



# MARYLAND STATE TREASURER

## MARYLAND STATE TREASURER'S OFFICE (STO)

### REQUEST FOR PROPOSALS (RFP)

### GENERAL, TAX REFUND, AND PAYROLL DISBURSEMENT AND CUSTODY SERVICES

**RFP # DISB-06232025**

**ISSUE DATE: JUNE 23, 2025**

### NOTICE TO OFFERORS

**The State Treasurer's Office strongly encourages MBE participation in all its solicitations, especially when there is/are no stated goal(s). To the extent that MBEs employed in this industry are interested but are not fully qualified to respond, please contact the Procurement Officer listed on the Key Information Summary Sheet for further information.**

A Prospective Offeror that has received this document from a source other than eMarylandMarketplace (eMMA) <https://procurement.maryland.gov> should register on eMMA. See **Section 4.2**.

## VENDOR FEEDBACK FORM

To help us improve the quality of State solicitations, and to make our procurement process more responsive and business friendly, please provide comments and suggestions regarding this solicitation. Please return your comments with your response. If you have chosen not to respond to this solicitation, please email or fax this completed form to the attention of the Procurement Officer (see Key Information Summary Sheet below for contact information).

**Title: General, Tax Refund, and Payroll Disbursement and Custody Services**  
**Solicitation No: RFP#DISB-06232025**

1. If you have chosen not to respond to this solicitation, please indicate the reason(s) below:
  - ☐ Other commitments preclude our participation at this time
  - ☐ The subject of the solicitation is not something we ordinarily provide
  - ☐ We are inexperienced in the work/commodities required
  - ☐ Specifications are unclear, too restrictive, etc. (Explain in REMARKS section)
  - ☐ The scope of work is beyond our present capacity
  - ☐ Doing business with the State is simply too complicated. (Explain in REMARKS section)
  - ☐ We cannot be competitive. (Explain in REMARKS section)
  - ☐ Time allotted for completion of the Proposal is insufficient
  - ☐ Start-up time is insufficient
  - ☐ Bonding/Insurance requirements are restrictive (Explain in REMARKS section)
  - ☐ Proposal requirements (other than specifications) are unreasonable or too risky (Explain in REMARKS section)
  - ☐ MBE or VSBE requirements (Explain in REMARKS section)
  - ☐ Prior State of Maryland contract experience was unprofitable or otherwise unsatisfactory. (Explain in REMARKS section)
  - ☐ Payment schedule too slow
  - ☐ Other: \_\_\_\_\_
2. If you have submitted a response to this solicitation, but wish to offer suggestions or express concerns, please use the REMARKS section below. (Attach additional pages as needed.)

REMARKS:

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Vendor Name: \_\_\_\_\_ Date: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_ - \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**STATE OF MARYLAND**  
**MARYLAND STATE TREASURER'S OFFICE (STO)**  
**KEY INFORMATION SUMMARY SHEET**

<b>Request for Proposals</b>	<b>GENERAL, TAX REFUND, AND PAYROLL DISBURSEMENT AND CUSTODY SERVICES</b>
<b>Solicitation Number:</b>	RFP#DISB-06232025
<b>RFP Issue Date:</b>	Monday June 23, 2025
<b>RFP Issuing Office:</b>	Maryland State Treasurer's Office (STO or the "Office")
<b>Procurement Officer:</b>  <b>e-mail:</b> <b>Office Phone:</b>	Kris Chewlin 80 Calvert Street, Room 109 Annapolis, Maryland 21401 kchewlin@treasurer.state.md.us 410-260-7428
<b>Proposals are to be sent to:</b>	eMMA Portal or via Trackable Mail or Hand Delivery ( <b>PLEASE NOTE THAT DELIVERY via the eMMA PORTAL IS HIGHLY PREFERRED</b> )
<b>Pre-Proposal Conference:</b>	There will not be a Pre-Proposal Conference for this Procurement
<b>Questions Due Date and Time</b>	<b>Monday July 14, 2025 at 4PM EST</b>
<b>Proposal Due (Closing) Date and Time:</b>	<b>Monday August 11, 2025 at 4PM EST</b> Offerors are reminded that a completed Feedback Form is requested if a no-bid decision is made (see <b>page ii</b> ).
<b>Oral Presentations (for short- listed offerors)</b>	<b>During the weeks of August 25 – September 4, 2025 at the STO's location in Annapolis MD.</b>
<b>MBE Subcontracting Goal:</b>	There are no MBE goals related to this RFP.
<b>VSBE Subcontracting Goal:</b>	There are no VSBE goals related to the RFP.
<b>Contract Type:</b>	Indefinite quantity with fixed unit prices.
<b>Contract Duration:</b>	Five (5) Year base period with two (2) two-year renewal options.
<b>Primary Place of Performance:</b>	Annapolis, Maryland
<b>SBR Designation:</b>	No
<b>Federal Funding:</b>	No

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# 1 Minimum Qualifications

## 1.1 Purpose

The Maryland State Treasurer's Office ("STO" or, the "Office") is responsible for the deposits, investment and disbursements of funds into or out of the State Treasury. STO is the issuer of this RFP and is requesting proposals from a financial institution to provide **(a) banking disbursement services of State funds (CATEGORY A); and (b) custody services for the State's investment securities (CATEGORY B). Offerors MUST bid on both categories to be considered for award. It is STO's intent to make one contract award for both categories.**

**STO will accept proposals from Offerors who choose to partner with another financial institution under separate, subcontract agreement for Categories A and/or B. The subcontracted institution must meet the Minimum Requirements stated below. Each proposal must clearly identify who the Offeror (Prime) is and who the sub-contractor is (if applicable). One contract award will be presented to the chosen Offeror.**

## 1.2 Offeror Minimum Requirements

As part of the determination to be considered reasonably susceptible of being selected for award, each Offeror shall specifically and clearly state in its proposal that it meets the requirements in this section. The minimum requirements are for both the disbursement services and custody services, unless otherwise specified. Failure to do so may result in the rejection of the proposal by the Procurement Officer.

- 1.2.1 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 (Appendix 2).
- 1.2.2 The Offeror must be certified by or a member in compliance with the Federal Deposit Insurance Corporation ("FDIC").
- 1.2.3 The Offeror must have and maintain for the duration of the Contract, a Kroll Bond Rating Agency ("KBRA") rating, or a similar financial strength rating from a nationally recognized statistical rating organization (NSRO) of at least a "B-" or alternatively, an IDC Financial Publishing, Inc. numerical performance rating/grade of at least a "158" for the duration of this Contract (and/or) effective services rendered by the State Treasurer's Office (STO). Should the Offeror's rating drop below a "B-" or "158", the STO may dismiss the Offeror, require additional collateral of the Offeror, or take other actions to protect State funds and the interest of the State of Maryland at the sole discretion of the Treasurer or Treasurer's Designee.
- 1.2.4 The Offeror must have the ability to clear transactions or cash through all major book entry or electronic securities depositories, such as the DTC/ID system and the Federal Reserve System.
- 1.2.5 The Offeror must actively hold membership with the National Automated Clearing House Association (NACHA) and strictly adhere to its rules, guidelines, and procedures. Additionally, upon request by the STO, the Offeror must promptly provide a plan of action within fifteen (15) business days to address and implement any necessary or proposed fraud and risk-related changes mandated by the National Automated Clearing House Association (NACHA). The Offeror must have a plan for business continuity and recovery as a result of disaster, cybersecurity breach, internal embezzlement, etc.

- 1.2.6** The Offeror must provide for the collateralization of all funds in accounts in accordance with the requirements set forth in Sections 6-202, 6-209, and 6-222 of the State Finance and Procurement Article. (See Appendix 3, 4, and 5). Except as required or permitted under §6-202 with respect to surety bonds or letters of credit provided as collateral shall be on deposit in the name of the State of Maryland, either with (a) the Federal Reserve Bank of Boston, or (b) at the sole discretion of the Treasurer, on deposit with an independent financial institution acceptable to the Treasurer. The Offeror must agree to conform to all FDIC guidelines on collateral to ensure clear title to all collateral held will rest with the Treasurer in the event of default. All costs associated with the placement of this collateral will be the responsibility of the Offeror.
- 1.2.7** The Offeror must provide a robust and secure electronic portal or online tool, ensuring seamless access to an advanced treasury system and platform. This tool should offer interactive viewing, processing and reporting of Banking and Custody activity for the State.
- 1.2.8** The Offeror must provide electronically, in an agreed upon format, by the tenth of the subsequent month, reports on account balances and collateral in accordance with requirements set forth in § 6-210 (Appendix 7).
- 1.2.9** The Offeror must electronically report, in an agreed upon format, interest earnings transferred to the Office, by the tenth of the subsequent month.
- 1.2.10** The Offeror must have an independent certified public accounting firm perform a comprehensive audit of its financial statements and receive an unqualified opinion certifying the Offeror's financial position in accordance with applicable financial industry performance standards. Proof of audit and opinion must be submitted via secure email to [bankingcollateral@treasurer.state.md.us](mailto:bankingcollateral@treasurer.state.md.us) by April 15<sup>th</sup> each calendar year.
- 1.2.11** The Offeror is required to procure an industry standard and comprehensive SOC 2, Type 2 Banking Compliance report annually from an external or independent source or party and must cover the entirety of the previous calendar year. The Offeror is required to deliver the results of the comprehensive SOC 2, Type 2 Compliance report certification from the audit firm which must include the period of the audit, a list of any exposed vulnerabilities and/or deficiencies found, and what remedial action is being taken to address the issues. The State reserves the right to receive additional information including the full report upon written request. The results shall be distributed to the STO no later than October 15<sup>th</sup> each calendar year by secure email to [bankingcollateral@treasurer.state.md.us](mailto:bankingcollateral@treasurer.state.md.us) with a copy to the Procurement Officer.
- 1.2.12** The Offeror must provide customer support in English and Spanish languages.
- 1.2.13 Disbursements Services Specific** - The State requires the Offeror to honor all checks, ACH, and wires during overnight and daylight account overdraft within one business day.
- 1.2.14 Disbursements Services Specific** - All bank fees and charges incurred or assessed for each disbursement account must be itemized and furnished to the applicable State agency via an electronic or downloadable statement/invoice for services rendered. The Offeror must not assess, charge, or automatically debit any disbursement account for bank fees or charges.
- 1.2.15 Disbursements Services Specific** – Each disbursement account established under this Contract must default to receive earnings income credit. The monthly earnings income credit rate must be itemized clearly on each month's statement/invoice.



## 2 Contractor Requirements: Scope of Work

### CATEGORY A

#### GENERAL, TAX REFUND, AND PAYROLL DISBURSEMENT SERVICES

##### 2.1 Summary

The requirements include the establishment and maintenance of State accounts for disbursement services, and the accurate and timely processing of all statewide banking services related to the accounts including, but not limited to; controlled disbursement, payee positive pay, zero balance sweep accounts, banking API integration, earnings income credit rate, bank reconciliation for all disbursement accounts including Automated Return of Payment (ARP), Account Validation services (AVS), ACH debit blocks, ACH fraud controls, ACH Pre-note processing, ACH origination capabilities, access to the bank's Web-based Portal System to complete transaction inquiries and research (i.e. account detail/summary look ups, pre-note failures, paid check images, outstanding checks and transaction detail information) and the ability to process transactions (i.e. check stops and wires) along with a variety of electronic reporting and communication needs.

Below is a summary list of banking services, not necessarily all inclusive, that will be required for consideration of an award.

- **Government Online Banking Fraud Controls**  
Controlled Disbursement, Payee Positive Pay, Account Validation Services
- **Large Batch Data File Transmittals**  
Electronic file sending and receiving capability through Secure File Transmission Protocol (SFTP)
- **Account Reconciliation, Online ACH Maintenance/Research Request Options, & Online Itemized Reporting Services**  
Electronic copy of ACH activity reconciliation reports (detail and summary information);  
Daily, Interim-Day and Monthly Electronic bank statements (itemized detail and transaction summary information)
- **ACH Origination and Online ACH Submission Request**
- **Next Day Online Check Imaging & Online Check Maintenance/Research Request Options**  
Online expedited next day viewing of paid check images  
Online tool to expeditiously submit stop payment requests on pending checks to be presented; these stop payments must be effective on the same business day as submission.

##### 2.2 Order of Precedence

The Contract between the parties will be embodied in the Contract documents which will consist of the following, listed in their order of precedence:

1. the executed Contract;
2. the RFP; and
3. the Offeror's proposal.

