., "...An employee is subject to the Living Wage if he/she is at least 18 years old or will turn 18 during the duration of the contract; works at least 13 consecutive weeks on the State Contract and spends at least one-half of the employee's time during any work week on the State Contract."
- Q-36. How many times per day is the State of Maryland lockbox work driven from the Baltimore Post office to Delaware for processing?
- A-36. Once a day (early morning), five days per week.
- Q-37. Are there any batch volume requirements?
- A-37. Each agency will determine its batch volume requirements.

- Q-38. Can you clarify if 'Envelope Return – Reassociation' is included under the line item 'Reassociation'.
- A-38. No, it is a fee for returning the physical envelope for reassociation customers.
- Q-39. 25-07-0-3 – ACH Confirmation – Addenda Recd – Per item fee addenda records delivered from bank to customer in the ACH confirmation – volume 35,674. Tell us more about these addenda records and provide additional details on how the ACH files are being sent. What addenda details is the State receiving? Are these ACH debits for collecting payments and if so which agencies are using this service?
- A-39. The State is being sent ACH transactions that have addenda included. The addenda details commonly include information that help the State reconcile the items, for example tax or licensing numbers. The State is not initiating electronic collections through this contract.
- Q-40. How much has the ACH collection volume increased over the years and has the State been able to migrate taxpayer, etc. constituents to electronic payments? Can we make other suggestions for Online Payment Acceptance or does that fall under a separate RFP?
- A-40. Separate RFP.
- Q-41. Will the State allow the Lockbox provider to also process credit card transactions using our own processor?
- A-41. No.
- Q-42. 25-10-5-0 – Standing Order Maintenance – fee to maintain a specific override on an account (debit filter) that has a generic debit block – volume 62 – is this the # of accounts that has the ACH Fraud Control service or is this related to the State adding new authorized filters?
- A-42. This volume represents the number of filters set up (either credit or debit filters) that allow the items to be presented to the account.
- Q-43. 32-99-9-9 – Checks Cleared - Charge for processing deposited checks drawn on the bank of deposit. The checks have been MICR encoded for the dollar amount by the customer – volume 17,211 – Are the agencies pre-encoding checks before sending to the lockbox?
- A-43. No.
- Q-44. Photocopies – volume 2,366 – what does this line item represent? Are certain agencies receiving paper copies of the lockbox work sent back? If so what agencies?
- A-44. Certain agencies are receiving paper copies of the lockbox work. The information will be supplied at the time of transition.
- Q-45. 40-02-1-0 – Online Services – Monthly Rpts./Inq. - Charge per billable report/inquiry menu selection accessed on Online Services (Including Balances, Payments, Liquidity, Disbursements). Volume 183 – what does this line item represent?
- A-45. This is the per item fee for reports that are pulled via the online system.

Q-46. 40-04-1-2 – File Exchange/Message Process Monthly Maintenance - Monthly charge for general file exchange and messaging process services including maintaining regional and global client file profiles and connections. The charge is applied per client profile (CUID). Volume – 6 - What are the agencies receiving?

A-46. This is the per customer fee for the setup of direct connection file exchange.

Q-47. 40-06-3-X – File Exchange Outbound File – the fee for processing an outgoing file – volume 510, what Files is the State receiving?

A-47. These files are the data or image transmissions sent to the State.

Q-48. 32-99-9-9 Exception Que Maint- Maintenance for each Exception Queue on the Image Archive. Please confirm what this line item is related to?

A-48. This is the maintenance fee for Exception Letter templates to be stored.

Q-49. Which agencies are using the Exception letter processing service? Can you provide a sample of one of these Exception letters that is sent for checks that cannot be processed?

A-49. There are at least 11 exception letters:

- Stale or Post Dated Checks
- Materials not related to State of Maryland
- Documents are related to State of Maryland, attached check is not
- Unable to Process Check/Correspondence
- Check made payable to someone to other than the State of Maryland
- Routing and/or account numbers are missing from the bottom of the check
- Check amount in numeric and written fields do not agree
- Copy, not actual check, was received
- Materials received were damaged in the mail – please send a new check with account information
- Checks drawn on a foreign bank cannot be processed by the State’s depository bank
- Check enclosed was incomplete, blank void or unsigned

Q-50. Please share a sample collateral report that the State receives today from the incumbent bank.

A-50. Yes. See attached Exhibit B. Please note that The Treasurer’s Office requires the collateral report in both Excel and PDF formats by the 10th of every month.

Q-51. Would the State be willing to receive a report based on the aggregate collected balance as of month end versus ledger?

A-51. No.

Q-52. Can the State provide a specific timeline for fully transitioning the lockboxes to the new provider? In other words, would this take 6 months, 1 year, 2 years or more, based on your

prior experience? Will the State have an internal project team assigned to help facilitate this project or will the responsibilities be allocated to the various agencies?