The Office will not accept any modifications to the order of precedence provision of this solicitation.

## 2.3 **Background of Current Banking Structure**

The State's current Disbursement banking structure consists of the Main Disbursement account with the following accounts tied to it:

- 1) ZBA arrangement: Controlled Disbursement: Vendor account
- 2) ZBA arrangement: Payroll, MTA Payroll, RAD Income Tax, and RAD Quick Pay
- 3) RAD SITLP is a stand-alone bank account
- 4) MSRPS checks and ACH payments are facilitated by the Treasurer's Office on MSRPS' behalf. This account is not tied to Treasurer's Office banking structure.

The STO reserves the right to consolidate, increase and decrease the number of accounts and the payment types issued from these accounts during the contract term.

### 2.3.1 **Main Disbursement Account**

Cash is managed at the Main Disbursement account level. Daily collected balances are transferred from the State's depository services provider to the Main Disbursement account. The various disbursement accounts receive automatic funding from the Main Disbursement account.

For the purposes of this Contract, "local time" shall be defined as Eastern Standard Time as observed by Annapolis, Maryland.

Currently, the STO Investment Division utilizes the bank's online system to access the cash position, which includes the first presentment/cleared checks, by 7:00 a.m. local time. The second presentment/cleared checks are accessed by 8:30 local time. A daily threshold balance of \$15 million is maintained to accommodate any variances in the check clearing estimates. This daily threshold balance is solely determined by STO, and changes (increases/decreases) based on STO business operations.

There are multiple days during the fiscal year when the State's vendor disbursements exceed \$3.5 billion, and \$2.0 billion disbursement days are frequent. **It is important to note that the disbursement account will be funded on the settlement date (versus the transmission date of the ACH file).**

ACH transactions are issued in the CCD+ format with an addendum record, CTX format with an addendum record or EDI format.

<b>Forms of disbursement</b>	FedWire and S.W.I.F.T.
<b>Monthly volume of incoming wires</b>	50
<b>Monthly volume of outgoing wires</b>	100
<b>Average monthly vendor ACH volume</b>	35,000

### Brief Description of Vendor Disbursement Services

<b>Forms of disbursement</b>	Checks
<b>Average monthly vendor check volume</b>	75,000
<b>Average monthly stop payment volume</b>	650

The Treasurer's Office utilizes a full Account Reconciliation Process semi-monthly with daily paid electronic files of all items. A web-based stop payment system is used.

### 2.3.2 Brief Description of the Income Tax Refund Disbursement Services

These accounts are associated with the disbursement of State Income Tax Refunds resulting from over payments by individuals, corporations, and fiduciaries.

Tax-General Article, Titles 1, 2, 10 and 13 of the Annotated Code of Maryland, provide for the State income tax on individuals, corporations, and fiduciaries. Additionally, they provide for the local income tax on individuals, which is imposed by the twenty-three counties and Baltimore City and is collected by the Comptroller of Maryland, Revenue Administration Division (the "Division"). The local income tax is shared with the incorporated municipalities. The Division is also responsible to the taxpayers to return those funds paid to the Division through the payroll deduction and/or quarterly tax payments that are not due the State through the filing of a valid tax return.

Checks and ACH credit entries are drawn from these accounts for tax refund payments only. ACH entries will use the National Automated Clearing House's ACH record format specifications for PPD. The account is funded from the Treasurer's Main Disbursement account. Additionally, disbursements to the federal government are made in connection with a tax intercept program (SITLP).

The State maintains three separate disbursement accounts to facilitate the tax refund process:

- The first account is designated for issuing refund checks and direct deposits processed on a routine basis. Ideally, this account will be funded as the ACH's and checks clear.
- The second account is allocated for disbursing emergency payments, commonly referred to as "quick pay" checks. In most cases, these checks involve fewer than 100 transactions per year. Ideally, this account will be funded as checks clear.
- The third account is reserved for the IRS tax liability offset program (SITLP), which permits the IRS to directly debit an account. This account is funded by a wire transfer from the State's Main Disbursement account.

<b>Annual checks issue file for income tax refunds transmission</b>	405,000
<b>Annual ACH transactions initiated for income tax refunds</b>	1,960,000
<b><i>Other activity on income tax refund account (annual volumes):</i></b>	
<b>Stop payments</b>	200

<b>Requested copies/images of paid items</b>	500
<b>Returned items (failed direct deposits)</b>	47,500
<b>Quick checks</b>	150

### 2.3.3 Income Tax Refund Disbursement Services Requirements

Please indicate your compliance with the following requirements in your proposal. **Indicate compliance with a “YES” if you meet the requirement or “NO” if you do not meet the requirement.** You may also supply brief supporting statements.

- The Offeror must allow for a limited number (state number in bid) of emergency telephone stop payment request with confirmation the same day of request.
- The Offeror must credit the account within 24 hours after receipt from the State of an affidavit certifying that the endorsement on an item is a forgery.
- The Offeror must render complete bank reconciliations within ten (10) days of the end of the period. Generally, a period will be ten (10) days twice a month. These reconciliations are intended to be a full ARP. Completed reconciliations should include all maintenance reports used during the reconciliation period, including a list of corrected check serial numbers of rejected checks.
- The Offeror must provide legible images of items, including clear checks within 8 business hours of the request. Request for items over two years old must be provided within 72 hours of the request
- The Offeror hereby acknowledges and agrees that in the case of rejection of any ACH & Direct Deposit disbursement payments by the intended financial institution, upon the Offeror's generation of an ACH & Direct Deposit report that reflects the details of the rejected transactions, encompassing transaction dollar amounts and payee information, payment number, transaction number, Employee ID number, the Offeror is legally obligated to promptly ensure the return and crediting of funds to the initiating disbursement account within one business day of acknowledging the rejected ACH & Direct Deposit truncations. This adherence to timely fund restitution serves as a binding commitment and obligation of the Offeror under the terms of this contract.
- All ACH failures/returns must be accessible through the Offeror's online banking platform/system by 6:00 a.m. local time on the subsequent business day after receiving the failure notification from the receiving bank. The Offeror is required to generate a distinct 'Custom Report' exclusively for ACH failures/returns for each Agency separately. This segregated 'Custom Report' for each agency individually should be readily available on Offeror's online banking platform/system every business day.
- All successful Pre-notes and Pre-note Failures must be accessible via the Offeror's online banking platform/system by 6:00 a.m. local time the following business day after the Pre-note response is received. Access to the online banking platform/system are to give online users the ability to search, view, print and download/save all successful Pre-notes and Pre-note Failures in Microsoft Excel and Adobe .pdf formats.

Details are to include the following:

- Bank Account Number
  - Receiver bank account number
  - ACH Issuance date
  - ACH return reason code
  - ACH return reason description
  - ACH return tracer id
  - Payee Name
  - Vendor Payment Number
  - Individual Name/ID Number
- All ACH Notifications of Change (“NOCs”) must be accessible via the Offeror’s online banking platform/system by 6:00 a.m. local time the following business day after the NOC is received by the bank. Access to the online banking platform/system are to give online users the ability to search, view, print, and download/save all NOCs in Microsoft Excel and Adobe .pdf formats.

Details are to include the following:

- ACH settlement date
  - Transaction description
  - ACH change reason description
  - ACH change reason description
  - ACH changed data
  - Original company tracer number
  - Payee ID or Vendor ID
  - Payee Name
  - Payees bank account number
  - Payees bank tracer number
  - Payees Bank Name
  - Company entry description
  - Original deposit bank
  - Original deposit account number
  - Payment Number
  - Individual Name/ID Number
- All ACH Fails/Returns must be accessible via the Offeror’s online banking platform/system by 6:00 a.m. local time the subsequent business day after the fail notification is received by the bank. Access to the online banking platform/system are to give online users the ability to search, view, print and download/save all ACH Fails in Microsoft Excel and Adobe .pdf formats. Online Users must have the ability to search for ACH Fail items by selecting an account number and return date.

The following ACH Fails/Return details must be accessible via the online banking platform/system.

Details are to include the following:

- ACH settlement date
- Transaction description
- ACH change reason description
- ACH changed data
- Original company tracer number
- Payee ID or Vendor ID
- Payee Name

- Payees bank account number
- Payees bank tracer number
- Payees Bank Name
- Company entry description
- Original deposit bank
- Original deposit account number
- Payment Number
- Individual Name/Id Number

Each State Agency's business operations and banking requirements may evolve over time. Therefore, the Offeror is required to conduct quarterly meetings with each State Agency to discuss their customer service challenges, business operation challenges, daily banking requirements, or potential banking enhancements. During these meetings, each State Agency will outline the agenda or topics for discussion with the Offeror. It is imperative that the Offeror does not view these quarterly meetings as Sales Initiative Meetings or opportunities to promote additional products to the Agencies. The STO will actively participate and join any meetings with each State Agency alongside the Offeror.

### Income Tax Refund Disbursement Services Questions

- 1) What do you consider currently the most competitive features of your income tax refund disbursement services, and specifically, your controlled disbursement product? Describe any specific experience you have processing income tax refund disbursements.
- 2) How do you measure quality in income tax refund disbursement services? What quality standards do you measure, and how has your performance been relative to the standard for the past year?
- 3) How do you provide customer service for income tax refund disbursement services? What service standards are in place, and how do you perform against them?
- 4) What controls are available with your income tax refund disbursement services that might help detect fraud?
- 5) What disbursement notification methods are available? How is the daily paid data to be transmitted to the Office and the earliest and latest time of the transmission?
- 6) What kind of controlled disbursement image applications do you offer today?
- 7) What is your bank's contingency plan for providing disbursement services in the event of an outage or disaster? When was your disaster recovery plan last tested?

### 2.3.4 Brief Description of the Central Bureau Payroll Disbursement Account

This account is associated with the disbursement of salary payments for State employees.

<b>Number of separate payroll entities</b>	a. Regular Bi-Weekly b. Contractual – Bi-weekly c. State Regular – Monthly d. University – Bi-weekly
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Average monthly volume of CPB payroll checks	12,560
Average monthly volume of CPB payroll direct deposits	207,132
Percentage of employees on direct deposit	95%
Average monthly volume of direct deposit failures and stop payments	125

Section 2-402 of the State Personnel and Pensions Article of the Annotated Code of Maryland provides that the Central Payroll Bureau is responsible for the issuance of all salary payments to State employees.

Central Payroll Bureau (“CPB”) issues salary checks and deposit advices bi-weekly for three separate payroll entities in four main cycles. These are (a) regular - bi-weekly, (b) contractual - bi-weekly, (c) regular – monthly, and (d) university - bi-weekly. Regular – monthly is paid the last business day of the month. The regular and contractual pays are on alternating Wednesdays and the university is every other Friday. Employees enrolled in the direct deposit program receive an electronic Earnings Statement (pay stub) which shows hours worked, earnings, taxes, and deductions, as do employees who receive pay checks.

In addition to the issuance of checks and deposit advices, CPB compiles the payroll journals, maintains records of salary earnings and deductions for each employee of the State, and issues summary charges by program and fund for each payroll to the Statewide Accounting and Reporting System (R\*STARS) together with a disbursement warrant.

CPB’s direct deposit system permits an employee to have a direct deposit of their net pay to a checking or savings account at any financial institution, not just at the provider bank. Under State Treasurer regulations, all new State employees paid through the Central Payroll Bureau are required to participate in Direct Deposit unless the employee requested and exemption from receiving net pay by Direct Deposit. As of January of 2024, 95% of all State employees participate in Direct Deposit.

The Treasurer’s Office Main Disbursement account funds the CPB account as needed for check clearings and ACH transfers, investigates errors, issues stop payments, authorizes re-issuance, and balances the account.

The STO funds the CPB account as needed for check clearances and ACH transfers, investigates errors, issues stop payments, authorizes re-issuances and balances the account.

### **CPB Payroll Disbursement Requirements**

This section of the procurement deals with the services associated with the disbursement of salary payments for State employees and separately, for the Central Payroll Bureau (“CPB”) direct deposit disbursements.



Please indicate your compliance with the following requirements in your proposal. **Indicate compliance with a “YES” if you do meet the requirement or “NO” if you do not meet the requirement.** You may also supply brief supporting statements.

CPB Payroll services must include the following:

- a) Check Issuance processing.
  - b) Check Status Look-Up/Confirmation
  - c) Return item processing.
  - d) Incoming and outgoing ACH transfers
  - e) Automated stops check payment processing.
  - f) Automated ACH Recall/Cancel processing.
  - g) Daily paid transmissions
    - i. Account maintenance.
    - ii. ARP Reporting
    - iii. ADHOC Reporting
  - h) Direct deposit processing
  - i) Copies or images of paid items
  - j) Payee Positive Pay
  - k) Account Enhanced Fraud Controls
  - l) Prenote process
  - m) Offeror Treasury Online Portal & Website Training/Demo
- The Offeror must complete bank reconciliations within ten (10) days of the end of a period, typically occurring twice a month. These reconciliations are expected to be comprehensive ARP reconciliations. Completed reconciliations should encompass all maintenance reports utilized during the reconciliation period, including a list of corrected check serial numbers, and rejected checks.
  - Individual direct deposit transactions will be supplied to the bank prior to the issuance. The Offeror will be expected to edit the transmission of items related to the Offeror (“on us” items) and process the remaining transactions to the Federal Reserve ACH System in time to insure credit to the employee by 8:30 a.m. local time on the designated pay date. The Offeror must agree to either accept and credit or reject transactions. No unauthorized editing or interception or redirecting of transactions will be allowed. Each transaction processed to another financial institution will be processed in accordance with ACH rules and the State will expect the Offeror to take the lead in resolving problems with other financial institutions when these rules are not adhered to.
  - Any failed direct deposit transactions, either deposits or pre-notifications, will be communicated directly to the Office and CPB within 48 hours of failure or within 24 hours of failure notice to the Offeror. Funds must be returned immediately upon notice of failure. Notice must be by electronic verification within 24 hours. This notice must contain the agency number, employee number and name as provided on the file. The Offeror will be expected to work with ACH transaction recipients and the clearing house to encourage compliance with established rules when applicable.
  - Each Offeror must agree to assist the State in the marketing of direct deposit of employee payroll as an alternative to check disbursements. This assistance at a minimum must consist of the organization of, and the dissemination of literature and instructions to the personnel offices of each State agency. Offerors can anticipate the assistance of State personnel and key elected



officials in the performance of these functions. All marketing materials (i.e.: brochures, flyers, etc.) are subject to State review and approval prior to use.

- The Offeror must provide an electronic or automated mechanism/process to recover, on occasion, erroneous payroll payments that were directly deposited into an employee's personal bank account.
- The Offeror must provide an automated reconciliation product, more commonly referred to as a full "ARP" reconciliation.
- The CPB account reconciliation must be available bi-weekly within ten (10) days of receipt of the closing transactions or the close of the period whichever is later. The reconciliation including two (2) electronic copies of the paid listing must be delivered to the Office.
- Each business day the Offeror must provide/furnish CPB with account data transmission in the format agreeable to CPB that identifies every item paid or credited to the account.
- On a monthly basis the Offeror must provide CPB an electronic data transmission that identifies all the paid items and stopped items since the previous ARP reconciliation statement.
- The Offeror shall retain all paid items or images of the paid items (both back and front) for a paid period of not less than seven years.
- All ACH failures/returns must be accessible through the Offeror's online banking platform/system by 6:00 a.m. local time on the subsequent business day after receiving the failure notification from the receiving bank. The Offeror is required to generate a distinct 'Custom Report' exclusively for ACH failures/returns for each Agency separately. This segregated 'Custom Report' for each agency individually should be readily available on Offeror's online banking platform/system every business day.

Each State Agency's business operations and banking requirements may evolve over time. Therefore, the Offeror is required to conduct quarterly meetings with each State Agency to discuss their customer service challenges, business operation challenges, daily banking requirements, or potential banking enhancements. During these meetings, each State Agency will outline the agenda or topics for discussion with the Offeror. It is imperative that the Offeror does not view these quarterly meetings as Sales Initiative Meetings or opportunities to promote additional products to the Agencies. The STO will actively participate and join any meetings with each State Agency alongside the Offeror.

### **CPB Payroll Disbursement Questions**

- 1) What do you consider currently the most competitive features of your payroll services, and specifically your controlled disbursement product?
- 2) How do you measure quality in payroll services? What quality standards do you measure, and how has your performance been relative to the standard for the past year?
- 3) How do you provide customer service for payroll services? What service standards are in place, and how do you perform against them?

- 4) Describe the Offeror's failure processing system for Direct Deposits. Does the system guarantee the return of funds to the account at the same time as notification?
- 5) Please describe your capabilities to recover erroneous payroll payments that were direct deposited into an employee's personal bank account.

### 2.3.5 Brief Description of the MTA Payroll Account

This account is associated with the disbursement of salary payments for State Transit Union employees. MTA maintains a payroll account to pay Transit Union employees and pensioners weekly and monthly as well as vendors and is funded by the Treasurer's Office Main Disbursement account as needed for check clearings and ACH transfers.

This account is also used to pay:

1. SECU/Destinations - for when employees have an account with them, where we send it to this bank instead of it being deposited directly into their account, then the bank disburses as outlined by the employee/pensioner
2. Child support/other garnishments
3. Union dues
4. Federal tax withholdings
5. Nationwide for 401k or 457 accounts
6. SF&C- additional insurance for police officers
7. Other similar vendors

Average monthly volume of MTA payroll checks issued	308
Average monthly volume of MTA payroll direct deposits	12,841
Percentage of MTA employees on direct deposit	99.5% of weekly employees and 95% of pensioners
Average monthly volume of MTA payroll checks paid	314
Average monthly volume of MTA payroll electronic payments/direct deposits	100

### MTA Payroll Disbursement Requirements

This section of the procurement deals with the services associated with the disbursement of salary payments for State employees and separately, for the Maryland Transit Administration ("MTA") salary payments.

Please indicate your compliance with the following requirements in your proposal. **Indicate compliance with a “YES” if you do meet the requirement or “NO” if you do not meet the requirement.** You may also supply brief supporting statements.

MTA Payroll services must include the following:

- a) Check processing
  - b) Return item processing
  - c) Incoming and outgoing wire transfers
  - d) Incoming and outgoing ACH transfers
  - e) Automated/Electronic stop payment processing
  - f) Daily paid transmissions
  - g) Account maintenance.
  - h) Direct deposit processing
  - i) Copies or images of paid items
  - j) Payee Positive Pay
  - k) Prenote Process
- The Offeror must complete bank reconciliations within ten (10) days of the end of a period, typically occurring twice a month. These reconciliations are expected to be comprehensive ARP reconciliations. Completed reconciliations should encompass all maintenance reports utilized during the reconciliation period, including a list of corrected check serial numbers and rejected checks.
  - Individual direct deposit transactions will be supplied to the bank prior to the issuance. The Offeror will be expected to edit the transmission of items related to the Offeror (“on us” items) and process the remaining transactions to the Federal Reserve ACH System in time to insure credit to the employee by 9:00 a.m. local time on the designated pay date. The Offeror must agree to either accept and credit or reject transactions. No unauthorized editing or interception or redirecting of transactions will be allowed. Each transaction processed to another financial institution will be processed in accordance with ACH rules and the State will expect the Offeror to take the lead in resolving problems with other financial institutions when these rules are not adhered to.
  - Any failed direct deposit transactions, either deposits or pre-notifications, will be communicated directly to the Office and MTA within 48 hours of failure or within 24 hours of failure notice to the Offeror. Funds must be returned immediately upon notice of failure. Notice must be by electronic verification within 24 hours. This notice must contain the agency number, employee number and name as provided on the file. The Offeror will be expected to work with ACH transaction recipients and the clearing house to encourage compliance with established rules when applicable.
  - Each Offeror must agree to assist the State in the marketing of direct deposit of employee payroll as an alternative to check disbursements. This assistance at a minimum must consist of the organization of, and the dissemination of literature and instructions to the personnel offices of each State agency. Offerors can anticipate the assistance of State personnel and key elected officials in the performance

of these functions. All marketing materials (i.e.: brochures, flyers, etc.) are subject to State review and approval prior to use.

- The Offeror must provide an electronic or automated mechanism/process to recover erroneous payroll payments that were directly deposited into an employee's personal bank account within 30 days.
- The Offeror must provide an automated reconciliation product, more commonly referred to as a full "ARP" reconciliation.
- As a part of this reconciliation product the Offeror must provide daily a paid items tape noting the items paid and stopped the previous day. The MTA requires a full monthly reconciliation including two monthly electronic listings.
- Each business day the Offeror must provide the Office with a data transmission in the format agreeable to the MTA that identifies every item paid or credited to either account separated by account.
- On a monthly basis the Offeror must provide MTA an electronic data transmission that identifies all the paid items and stopped items since the previous transmission.
- The Offeror shall retain all paid items or images of the paid items (both back and front) for a paid period of not less than seven years.
- All ACH failures/returns must be accessible through the Offeror's online banking platform/system by 6:00 a.m. local time on the subsequent business day after receiving the failure notification from the receiving bank. The Offeror is required to generate a distinct 'Custom Report' exclusively for ACH failures/returns for each Agency separately. This segregated 'Custom Report' for each agency individually should be readily available on Offeror's online banking platform/system every business day.

Each State Agency's business operations and banking requirements may evolve over time. Therefore, the Offeror is required to conduct quarterly meetings with each State Agency to discuss their customer service challenges, business operation challenges, daily banking requirements, or potential banking enhancements. During these meetings, each State Agency will outline the agenda or topics for discussion with the Offeror. It is imperative that the Offeror does not view these quarterly meetings as Sales Initiative Meetings or opportunities to promote additional products to the Agencies. The STO will actively participate and join any meetings with each State Agency alongside the Offeror.

### MTA Disbursement Questions

- 1) What controls are available with your payroll services that might help detect fraud?
- 2) Describe the full Automated Reconciliation Product (ARP) offered.
- 3) What disbursement notification methods are available? How is the daily paid data to be transmitted to MTA and the earliest and latest time of the transmission?

### 2.3.6 Brief Description of MSRPS Disbursement Services

The State Treasurer's Office is responsible for disbursing State pension systems benefits originated by the Maryland State Retirement and Pension System (MSRPS).

MSRPS facilitates ACH payments and collections for transactions not handled by the agency's databases and APKs. These include monthly miscellaneous withholding remittances, internal fund transfers between agency accounts, external fund transfers from agency accounts to other state accounts, employer contribution collection, and debt collection for overpaid benefits, all processed on a daily basis. MSRPS receives monthly ARP Reports to aid in reconciling checking accounts for Benefits Disbursement, Refunds Disbursements and the Imprest Fund.

Additionally, MSRPS submits a Positive Pay file containing check benefit payments for processing on all business days. Furthermore, MSRPS transmits a positive pay file generated by the Create-A-Check software via the File Transfer Manager software provided by the current disbursement bank each day.

MSRPS receives an ACH Returns file, utilizing the NACHA file format/layout, containing rejected ACH employer payments (CCD) sent by the Disbursement Bank on all business days. Similarly, MSRPS receives an ACH Returns file, also conforming to NACHA standards containing rejected ACH benefit payments (PPD) from the current Disbursement Bank on all business days.

#### **This account is not funded by the Treasurer's Office Main Disbursement Account**

<b>Forms of disbursement</b>	Checks, Automated Clearing House ("ACH") transactions (including direct deposit)
<b>Average monthly volume of MSRPS checks (pension/retirement funds)</b>	2,500
<b>Average monthly volume of MSRPS ACH credits</b>	17,725,000

### Maryland State Retirement & Pension Systems Requirements

Please indicate your compliance with the following requirements in your proposal. **Indicate compliance with a "YES" if you do meet the requirement or "NO" if you do not meet the requirement.** You may also supply brief supporting statements.

MSRP Disbursements must include the following:

- Check Issuance processing.
- Monthly Outstanding Check Reporting
- Check Status Look-Up/Confirmation.
- Return Item Processing.
- Incoming and outgoing ACH transfers
- Automated stops check payment processing.
- Automated ACH Recall/Cancel processing.