- A-52. See Page 17 of the RFP. We expect that the transition will take at least 9 months. The Treasurer's Office will have a team assigned to assist with the transition. Each agency will assign its own team.
- Q-53. Page 21 refers to the Economic Benefits for dollars to be recycled into Maryland's economy, jobs, tax revenue etc. Since the current work is being processed in Delaware and not in Maryland, what type of weighting does the Economic Benefit account for in the RFP?
- A-53. Refer to 5.03 of Section V. Evaluation and Selection Procedures, for information on the evaluation factors and their relative importance.
- Q-54. When the State of Maryland issued a similar lockbox RFP in 2011, the liability language we proposed passed the Volume I-Technical Proposals section evaluation. The liability language in the 2011 Lockbox RFP was similar to the language contained in the 2016 RFP sample contract, Article IV-General Condition, paragraph 4.1. Is the State willing to negotiate this provision in a manner similar to what was proposed in 2011?"
- A-54. Any discussions with qualified Offerors will be conducted in accordance with Section 2.04 Proposal Acceptance; Discussions and Section 5.08 Responsibility of this RFP.

DEPOSIT BALANCE REPORT PREPARED FOR
THE MARYLAND STATE TREASURER'S OFFICE
FOR THE CALENDAR MONTH OF

NOVEMBER 2016

(A)	(B)	(C)	(D)	(E)	(F)		
ACCOUNT NAME	ACCOUNT NUMBER	FEDERAL TAX ID #	INTEREST BEARING (I) / EARNINGS CREDIT (E)	INTEREST EARNED FOR THE MONTH	CLOSING BALANCE ON THE LAST BUSINESS DAY OF THE MONTH		
Department of Labor, Licensing, and Regulations Contributions Division						Non Interest	CKG
Comptroller of The Treasury Revenue Administration						Non Interest	CKG
Department of Assessments and Taxation						Non Interest	CKG
Department of Budget and Management - Employee Benefits Division						Non Interest	CKG
Maryland Department of the Environment						Non Interest	CKG
Baltimore City Community College - WBJC - Radio						Non Interest	CKG
Maryland Aviation Administration						Non Interest	CKG
MD Institute for Emergency Med Svcs Systems (MIEMSS)						Non Interest	CKG
Univ. of MD, Baltimore Dental School (UM FDSP)						Non Interest	CKG
Department of Commerce						Non Interest	CKG
Department of Commerce						Non Interest	CKG
University of Maryland at Baltimore - Sponsored Projects - Accounting and Compliance						Non Interest	CKG
University of Maryland at Baltimore- Central Billing						Non Interest	CKG
University of Maryland at Baltimore - Student Accounting						Non Interest	CKG
Morgan State University						Non Interest	CKG
Office of the Public Defender						Non Interest	CKG
Office of the Public Defender						Non Interest	CKG
DPSCS Division of Parole & Probation						Non Interest	CKG
Comptroller Division - Unclaimed Property Unit						Non Interest	CKG
Board of Physicians - renewals						Non Interest	CKG
Board of Physicians - all except renewals						Non Interest	CKG
Central Collections Unit						Non Interest	CKG
Dept of MD Health Mgmt Svcs						Non Interest	CKG
Department of Agriculture						Non Interest	CKG
Maryland Public Television						Non Interest	CKG
Dept of Juvenile Justice						Non Interest	CKG
Dept of Labor, Licensing & Regulation - Office of Professional Licensing						Non Interest	CKG
Dept of Public Safety, Div of Correction						Non Interest	CKG
State of Maryland - DHMH - Drug Rebates						Non Interest	CKG
MD Board of Pharmacy - Pharmacist & Intern						Non Interest	CKG
MD Board of Pharmacy - Pharmacist Technician						Non Interest	CKG
MD Board of Pharmacy - Pharmacist Distributor						Non Interest	CKG
MD Board of Pharmacy - Misc.						Non Interest	CKG
State of Maryland DHMH Premium						Non Interest	CKG
TOTAL UNINSURED COLLECTED BALANCES		Grand Total			\$ -		

SAMPLE BANK

DEPOSIT BALANCE REPORT PREPARED FOR
THE MARYLAND STATE TREASURER'S OFFICE
FOR THE CALENDAR MONTH OF

NOVEMBER 2016

(A)	(B)	(C)	(D)	(E)	(F)
HOLDER	HOLDER ACCOUNT #	CUSIP #	DESCRIPTION OF COLLATERAL	MATURITY DATE	PAR / FACE VALUE

TOTAL PAR VALUE OF PLEDGED COLLATERAL

\$0.00