- h) Daily paid transmissions.
  - i) Interim Day Transactions/Balances
  - j) Daily Account Reporting.
  - k) ARP Reporting
  - l) Custom ADHOC Reporting
  - m) Direct deposit processing
  - n) Copies or images of paid items
  - o) Payee Positive Pay
  - p) Account Enhanced Fraud Controls
  - q) Prenote Verification process
  - r) Offeror Treasury Online Portal & Website Training/Demo
- The Offeror must complete bank reconciliations within ten (10) days of the end of a period, typically occurring twice a month. These reconciliations are expected to be comprehensive ARP reconciliations. Completed reconciliations should encompass all maintenance reports utilized during the reconciliation period, including a list of corrected check serial numbers, and rejected checks.
  - Each business day the Offeror must provide/furnish MSRP with account data transmission in the format agreeable to MSRP that identifies every item paid or credited to the account. In addition, interim day pending transactions and balances.
  - On a monthly basis the Offeror must provide MSRP an electronic data transmission that identifies all the paid items and stopped items since the previous ARP reconciliation statement.
  - The Offeror shall retain all paid items or images of the paid items (both back and front) for a paid period of not less than seven years.
  - All ACH failures/returns must be accessible through the Offeror's online banking platform/system by 6:00 a.m. local time on the subsequent business day after receiving the failure notification from the receiving bank. The Offeror is required to generate a distinct 'Custom Report' exclusively for ACH failures/returns for each Agency separately. This segregated 'Custom Report' for each agency individually should be readily available on Offeror's online banking platform/system every business day.

Each State Agency's business operations and banking requirements may evolve over time. Therefore, the Offeror is required to conduct quarterly meetings with each State Agency to discuss their customer service challenges, business operation challenges, daily banking requirements, or potential banking enhancements. During these meetings, each State Agency will outline the agenda or topics for discussion with the Offeror. It is imperative that the Offeror does not view these quarterly meetings as Sales Initiative Meetings or opportunities to promote additional products to the Agencies. The STO will actively participate and join any meetings with each State Agency alongside the Offeror.

### **MSRP Disbursement Questions**

- 1) Can the Offeror access current day and interim day transactions via the online banking platform, as well as access prior day transactions as currently available?
- 2) Can the Offeror provide notices regarding adjustments via the online banking platform or deliver them via secure email?

- 3) Will the Offeror provide a dedicated 800 number solely for the State of Maryland, staffed with a team of bank representatives familiar with the accounts and account history?
- 4) What type of ARP Reconciliation would you recommend to Maryland State Retirement to increase efficiency and productivity to complete daily and monthly reconciliations?
- 5) Please describe and outline your electronic method or automated process for receiving and processing ACH Reversals/Recalls.

### 2.3.7 Disbursement Banking Required Services

In its proposal, each Offeror shall provide confirmation of their agreement to comply and perform each of the service requirements listed below for the Disbursement Banking Services Contract. **In this section, Offerors are to state “Yes,” for compliance of each requirement listed and may provide brief supporting comments related to the requirement.**

#### 2.3.7.1 Treasury Banking Requirements

- 2.3.7.1.1 The Offeror shall establish disbursement accounts designated for State vendor payments, Central Payroll Bureau (CPB) payroll, Maryland Transit Administration (MTA) payroll, income tax refund (RAD), and Maryland State Retirement & Pension System (MSRPS) benefits payments; Accounts will only be opened with the prior written authorization of the State Treasurer’s Office. The STO reserves the right to consolidate, increase and decrease the number of accounts and the payment types issued from these accounts at any time during the term of this contract.
- 2.3.7.1.2 The Offeror must obtain signed written approval from the STO for each specific State agency before opening, closing, adding or removing any banking products or services from any bank accounts established under this Contract.
- 2.3.7.1.3 The Offeror must implement and execute all Agency account requests and services within twenty (20) business days of receiving written approval from STO.
- 2.3.7.1.4 The addition of the State’s large disbursement volume shall not cause the bank to exceed “reasonable” capacity levels, or in any way impair processing, cause delays, or negatively affect site performance. There are multiple days during the fiscal year when the State’s vendor disbursements exceed \$3.5 billion, and \$2 billion disbursement days are frequent.
- 2.3.7.1.5 The Offeror must ensure a twenty (20) business day turnaround to finalize any implementation and service necessary for permanent use of accounts by STO or the designated agency.
- 2.3.7.1.6 Any items or requests by STO or the designated Agency that require additional internal bank approval, risk management/compliance/legal analysis or assessment by the Offeror related to this Contract must not exceed twenty (20) business days.
- 2.3.7.1.7 The Offeror must provide Account Validation Service (AVS) according to NACHA standards and guidelines.



- 2.3.7.1.8 The Offeror is required to transmit bank file payment transmittals with a Compliance Risk Threshold limit and total aggregate set at \$3 billion per day, without requiring additional risk review or approval.
- 2.3.7.1.9 Unless communicated as an urgent matter (stop payment, fraud transaction, etc.), the Offeror will respond to all STO or Agency requests, communications, and correspondence within two business days of receipt. In the event of an urgent matter, the Offeror agrees to address the request immediately and will respond to the applicable agency on the same business day.
- 2.3.7.1.10 The Offeror is required to furnish advanced cash management reporting tools enabling the Office to track same-day funding activities concerning ACH items issued and initiate wire transfers. This service should facilitate the determination of cash availability for investments before 7:00 a.m. local time on each banking business day.
- 2.3.7.1.11 The Offeror must agree to close the designated bank account or any account services within five (5) business days of being notified and will proceed termination of the account immediately following notification by STO or designated agency.
- 2.3.7.1.12 In the case where the Bank does not have an automated/electronic process available due to unforeseen outage, the Offeror is obligated to employ manual processes, procedures and reporting to meet all requirements.

#### 2.3.7.2 Controlled Disbursement Requirement

- 2.3.7.2.1 The Offeror must possess the ability to facilitate controlled disbursement check clearing and electronic ACH credits and debits, either from a single designated bank account or separate bank accounts. The decision regarding whether the agency or STO will utilize the same designated bank account for both or have separate accounts for these purposes will be solely determined by the agency and/or STO.
- 2.3.7.2.2 The Offeror must provide controlled disbursement reporting to facilitate timely funding notifications for State accounts. The service must deliver complete controlled disbursement totals, including both 1<sup>st</sup> and 2<sup>nd</sup> presentments by 8:30 a.m. local time each banking business day.

#### 2.3.7.3 Banking ACH/Electronic Banking Requirements

- 2.3.7.3.1 The Offeror must be a member of the National Automated Clearing House Association ("NACHA") and able to transmit bank files within a Managed File Transfer (MFT) platform, accept process, transmit, and confirm bank file formats such as ACH CCD+, CTX, EDI, PPD, PPD+, TXP transactions with addendum records to financial institutions nationwide. Bank file transmittal will include addendum records ("advices"), which must be transferred with the payment transactions to the receiving financial institution.

The Offeror must be able to transmit electronic payments, ACH EDI transactions with ACH Addendum records such as but not limited to:



CCD (Cash Concentration or Disbursement): CCD addenda are used for corporate payments and include additional payment-related information such as invoice numbers or payment notes.

CTX (Corporate Trade Exchange): Like CCD, CTX addenda are used for corporate payments, allowing for more extensive remittance information to be included with the transaction.

PPD (Prearranged Payment and Deposit Entry): PPD addenda are commonly used for direct deposits, recurring payments, or other types of consumer payments, providing additional details related to the transaction.

CCD+ (Cash Concentration or Disbursement Plus): CCD+ addenda are like CCD but might include expanded remittance information or additional details compared to standard CCD entries.

CTX+ (Corporate Trade Exchange Plus): Like CTX, CTX+ addenda provide enhanced remittance information, allowing for more detailed payment-related data.

EDI – An electronic data interchange (EDI) payment is a common type of electronic payment that uses a standardized format for businesses to exchange payment data computer-to-computer.

SVC (Service Message): Addenda are used to provide service-related messages or instructions regarding the ACH transaction.

- 2.3.7.3.2 The Offeror must have the capability to electronically receive and transmit agency-specific bank payment files to designated recipient banks, processed through the Automated Clearing House to credit all applicable accounts. This would include sending confirmation bank file transmittals to each designated agency for all cleared debit/payment transactions, processed payments, and rejected or returned electronic payments; this would also include processing presented payments and recording cleared payments issued by each designated agency included on this Contract.

- 2.3.7.3.3 STO will securely transmit/transfer the various bank file transmittals via a Managed File Transfer (MFT) system.

\* Managed File Transfer is a technology platform that allows organizations to reliably exchange electronic data between systems and people in a secure way to meet compliance needs. These data movements can be both internal and external to an enterprise and include various types, including sensitive, compliance-protected or high-volume data. It can be offered as software or as a service and may include a single pane for visibility and governance.

- 2.3.7.3.4 Upon receipt of each bank file transmittal, whether delivery method is Offeror internal portal/treasury website or external delivery to Offeror directly/separate MFT platform; the Offeror must confirm acceptance of the bank file within 30 minutes, validate the transmitted file within 2 hours, provide confirmation of the file successfully processed within 2 hours and 30 minutes, and advise STO or the applicable agency of any corrupt, invalid file or out-of-balance file within 45 minutes to provide sufficient time to permit the re-creation of the file, or correction of control total entries, to ensure that the transactions are made on schedule.
- 2.3.7.3.5 The Offeror is required to support the utilization of Application Programming Interfaces (API) for data exchange and validation purposes. API's are sets of protocols facilitating communication and data transfer between distinct software components. They function through a request and response cycle. When a user interacts with an application, a request for data is initiated, sent to the API, which then retrieves and returns the data to the user.
- 2.3.7.3.6 The Offeror must provide two senior technical representative contacts that each Agency Information Technology Dept can contact directly for technology, transmittal, testing, configuration issues, and new technology implementations.
- a) The Offeror's two senior technical representatives will possess the technical knowledge and scope to implement technology resolution, troubleshooting, testing, and configurations related to the bank file transmittals.
  - b) The Offeror's two senior technical representatives will also create and submit any technology tickets for the Offeror's tracking purposes and coordinate meetings with the Offeror's other internal technology departments.

The Offeror must provide a separate, secure testing environment that mirrors the production environment to conduct integration tests, validate file formats, and simulate file transfers without affective live operations.

The Offeror must provide a set of test data that closely mirrors actual production data in structure, complexity and volume. This data should be sanitized and masked to ensure no customer or transaction information is exposed, while still retaining the necessary characteristics for comprehensive testing scenarios.

- 2.3.7.3.7 All ACH Notifications of Change ("NOCs") must be accessible via the Offeror's online banking platform/system by 6:00 a.m. local time the subsequent business day following the NOC notification by the bank. Access to the online banking platform/system are to give online users the ability to search, view, print, and download/save all NOCs in Microsoft Excel and Adobe .pdf formats.

Details are to include the following:

- ACH settlement date
- Transaction description
- ACH change reason description
- ACH change reason description
- ACH changed data
- Original company tracer number
- Payee ID or Vendor ID
- Payee Name

- Payees bank account number
- Payees bank tracer number
- Payees Bank Name
- Company entry description
- Original deposit bank
- Original deposit account number
- Payment Number
- Individual Name/ID Number

2.3.7.3.8 All ACH Fails/Returns must be accessible via the Offeror's online banking platform/system by 6:00 a.m. local time the subsequent business day following the fail notification by the bank. Access to the online banking platform/system are to give online users the ability to search, view, print and download/save all ACH Fails in Microsoft Excel and Adobe .pdf formats. Online Users must have the ability to search for ACH Fail items by selecting an account number and return date.

The following ACH Fails/Return details must be accessible via the online banking platform/system:

- ACH settlement date
- Transaction description
- ACH change reason description
- ACH changed data
- Original company tracer number
- Payee ID or Vendor ID
- Payee Name
- Payees bank account number
- Payees bank tracer number
- Payees Bank Name
- Company entry description
- Original deposit bank
- Original deposit account number
- Payment Number
- Individual Name/Id Number

2.3.7.3.9 The Offeror will be expected to process "on us" ACH transactions to ensure credit to payroll recipient by 9:00 a.m. local time on designated pay date. The remaining transactions must be processed via the ACH System to ensure credit to the payroll recipient on the designated pay date. No unauthorized editing or interception or redirecting of transactions will be allowed.

2.3.7.3.10 The Offeror must possess an automated method for transmitting bank files with the capability to initiate, send, receive, and execute bank pre-note verification. Pre-note verification must accurately match and confirm the following account information:

- a) Account Routing Number
- b) Bank Account Number
- c) Account Name (preferred)

- 2.3.7.3.11 All successful Pre-notes and Pre-note Failures must be accessible via the Offeror's online banking platform/system by 6:00 a.m. local time the subsequent business day following receipt of the Pre-note response. Access to the online banking platform/system are to give online users the ability to search, view, print and download/save all successful Pre-notes and Pre-note Failures in Microsoft Excel and Adobe .pdf formats.

Details are to include the following:

- Bank Account Number
- Receiver bank account number
- ACH Issuance date
- ACH return reason code
- ACH return reason description
- ACH return tracer id
- Payee Name
- Vendor Payment Number
- Individual Name/ID Number

- 2.3.7.3.12 The Offeror must have the ability to provide and credit each individual account included in this Contract with "provisional credit" or "guaranteed/permanent credit" within 30 days. This applies to transactions related to ACH recalls/cancellations/failures, unauthorized/fraudulent transactions, check forgery affidavits or disputed bank transactions.

- a) Once an account is approved by the STO to receive "guaranteed/permanent credit", this credit is permanent and final. The Offeror cannot retract or debit a permanent credit at any time.
- b) The Offeror must clearly label and identify transaction credits within one (1) business day after the initial deposit of the transaction credit via daily electronic notification and communication to the STO and/or designated State Agency and report each separately by account.

The Offeror must provide an online electronic notification system for failed Direct Deposit and ACH payments, which notifies the State within 24 hours of the Offeror's receipt of failure notification and simultaneously guarantees the return of funds to the appropriate bank account. The notices must contain the file reference number, payroll recipient reference number, payment number, dollar amount, settlement/effective date, transmission date and name as provided on the Payroll files.

#### 2.3.7.4 Banking Domestic & Foreign Wire Transfer Requirements

- 2.3.7.4.1 The Offeror is required to provide an online domestic and international wire transfer system with a guarantee that transactions initiated will settle within 30 minutes of receipt of secondary approval. Final confirmation of wire status, including Fed reference number and CHIPS reference number, if applicable, should be provided.
- 2.3.7.4.2 The Offeror is required to provide a wire transfer system accessible via the Offeror's online portal/treasury website for each agency, separately. This system must facilitate the initiation and transfer of funds both domestically and internationally and provide real-time visibility for approved agency representatives. The online wire transfer

system must include FX conversion rate functionality, enabling the conversion and calculation of USD currency to the designated foreign monetary rate, all within the Offeror's online portal/treasury website.

- 2.3.7.4.3 For Domestic wire transfers, the Offeror must allow submissions every business day until 4:30 p.m. local time. For Foreign wire transfers, submissions should be accepted until 4:00 p.m. local time each business day. All Domestic and Foreign wire transfer requests must be confirmed, processed, and settled within a guaranteed 30-minute window following secondary approval.

The system must provide ledger and available balances (for cash positioning) by 7:00 a.m. local time each business day and should also reflect detailed individual transactions.

2.3.7.5 Banking Stop Payment Services Requirements

- 2.3.7.5.1 The Offeror guarantees that all stop payment requests submitted by each Agency or STO, whether through manual, systematic, or other methods, will be processed promptly and effectively. All stop payment requests received by the Offeror before 5:00 p.m. local time will be in effect for that day's clearance and remain continuously valid for a minimum of two (2) years without interruption.
- 2.3.7.5.2 Additionally, the Offeror is required to accept, receive, and process stop payment requests in the form of a bank file in an agreed upon format from each agency. The Offeror must provide confirmation of the transmitted stop payment request to each specific agency via the bank file transmittal before the end of each business day of submission.
- 2.3.7.5.3 All Checks that have stop payments placed on them by online users must be clearly identified on the Offeror's online banking platform/system and on bank statements as having a "stop payment" in place. Stop payments must not be used to reduce the outstanding check totals.
- 2.3.7.5.4 Offeror must provide a monthly report of stop payments placed by day for the prior by month by the 10<sup>th</sup> business day of the following month. This report must include payee check number, dollar amount, date stop payment was placed and the last four digits of the account number. This is to be a report for each respective agency and must be a cumulative 12 months by Fiscal Year (July – June). This report should be sent by secure email and if possible via electronic portal.

2.3.7.6 Check Stop Payment Request Submission Methods

- 2.3.7.6.1 The Offeror must accept, review, and process stop payment requests daily sent from each agency or STO through various specified methods.
- a) Secure Email: Stop payment requests must be sent via secure email, detailing all relevant check information within an Excel spreadsheet. The Offeror is required to establish and maintain a dedicated email inbox exclusively for

receiving stop payment requests from the State of Maryland. It is imperative that the Offeror's email inbox is consistently monitored.

- b) Transmitted Bank Data File: The Offeror must accept, and process stop payment requests contained within transmitted bank data files including all pertinent check information.
- c) Phone Request/Submission: Stop payment requests submitted over the phone must be authenticated by verifying the authorized signer or designated individual before acceptance by the Offeror.
- d) Offeror's Treasury Website or Online Portal: The Offeror must also accommodate stop payment requests submitted through their Treasury website or online portal.

#### 2.3.7.7 Manual Back-Up Stop Payment Submission Requirements

- 2.3.7.7.1 The Offeror must provide a manual stop payment contingency plan that functions the same as an electronically issued stop payment. State personnel must have the ability to issue manual stop payments via email and telephone and can include a single check serial number or a range of check serial numbers.
- 2.3.7.7.2 In the event of a manual back-up stop payment submission, the Offeror must record the date, the time, the name of the bank representative receiving the order, and the name of the State representative placing the stop order. The bank must confirm all electronic and manual stop payments orders no later than 6:00 a.m. local time the following day.

#### 2.3.7.8 Banking Investment Services Requirements

- 2.3.7.8.1 The Offeror must provide an overnight investment or sweep account for all funds remaining in the accounts at the end of each day. Utilization of CDAR and ICS networks is prohibited. All investment activity must comply with §6-222 of the State Finance and Procurement Article as well as the STO Investment Policy located online [here](#) and is subject to written approval from STO.  
  
The Offeror may provide for the pledge of collateral to secure both deposits and investments provided the amount of collateral as pledged is greater than the uninsured balance deposited and invested.
- 2.3.7.8.2 If the Offeror uses repurchase agreements, it is imperative that the collateral be held at either the Federal Reserve, Federal Home Loan Bank or the Contracted Custodian of the State.

#### 2.3.7.9 Banking Collateralization of Account Funds Requirements

- 2.3.7.9.1 The Offeror shall provide collateral for accounts in accordance with the requirements set forth in §§ 6-202, 6-209, and 6-222 of the State Finance and Procurement Article. (See Appendix 3, 4 and 5 respectively). Except as required or permitted under § 6-202 with respect to surety bonds or letters of credit provided as collateral, the collateral shall be on deposit in the name of the State of Maryland, either (a) with the

Federal Reserve Bank of Boston, or (b) at the sole discretion of the Treasurer, on deposit with an independent financial institution acceptable to the Treasurer. The Offeror must agree to conform to all FDIC guidelines on collateral to ensure clear title to all collateral held will rest with the Treasurer in the event of default.

- 2.3.7.9.2 All costs associated with the placement of collateral will be the responsibility of the Offeror.

2.3.7.10 Banking Check Cashing Services Requirements

- 2.3.7.10.1 The Offeror must cash for an individual, State employee, Retiree, or vendor without fee, any check drawn on an account established pursuant to this RFP at any branch or correspondent, whether or not the presenter of the check maintains an account with the Offeror. Reasonable federal or state identification may be required of a presenter. A State of Maryland or MTA employee identification card should be accepted as reasonable identification for an individual intending to cash a check.

The Offeror's retail branches or banking systems must conduct due diligence and internal check verification using the banking data/issued check file provided by the Agencies or STO to verify viability of the presented check.

- 2.3.7.10.2 Offeror agrees to cash any State of Maryland check drawn on their bank without fees to an individual or vendor, regardless of whether the presenter maintains an account with the Offeror. Reasonable federal or state identification may be required.

- 2.3.7.10.3 The Offeror must provide online user access to view all paid check images via the Offeror's online banking platform/system with drop down menus that allow the online user to enter the following search parameters for next day viewing:

- Payee Name
- Account number
- Check serial number
- Check paid date

The Offeror's Online Banking Platform/System must present the front and back of the check as one single image. **Offerors are asked to provide a sample screen shot of paid check images retrieved from its online platform/system in its proposal.**

2.3.7.11 Banking Check Image & Electronic Items Retention Requirements

- 2.3.7.11.1 The Offeror must be able to provide the Treasurer's Office with a legally acceptable image of all checks paid for a period of no less than seven (7) years from the later of the last transaction or final payment. Images must be provided by the Offeror upon request of the State, and by providing the Office with online capability to search bank records for the appropriate item. Images of paid items must be searchable by check number and available within 48 hours of request.



- 2.3.7.11.2 The Offeror must retain ACH summary reports for direct deposit transactions including trace numbers, for a period of not less than seven (7) years.

2.3.7.12 Banking Transmittal Requirements

- 2.3.7.12.1 The Offeror must possess the essential software and infrastructure to create interim day files, custom BAI2 “line-by-line” reporting files, cleared check files, and ARP files. Additionally, the Offeror must demonstrate proficiency in transmitting these varied requested files in the formats designated by STO Information Technology, adhering to the specifications outlined.
- 2.3.7.12.2 The Offeror must automatically transmit and receive prior day transaction activities/daily processed items via BAI2 file in “line-by-line” format no later than 5 am to the designated file name, folder, systems, and platform outlined by each Agency Information Technology Dept. The Offeror must have the systematic capability to change or alter bank file transmittal names per the request of each Agency and conducting testing as required by STO.
- 2.3.7.12.3 The Offeror will retain transmitted bank files, BAI Files, Paid Check files, and other specified designated bank reconciliation files for a period of 30 days. Upon request by STO, the Offeror must resend the requested bank or reporting file on the same business day.
- 2.3.7.12.4 In the event of a faulty file transfer/transmission, STO will notify the Offeror immediately of such failure and then initiate subsequent transfer methods until a successful transmission is completed. Likewise, the Offeror must email the STO designated staff by 5:00 p.m. local time if a scheduled file transmission is not received by the bank. Contact personnel and file transfer schedules will be established after contract award.
- 2.3.7.12.5 All disbursement files transmitted to the Offeror must undergo verification by each agency submitting ACH Confirmation Totals to enhance security and controls, established under this Contract.
- 2.3.7.12.6 The Offeror will accept and process the States transmissions two (2) days prior to settlement date, one (1) day prior to settlement and under rare circumstances, same day settlements.
- 2.3.7.12.7 The Offeror must be able to accept, receive, and transmit high-volume, high capacity gigabyte bank file transmittals without encountering system limitations, overloading the Offeror's systems, or necessitating the splitting of live production daily bank files.

2.3.7.13 Banking Statement Reporting Requirements

Reporting for each agency must be systematically generated and separated by account profile level for each account number. These reports should be uploaded into the online tool; STO shall have separate “master” access which will include all disbursement account reporting and information for all State Accounts.



- 2.3.7.13.1 The Offeror must provide a daily and monthly summary of checks, check volumes, ACH credits, ACH debits, wires, wire returns, and stop payments (manual and electronic). All must be listed individually for each account and the report must contain the last four digits of the account number.

The monthly report must be received by the 10<sup>th</sup> business day of the following month. The Offeror must also provide a cumulative twelve-month report by fiscal year (July-June) to be sent to the STO.

- 2.3.7.13.2 The Offeror must provide a monthly report on investment activity including a summary of each day's investment.
- 2.3.7.13.3 The Offeror must provide a monthly report of collateral identifying the highest daily collected account balance and the collateral pledged.
- 2.3.7.13.4 The Offeror must provide an online monthly account analysis statement with the invoice which will provide all information required for verification of services rendered. The monthly account analysis statement must be available on the online banking system for download in Adobe.pdf, CSV, Microsoft Excel and other electronic formats.
- 2.3.7.13.5 The Offeror must supply a daily electronic transmission of all checks paid against the account(s) and all stop payment matches that occurred the previous day.
- 2.3.7.13.6 The Offeror must provide a cumulative/consecutive Fiscal Year (July 1- June 30) report electronically, which identifies each/all agency online users specific to this Contract, by the tenth day of the subsequent month. The report must include each agency's:
- Online user's creation date;
  - full name and title;
  - State email address;
  - Agency Code;
  - Last sign-on activity;
  - Online authority level;
  - Inactive users; and
  - Inactive user deletion date

2.3.7.14 Banking AFP & Service Codes Reporting Requirements

Reporting for each agency must be generated separately for each account profile level per account number. These reports should be uploaded into the online tool; STO shall have separate "master" access which will include all disbursement account reporting and information for all State Accounts.

- 2.3.7.14.1 The AFP/Service codes and service description must be on the account analysis statements showing volume, unit price and total price as provided in the Offeror's Price Proposal.

- 2.3.7.14.2 The Offeror must furnish a “semi-annual” fiscal year report listing the account analysis per month for each disbursement account by the 10<sup>th</sup> day of each December and June. This report must include AFP codes, service description, codes and definitions, unit price, volumes and monthly cost.

2.3.7.15 Banking Relationship and Treasury Management Liaison Requirements

- 2.3.7.15.1 The Offeror must provide an individual who will be the State's principal contact for all operational aspects of disbursement services. This individual must have sufficient authority to solve routine problems and command the resources necessary to address complex issues.

- 2.3.7.15.2 The Offeror must provide two individuals who will be the State's principal contacts for all Treasury Solutions, Technical and operational aspects of disbursement services. These individuals must have sufficient authority to solve common online platform issues and technical problems and command the resources necessary to address complex issues.

2.3.7.15.3 Banking Treasury Solutions and Fraud Controls Reporting Requirements

Reporting for each agency must be generated separately for each account profile per account number. These reports should be uploaded into the online tool; STO shall have separate “master” access which will include all disbursement account reporting and information for all State Accounts.

- 2.3.7.15.4 The Offeror must provide a daily service that will allow the State to report issued items (payee positive pay) electronically until 4:30 p.m. local time to the bank. The Offeror must compile and maintain a valid issuance file. The Offeror must review all incoming paid items against the issued file and report the exception items electronically to STO for review by 9:30 a.m. local time daily (the day after presentment, “same day” payee positive pay is preferred).

- 2.3.7.15.5 The Offeror must ensure that each account established under this contract is set up with Payee Positive Pay fraud controls. The Offeror must provide payee positive pay service by 6:00 a.m. local time. Duplicate paid items, paid-no issue, debit/credit items, bad/incorrect check numbers, payable check wrong amounts or rejects should be researched by the Offeror, and if they are then found to be valid items, they are to be stripped and reentered into the system or corrected as required.

- 2.3.7.15.6 The Offeror, as the bank of first presentment, must provide for forgery protection and return funds to the appropriate account within 30 days.

- 2.3.7.15.7 The Offeror is mandated to securely distribute an agency and/or STO check issuance file daily to the Offeror’s Retail Branch/Teller Systems. Within the Retail Branches & Teller system, authentication of the presenter's legitimacy must be conducted through valid identification along with a State of Maryland check bearing the Treasurer's signature.

The Offeror's Retail Branches & Teller system must perform accurate cross-verification of entered check data with the check issuance file data and other internal fraud control parameters for up to two (2) years from the issuance of the check. The

system should generate a confirmation code for check cashing approval or deny cashing the check, while also retaining copies of any checks identified as illegitimate.

2.3.7.16 Banking Services “Customized” Reporting Requirements

Daily reporting for each agency must be generated separately for each account profile level per account number. These reports should be uploaded into the online tool; STO shall have separate “master” access which will include all disbursement account reporting and information for all State Accounts.

2.3.7.16.1 The daily scrubbed transmit file or listing must be delivered to the Office by 8:00 a.m. local time. This file or list should reflect all paid checks with corrected check numbers, account numbers, etc.

2.3.7.16.2 The Offeror must render timely monthly detailed itemized invoices showing by category of fee stated in the Offeror’s Price Proposal, the volume, and charges for the month to the Office. Delivery method is both by secured email and electronic portal.  
Banking Services “Customized” Daily & Monthly Reconciliation Reporting

Reporting for each agency must be generated separately by account profile level for each account number. These reports should be uploaded into the online tool; STO shall have separate “master” access which will include all disbursement account reporting and information for all State Accounts.

2.3.7.16.3 The Offeror must create and maintain a daily and monthly outstanding check report for the previous month in an agreed upon format and be available to the prospective agency by the 10th business day of each month on the online tool. The report must include all outstanding checks and include issue date, amount, payee, and last four digits of account.

Each day as the checks clear the bank, a computer match must be made against the outstanding check file by payee name, check number, and dollar amount.

2.3.7.16.4 The Offeror shall provide a monthly report for each account organized by day in an agreed upon format, of the number of checks issued, dollar amount of checks issued, number of checks paid, dollar amount of checks paid, and the last four digits of the account number. This report will be a cumulative 12 months by the State’s Fiscal Year (July – June). This report will be sent to the STO by the 10<sup>th</sup> business day of the following month.

2.3.7.16.5 On a monthly basis the Offeror must provide an electronic Account Reconciliation Packing List (ARP) which includes:

- Reconciliation Statement
- Outstanding Settlement
- Reconcilement of Debits
- Detailed - Miscellaneous Adjustments
- Adjustment Schedule
- Balancing Cover Sheet
- Check Retention

- Electronic DDA Statement
- Reports
- Paid Only - Transmission data
- Stop Payments – Transmission's data

## 2.3.8 Technical Capabilities

### 2.3.8.1 System Infrastructure

The Offeror must provide an online tool in real time to provide quick access to designated account information, reporting, treasury submissions/requests and account notifications. The online tool must have the ability to regulate, modify or customize specific features such as agency user authority levels, online components, treasury change requests or submissions for each agency's separate access adhering to policies established by STO.

- 2.3.8.1.1 The online tool must have the ability to grant access to at least two agency representatives to serve as the applicable sub-global administrator. Each administrator shall only have access to its own specific account data, account transactions, account history and reporting information established under this Contract. A representative(s) of STO will serve as the Global Administrator(s) which shall be granted master oversight over all online accesses for all disbursement accounts under this Contract. Global Administrators shall have the authority to approve technology changes or updates independently.
- 2.3.8.1.2 The Offeror must delete agency user and terminate access within twenty-four (24) hours of notification by the STO or applicable agency.
- 2.3.8.1.3 The Offeror must complete and implement treasury online/portal maintenance, new agency user access, or agency user access modifications within five (5) business days after being notified by STO or the designated State agency.

The Offeror is required to conduct quarterly meetings with STO and inclusive agencies to discuss business process challenges and discuss options with the bank.

## 2.3.9 Disbursement Banking Services Questions

In its proposal, each Offeror shall provide detailed responses to each question below.

- 1) Provide your proposed bank account structure for the State's disbursement services.
- 2) What are the published first and second presentment times (standard)? How many times have you missed this target during the last 12 months? At what times will disbursement totals be available to the Office?
- 3) Does your final notification figure represent 100% of the day's clearings? If not, do you have a service option that will guarantee 100% with final notification?
- 4) Describe the online banking modules and what advantages does your particular system offer?
- 5) Describe proposed forgery and recovery system/process.
- 6) Describe process for branch access for forgery affidavit submission?

- 7) What method of Secure email does your company uses?
- 8) What are the cut off time for ACH file transmission for two day and one day settlement?
- 9) Describe the Automated Reconciliation Products (ARP) offered.
- 10) How soon after month end will ARP reports be delivered to the State?
- 11) What foreign currency are available online for sending international wire transfer?
- 12) Does the stop-pay system confirm the placement of a stop within 2 minutes of initiation?
- 13) Do you offer an alternative method to manually upload multiple listings of stop pay requests?
- 14) What is the average amount of time for notification of receipt of a stop payment?
- 15) Describe how your Positive Pay service operates.
- 16) What methods of notification for transaction exceptions are available?
- 17) How are manual checks incorporated into the system? How do you handle rejects?
- 18) What is the average time to receive notification of a file transfer failure?
- 19) What services can the Offeror provide the State for access to legally acceptable check images of all paid checks?
- 20) Are there any system limitations affecting retrieval abilities, e.g., delays due to volume of checks paid activity in account, etc.
- 21) Describe the process for a sweep account or other options to transfer excess funds for overnight investment?
- 22) Describe the Debit Block/Filter services and any related controls offered to help deter fraud.
- 23) Describe the process for adding features, removing features and closing an account.
- 24) What is the cut off time for receiving check files?
- 25) Does the system guarantee the return of funds to the account at the same time as notification?
- 26) Will the system allow returns to be credited to a refund account rather than the original disbursement account?
- 27) Describe the “Check Status/Check Inquiry” online features and how an online user can select the account number and enter either a single check serial number or a range

of check serial numbers. How are check status displayed for “outstanding” and “paid,” etc. Do online users navigate on application, or are several required to view a check status?

- 28) What banking services can you provide for unbanked state employees or retirees.
- 29) What Group Banking benefits or incentives can you offer MSRPS Retirees and State employees who bank with you?
- 30) Do you offer check printing production services? If so, please describe.
- 31) Describe any other services offered that you believe would create efficiencies and/or value added to the State’s disbursement process.

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## CATEGORY B - CUSTODY SERVICES

### 2.4 Background for Custody Services

The Maryland State Treasurer is an elected State Official charged statutorily with the safekeeping and investment of State funds. The Investment Division of the Office primarily invests cash balances that are temporarily idle between the time revenue is collected and the time budgeted amounts are disbursed in the State's General Fund. The Statutorily approved investments are primarily of a short to intermediate maturity type of fixed income securities, money market securities, repurchase agreements both overnight and term as well as mutual funds and ETFs. The securities in the portfolio are subject to particular credit minimums and further restricted pursuant to the Treasurer's Investment Policy. The Investment Division also invests State Lottery funds for the payment of some lottery prizes and General Obligation bond proceeds. Sections 6-222 through 6-226 of the State Finance and Procurement Article govern the investment of the State's unexpended money. Investments are made according to State law, COMAR and the Treasurer's Investment Policy which is posted on the Office's Web Page at: [https://treasurer.state.md.us/wp-content/uploads/2024/11/Investment-Policy\\_24.pdf](https://treasurer.state.md.us/wp-content/uploads/2024/11/Investment-Policy_24.pdf)

#### 2.4.1 Brief Description of the Portfolio

The most recent investment portfolio as at 4/30/2025 is posted on the Office's Web Page at <https://treasurer.state.md.us/wp-content/uploads/2025/05/043025-GEN-FUND-PORT-COMBINED.pdf>

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## State Investment Division Daily Operations

Daily cash positioning, cash management, and allocation of State funds commence at 7:00 a.m. local time. Investment strategy formulation, wire transfer execution for funding investments, and evaluation of surplus cash flow for potential State fund investments begin at 7:00 a.m. local time. Trade analysis decision-making, creation of investment trade tickets, broker coordination, and updating of the daily investment cash flow spreadsheets typically occur between 7:30 a.m. and 8:30 a.m. local time. Finalization and signing of investment tickets, trade execution, funding processes, and completion of morning investment operations are usually accomplished by 10:00 a.m. local time.

As of FY 2024, the average daily cash flow for investments stands at approximately \$3.0 billion. Depending on market conditions, the STO may allocate \$1 to \$3 billion for overnight investment and typically may allocated another \$500 - \$700 million for short term or alternative assets, as opportunities arise. Additional investments may be directed by the STO in accordance with its investment policy, throughout the trading session. All transactions, mandate delivery versus payment basis for settlement. Tickets for new investment transactions are sent the morning of settlement.

Throughout the fiscal year, there are multiple days when the State's disbursement total is in excess of \$3.5 billion, with \$2 billion disbursement days being frequent. Consequently, it is imperative that funds from the sales and maturation of investments are delivered to the STO's disbursing bank before 10 a.m. daily.

### 2.4.2 Custody Required Services

In its proposal, each Offeror shall provide confirmation of their agreement to comply and perform each of the service requirements listed below for the Custody Services Contract. In this section, Offerors are to state "Yes," for compliance of each requirement listed in this section and may provide comments related to the requirement.

- 2.4.2.1 The Offeror shall maintain its financial strength rating from a Nationally Recognized Statistical Rating Organization (NRSRO) such as Kroll Bond Rating Agency of Frederick, Maryland, of at least a "B-" for the term of the Contract. Should the Offeror's rating drop below "B-", the Treasurer, at its discretion, may dismiss the Offeror, require additional collateral of the Offeror, or take other actions as he deems necessary under the circumstances to protect the interests of the State of Maryland.
- 2.4.2.2 The Offeror must provide for the collateralization of all funds in accounts in accordance with the requirements set forth in Sections 6-202, 6-209, and 6-222 of the State Finance and Procurement Article. (See Appendix 3, 4, and 5). Except as required or permitted under §6-202 with respect to surety bonds or letters of credit provided as collateral shall be on deposit in the name of the State of Maryland, either with (a) the Federal Reserve Bank of Boston, or (b) at the sole discretion of the Treasurer, on deposit with an independent financial institution acceptable to the Treasurer. The Offeror must agree to conform to all FDIC guidelines on collateral to ensure clear title to all collateral held will rest with the Treasurer in the event of default. All costs associated with the placement of this collateral will be the responsibility of the Offeror.
- 2.4.2.3 The Offeror has the capability to settle 10,000 security transactions annually and safekeep a total portfolio of at least \$30 billion.
- 2.4.2.4 The Offeror will have the ability to receive trade inputs in a variety of formats to include electronic, including current industry standard of SWIFT, as well as emailed tickets of various types



- 2.4.2.5 The Offeror will settle all State of Maryland transactions on a delivery versus payment basis facilitated through the Federal Reserve or the Depository Trust Company.
- 2.4.2.6 STO reserves the right to execute tri-party agreements outside of this Contract.
- 2.4.2.7 The Offeror must provide a system for all State securities that:
  - 2.4.2.7.1 collects interest and principal payments on securities and either credits the Office custody account or remits as directed by the Office on the payable date
  - 2.4.2.7.2 accepts wireable securities at the Federal Reserve in the Offeror's account
  - 2.4.2.7.3 collects interest and principal payments for collateral securities (mostly mortgage backed) and remits to brokers entitled to such payments under repurchase agreements, on the payable date
  - 2.4.2.7.4 accepts repurchase agreement collateral information from the broker/bank and confirms with final ticket from STO
  - 2.4.2.7.5 returns repurchase agreement collateral on the closing date without additional Office instruction.
- 2.4.2.8 Offeror maintains a daily market value of the collateral for repurchase agreements according to margin requirements established by the State.
- 2.4.2.9 Offeror will verify and maintain Repo collateral valued at 102%; Offeror will coordinate collateral substitutions and margin calls as requested by brokers/banks and ensure that the market value of the collateral is sufficient.
- 2.4.2.10 The Offeror will provide a daily online securities pricing system.
- 2.4.2.11 The Offeror accepts physical deliveries (at the STO's discretion).
- 2.4.2.12 The Offeror must have an overnight investment vehicle for all funds remaining in or received by the Office account(s) after 10 a.m. local time each day. Any investment program must meet the requirement of COMAR 25.03.04.04 Permitted Investments. Also, any investment program utilizing repurchase agreements must provide that collateral is held at the Federal Reserve in the Offeror's account (for the State of Maryland) or, at the option of the Office, by a third party.
- 2.4.2.13 The Offeror will provide a detailed invoice to STO for all fees and services provided, electronically and via other agreed upon methods. The Office Account(s) shall at no time be debited for service fees.
- 2.4.2.14 The Offeror shall deliver to the Office's disbursing bank all funds from the sale of investments and the maturing investments by 10:00 a.m. local time each business day.
- 2.4.2.15 The Offeror must systematically post and finalize all credit investment trade transactions for each day prior to the closing of that business day. The Offeror must ensure that its internal Posting and Reconciliation Units are properly informed, and that same-day transactions are regularly communicated to ensure timely completion and posting before close of the same business day.
- 2.4.2.16 The Offeror is obligated to thoroughly review, analyze, implement and comply with the laws and policies regulating State Investments. The STO Investment Policy may undergo

amendments periodically and most current policy will be posted on the STO website at:  
[Investment-Policy\\_24.pdf](#)

- 2.4.2.17 The Offeror must promptly update any amendments, changes, incorrect calculations, or figures within all investment reports within one business day. The corrected reports must be transmitted electronically in a format designated and outlined by the STO. These corrected and updated reports will include, but not be limited to daily, weekly and monthly custom reports.
- 2.4.2.18 The Offeror must provide a copy of practices, policies and a procedures manual. This manual should be posted online for reference.

### 2.4.3 Reporting Requirements

#### 2.4.3.1 Daily Reporting

- 2.5.3.1.1 Offeror must provide a report comparing the collateral's market value to the related investment, aggregated on a broker-by-broker basis; the custodian will furnish a daily online report outlining all substitutions and margin calls.
- 2.5.3.1.2 Offeror must develop a report listing each business day's activity and shall calculate all fund from the sale of investment and the maturing investments; this report must be provided to the disbursing bank by 10:00 a.m. local time, daily.
- 2.5.3.1.3 Offeror must develop a report of expected cash flow and investment activities for the following business day and following business week; this report must be sent to the STO no later than 2:00 p.m. local time each business day; this report must include investment amount, origination date, maturing date, accrued interest, principal amount, market value, investment type and CUSIP.

#### 2.4.3.2 Monthly Reporting

- 2.4.3.2.1 The Offeror shall provide and deliver to the STO comprehensive monthly custom reports that must be available to the Office on the last Monday of the current month for the previous month. The reports must adhere to the formatting specifications approved by the STO and will contain the following information:
- a) Anticipated cash flow
  - b) Maturing investments
  - c) Investment amount
  - d) Origination date
  - e) Maturing date
  - f) Accrued interest
  - g) Principal amount
  - h) Market Value

- i) Investment type
- j) CUSIP

2.4.3.2.2 The Offeror must be prepared to deliver or make available to STO a report of expected cash flow for the upcoming month on the last business day of each month.

2.4.3.2.3 The Offeror must provide an electronic report guaranteeing all State funds held and/or investment securities are collateralized by 102%. This monthly report must adhere to the specifications outlined by STO and must be available by the 5<sup>th</sup> business day of each following month and will list investment balances and cash flow activities.

2.4.3.2.4 The Offeror is required to provide monthly investment reconciliation and audit reports to the STO. These reports must be delivered by the 5<sup>th</sup> business day of the following month for the prior months executed trades and activity. These reports must include:

- a) Statistical performance credit rating of each financial institution/organization
- b) Portfolio diversification allocation limits
- c) Permissible investments
- d) Collateral totals in compliance with statutory requirements

#### **2.4.4 Technology Requirements**

2.4.4.1 The Offeror will provide secure 24/7 internet access to an online accounting system that will provide comprehensive real time and historical reporting including investment maturities, coupon payments, anticipated cash flow, and all investment activities on a daily, weekly and monthly basis. The reports shall be offered in electronic format (Microsoft Excel, CSV or other industry standard) as required that can be imported easily into our Treasury Management System for daily holdings reconciliation.

2.4.4.2 The online tool must reflect all securities, security types, balances in custodial and investment accounts, market value of securities and investment portfolio allocation. The ability for the tool to provide CUSIP's.

## 2.4.5 Custody Services Questions

In its proposal, each Offeror shall provide detailed responses to each question below.

- 1) Comment on your organization's credit quality and overall financial strength. Provide your most recent Dun & Bradstreet, Standard & Poor's, Moody's and Thomson Bank Watch ratings. Provide your Tier I capital ratio levels for the past three years. Include a copy of your current annual report. Does your company have in excess of \$1 B million in assets?

Provide the primary capital to assets and return on assets for the past five (5) years for periods ending December 31. Please list all rating changes for the past five (5) years.

- 2) Provide a history of your organization and the custody department, including its ownership structure and organizational experience in this area. Please provide a chart outlining all domestic and global assets under custody.
- 3) Does your organization have the ability to clear transactions or cash through the following electronic security depositories such as Euroclear, Clear Stream, FICC and GSCC? Describe your depository memberships (e.g., OTC, FRB, PTC, Cede)) and the services you utilize at these depositories.
- 4) Do you support the Industry Standardization for International Trade Communication and/or the Society for Worldwide Interbank Financial Telecommunication (ISITC/SWIFT) format for trade instruction entry? What kind of ticket inputs are you able to receive?
- 5) Does your organization have a plan to prepare and transition to a new industry standard for trade inputs?
- 6) What dedicated resources (personnel, equipment, training, consultants, etc.), procedures and controls will you provide in the transition/conversion process prior to and after the transition date?
- 7) What are the typical problems a client should expect to encounter during a conversion and how might they be minimized?
- 8) Describe how unsettled transactions are handled in the conversion process.
- 9) Provide a sample, step-by-step process, including timeline, for converting a new client
- 10) Describe and walk us through your custody online treasury portal system's capabilities, as well as add-on modules that specifically assist with cash management, cash forecasting, cash positioning, and reconciliation custody reporting.
- 11) Describe and guide us through your custody on-line treasury portal system's capabilities to link external money market fund accounts and obtain real-time updates and balance information from multiple other institutions' treasury portals via a single sign-on through the Offeror's portal.
- 12) How early is a representative consistently available each business day to provide real-time customer service or troubleshooting technical issues? Our Investment Operations commence at 7:00 a.m. EST daily. Can your organization support this timeframe?
- 13) What type of comprehensive report analysis and customization do your custody on-line treasury portal systems provide and offer to assist with daily, weekly, monthly reconciliations as well as conduct audit reviews of the entire portfolio.

- 14) Does your custody online treasury portal allow for system interface connections to utilize API connection to provide automated updates of balance information or securities accounts?
- 15) Do your systems update in a batch or real-time mode? Describe major functions and timing. Will STO have the ability to interact with the bank's systems to retrieve information in a real-time environment?
- 16) STO requires your organization to have the capability to transmit transactional data in a BAI2 file and ACHA file format. What type of investment or securities transactional data can your organization transmit in a BAI2 file format?
- 17) Describe your system of quality control ensure reporting accuracy? Are accounting statements audited before they are delivered to clients? Who performs these audits? Are the hard copies of monthly and quarterly statements preliminarily or fully audited?
- 18) Please summarize your auditing process as it relates to the following:
  - a. Safekeeping/operations (trade processing);
  - b. Income collection
  - c. Vault (physical asset)
  - d. Asset reconciliation
  - e. Security operations; and
  - f. Systems data processing controls (e.g., systems access, program change controls)
- 19) Does your system have built-in editing features to ensure accuracy in trade input (e.g., security description/security identifier cross check features, calculations of remaining par on factor-based securities, computation of accrued interest)?
- 20) How do you handle corrections/reversals (e.g., as adjustments or as offsetting purchases and sales)? Does your custody/trade entry system allow clients to process their own trade corrections?
- 21) What income forecast reporting is available (e.g., cash balance projection reporting)?
- 22) What procedures and control points do you have in place to ensure that securities are priced accurately?
- 23) Briefly describe any portfolio analytical tools available to clients online to prepare what-if analyses.
  - a. What variables can the client manipulate?
  - b. What are the trade deadlines for daily and month-end closing?
  - c. What procedures are used to reconcile client and custodian records?
- 24) Provide for the most recent 12-month period the following volumes and values:
  - a. Wire able security transactions settled.
  - b. Total investments under safekeeping (volume and par value).
  - c. Error ration
  - d. Collateral exchanges on term repos
  - e. Margin calls for and against
- 25) Please present us with a comprehensive walkthrough and demonstration of your custody

- online treasury portal or web tool, including any recommended add-on modules that could enhance our current processes and streamline our operations.
- 26) Does your organization offer an online Money Market Mutual Fund platform for tracking monitoring, reconciling and viewing transactional history? Can external Money Market Mutual Fund accounts be seamlessly integrated and linked into your system? If so, please provide a walkthrough and condensed demonstration.
- 27) Insurance companies seeking to conduct business in the State of Maryland are required to pledge collateral to the State. The funds pledged by the insurance companies are statutorily entrusted to the STO, governed by a STO tri-party agreement, with all fees assessed directly to the insurance company. Monthly electronic custom reporting would be required. Is your organization capable and does it have the infrastructure to accept insurance company's collateral (cash and securities)?
- 28) Describe your plan for providing clients with initial training and ongoing training for your online accounting and reporting systems and other tools. How often do you typically conduct training sessions with clients like the State Treasurer's Office? Describe what type of educational sessions, user conferences, publications or other means for keeping clients fully educated and for providing a forum for new ideas you provide to clients.
- 29) Briefly describe your bank's disaster recovery plans to provide continuing service in the event of a localized disaster for time frames of up to 30 days. Include current estimates of time frames required to resume service in all functional areas, including systems, operations and client administration.
- 30) How often are contingency plans reviewed and tested? Briefly describe the testing methodology (e.g., simulated disaster with actual offsite system regeneration and recovery). When was the plan last tested?
- 31) Have you ever had to implement your disaster recovery plan in an actual disaster? If so, describe the circumstances and the effectiveness of the plan.
- 32) List all insurance coverage relevant to the custody department and all sub-custodians. Indicate the type and amount. Does the insurance include:
- a. Mysterious disappearance?
  - b. Computer related crimes?
  - c. Loss of securities in transit?
- 33) Describe the hardware and software systems used in custody operations. Do safekeeping systems use dedicated hardware? If not, compare the priority given to safekeeping systems versus other systems sharing the same hardware.
- 34) Identify all sub-custodians used to safe keep securities on both a domestic and global basis. Indicate the nature of the relationship, the security types involved and any restrictions which may apply.
- 35) Describe your system for the registration and custody of assets.
- 36) In the unlikely event of a delivery of physical securities, describe the process of registering, transferring and in general, holding, delivered and/or received in good deliverable form. Identify second party, if used.
- 37) How are portfolio inquiries handled? Indicate the benchmark time for a response.

- 38) Please answer the following regarding securities pricing:
- What pricing sources do you use for pay down information on all factor-based securities (e.g., MBS, ABS, and SBA)? Do you maintain a record of the original face amount purchased?
  - Is portfolio pricing available online and which institution is the pricing pulled from? Can clients request alternative pricing sources?
  - How many accounts do you price? How frequently are prices updated?
  - What procedures and control points do you have in place to ensure that securities are priced accurately?
  - How are pricing discrepancies identified and communicated?
  - Do you have secondary or back up pricing methods?
- 39) Briefly describe how your bank handles securities processing on behalf of its clients for each of the items listed below. Where automated processing is available, indicate the nature of the automation and level of availability (e.g., overnight batch, real-time).
- Receipt of trade instructions including same-day (cash) trades; describe your time requirements for trade inputs and settlement times.
  - Affirmation processing (DTC). Indicate what provisions have been made for interactive ID;
  - Securities movement and control (SMAC) systems update.
  - Notification of settled trades, failed trades, available balances, etc.
  - Securities position reporting and reconciliation.
  - Reporting of income on securities held; and
  - Trade discrepancies (e.g., bad money, OK's).
- 40) Do you currently use electronic transmissions to communicate trades, holdings and other information to and from clients? Describe the level of automation, standby procedures and customization options.
- 41) Does your system allow "block" trading by providing the ability to allocate a single trade over multiple accounts or aggregating a position sold from multiple accounts?
- 42) Are purchase and sale settlements posted on an actual or contractual basis? If you utilize a contractual settlement approach, are there any stipulations or exceptions to this method?
- 43) How do you handle corrections/reversals (i.e., as adjustments or as offsetting purchases and sales)? Does your custody/trade entry system allow clients to process their own trade corrections? What are your requirements for handling same day turn around transactions for actively traded accounts?



- 44) Does your system show clearing house and Federal funds postings and/or summaries?
- 45) How does your team handle industry enhancements?
- 46) What is your policy for posting income (i.e., contractual vs. actual)?
- 47) Provide a comprehensive review of your performance measurement services available to clients, including portfolio analysis, asset allocation and brokerage analysis for US. Is there a dedicated team that would provide this service to us? Provide examples of performance reports. Indicate report(s) frequency and delivery dates.
- 48) Briefly describe any portfolio analytical tools available to clients online to prepare what-if analyses. What variables can the client manipulate?
- 49) Can you back test data?
- 50) Does the analytical system maintain historical data?
- 51) Can your system generate individual portfolios and/or consolidation of individual portfolios? Can different accounts be combined online for performance reporting and analysis?
- 52) What product enhancements have you recently made or planned to make to your performance measurement and analytical services?
- 53) Can your system identify prohibited transactions per a given set of investment guidelines prior to settlement? Describe the process for notifying the client of investment guideline violations.
- 54) What types of reports do you offer to assist clients in monitoring certain investments?
- 55) Can we set up a tickler on the system to notify us of investment violations?
- 56) Do you provide compliance monitoring? Can clients specify test criteria?
- 57) Describe your short-term investment fund management capabilities:
  - a. Fund names
  - b. Investment philosophy and objectives
  - c. Types of allowable investments
  - d. Investment performance
  - e. Interest crediting
  - f. Minimum purchase unit

- g. Management/administration fees and conditions; and
- h. Historical performance of these funds over a 1, 3 and 5-year period.

Does the bank provide sweep vehicles for the investment of excess balances? If so, describe the nature of the vehicles, cut-off times that apply and how the sweep mechanism works to move funds into and out of the selected sweep vehicle.

- 58) What process do you use to ensure cash balances are invested? What time of day is the cash sweep deadline? Is it end-of-day or next-day sweep?
- 59) Describe your accounting service product. What are the trade deadlines for daily and month- end close? What procedures are used to reconcile client and custodian records? What reports are available and are they online? Include copies of all reports. When are month-end accounting reports delivered? Does your accounting system provide lot-level accounting? Do your systems update in a batch or a real-time mode? Describe major functions and timing.
- 60) Describe your system's reliability.
- 61) How have you enhanced your systems in the past few years? What major changes and/or upgrades are you now planning?
- 62) How are client system requests prioritized? By whom?
- 63) Will the client have the ability to interact with the bank's systems to retrieve information in a real-time environment?
- 64) Indicate the hours available for client access to online systems, the method of access and the rate of data transfer.
- 65) Indicate the number of users that can simultaneously access the online system. What percentage of the current system capacity is being utilized?
- 66) Describe the hardware and software recommended for a client to access and utilize your bank's safekeeping system.
- 67) Does your system have varying levels of client access authority through the use of passwords?
- 68) What types of safeguards exist to guarantee client confidentiality and guard against unauthorized access to custody systems?
- 69) Describe your approach to customer service and relationship management.
- 70) Describe the workflow in the customer service group.
- 71) What hours are personnel available for:
  - Client administration (questions/problems)?

- Operations (trade instructions, etc.)?
- Custody contact (questions/problems)?

72) How do you ensure satisfactory coverage during vacations, illnesses, etc.

73) How are service quality and client satisfaction measured? Are there formal customer service reviews? How frequently are they performed?

74) How are complaints and requests for changes handled?

75) Describe the process by which management ensures that procedures are followed and controls are monitored.

76) Describe how client inquiries are tracked and monitored.

77) What standards have you established for responding to client inquiries?

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### 3 Contractor Requirements: General

#### 3.1 Contract Initiation Requirements

- A. Contractor shall schedule and hold a kickoff meeting describing the activities for the Contractor, the State, and any third parties for fully transitioning to the Contractor's Solution.

#### 3.2 End of Contract Transition

- 3.2.1 The Contractor shall provide transition assistance as requested by the State to facilitate the orderly transfer of services to the State or a follow-on contractor. Such transition efforts shall consist, not by way of limitation, of:
  - A. Provide additional services and support as requested to successfully complete the transition;
  - B. Maintain the services called for by the Contract at the required level of proficiency
- 3.2.2 The Contractor shall work toward a prompt and timely transition, proceeding in accordance with the directions of the Contract Monitor. The Contract Monitor may provide the Contractor with additional instructions to meet specific transition requirements prior to the end of the Contract.

#### 3.3 Invoicing

##### 3.3.1 General

- A. The Contractor shall e-mail the original of each invoice and signed authorization to [stoaccountspayable@treasurer.state.md.us](mailto:stoaccountspayable@treasurer.state.md.us) with a copy to the Contract Monitor
- B. All invoices for services shall be verified by the Contractor as accurate at the time of submission.
- C. An invoice not satisfying the requirements of a Proper Invoice (as defined at COMAR 21.06.09.01 and .02) cannot be processed for payment. To be considered a Proper Invoice, invoices must include the following information, without error:
  - 1) Contractor name and address;
  - 2) Remittance address;
  - 3) Federal taxpayer identification (FEIN) number
  - 4) Invoice period (i.e. time period during which services covered by invoice were performed);
  - 5) Invoice date;
  - 6) Invoice number;
  - 7) State assigned Contract number;
  - 8) Services provided;
  - 9) Amount due; and
  - 10) Any additional documentation required by regulation or the Contract.
- D. The Agency reserves the right to reduce or withhold Contract payment in the event the Contractor does not provide the Agency with all required deliverables within the time frame specified in the Contract or otherwise breaches the terms and

conditions of the Contract until such time as the Contractor brings itself into full compliance with the Contract.

- E. Any action on the part of the Agency, or dispute of action by the Contractor, shall be in accordance with the provisions of Md. Code Ann., State Finance and Procurement Article §§ 15-215 through 15-223 and with COMAR 21.10.04.
- F. The State is generally exempt from federal excise taxes, Maryland sales and use taxes, District of Columbia sales taxes and transportation taxes. The Contractor; however, is not exempt from such sales and use taxes and may be liable for the same.
- G. Invoices for final payment shall be clearly marked as “FINAL” and submitted when all work requirements have been completed and no further charges are to be incurred under the Contract. In no event shall any invoice be submitted later than 60 calendar days from the Contract termination date.

**3.3.2 For the purposes of the Contract an amount will not be deemed due and payable if:**

- A. The amount invoiced is inconsistent with the Contract;
- B. The proper invoice has not been received by the office specified in the Contract;
- C. The invoice or performance is in dispute or the Contractor has failed to otherwise comply with the provisions of the Contract;
- D. The services have not been accepted;
- E. The services do not meet the quality requirements of the Contract;

**3.3.3 Travel Reimbursement**

Travel will not be reimbursed under this RFP.

**3.4 Liquidated Damages**

**3.4.1 MBE Liquidated Damages**

THIS SECTION IS INAPPLICABLE TO THIS RFP.

**3.4.2 Liquidated Damages other than MBE**

THIS SECTION IS INAPPLICABLE TO THIS RFP.

**3.5 Disaster Recovery and Data**

The following requirements apply to the Contract:

**3.5.1 Redundancy, Data Backup and Disaster Recovery**

- A. Unless specified otherwise in the RFP, Contractor shall maintain or cause to be maintained disaster avoidance procedures designed to safeguard State data and other confidential information, Contractor’s processing capability and the availability of hosted services, in each case throughout the Contract term. Any force majeure provisions of the Contract do not limit the Contractor’s obligations under this provision.
- B. The Contractor shall have robust contingency and disaster recovery (DR) plans in place to ensure that the services provided under the Contract will be maintained in

the event of disruption to the Contractor/subcontractor's operations (including, but not limited to, disruption to information technology systems), however caused.

- 1) The DR site shall be at least 100 miles from the primary operations site and have the capacity to take over complete production volume in case the primary site becomes unresponsive.
- 2) Offeror must perform a simulated Disaster Recovery with STO annually.

**3.5.2** Provisions in Sections 3.5.1 shall survive expiration or termination of the Contract. Additionally, the Contractor shall flow down the provisions of Sections 3.5.1 (or the substance thereof) in all subcontracts.

### **3.6 Insurance Requirements**

The Contractor shall maintain, at a minimum, the insurance coverages outlined below, or any minimum requirements established by law if higher, for the duration of the Contract, including option periods, if exercised:

**3.6.1** The following type(s) of insurance and minimum amount(s) of coverage are required:

- A. Cyber Security / Data Breach Insurance – (For any service offering hosted by the Contractor) five million dollars (\$5,000,000) per occurrence. The coverage must be valid at all locations where work is performed or data or other information concerning the State's claimants or employers is processed or stored.
- B. Commercial General Liability - of \$2,000,000 combined single limit per occurrence for bodily injury, property damage, and personal and advertising injury and \$5,000,000 annual aggregate. The minimum limits required herein may be satisfied through any combination of primary and umbrella/excess liability policies.
- C. Errors and Omissions/Professional Liability - \$1,000,000 per combined single limit per claim and \$3,000,000 annual aggregate.
- D. Crime Insurance/Employee Theft Insurance - to cover employee theft with a minimum single loss limit of \$1,000,000 per loss, and a minimum single loss retention not to exceed \$10,000.

**3.6.2** All insurance policies shall be endorsed to include a clause requiring the insurance carrier provide the Procurement Officer, by certified mail, not less than 30 days' advance notice of any non-renewal, cancellation, or expiration. The Contractor shall notify the Procurement Officer in writing, if policies are cancelled or not renewed within five (5) days of learning of such cancellation or nonrenewal. The Contractor shall provide evidence of replacement insurance coverage to the Procurement Officer at least 15 days prior to the expiration of the insurance policy then in effect.

**3.6.3** Any insurance furnished as a condition of the Contract shall be issued by a company authorized to do business in the State.

**3.6.4** The recommended awardee must provide current certificate(s) of insurance with the prescribed coverages, limits and requirements set forth in this section within five (5) Business Days from notice of recommended award. During the period of performance for multi-year contracts, the Contractor shall provide certificates of insurance annually, or as otherwise directed by the Contract Monitor.



### 3.7 Security Requirements

#### 3.7.1 Data Protection and Controls

Contractor shall ensure a secure environment for all State data and any hardware and software (including but not limited to servers, network and data components) provided or used in connection with the performance of the Contract and shall apply or cause application of appropriate controls so as to maintain such a secure environment ("Security Best Practices"). Such Security Best Practices shall comply with an accepted industry standard, such as the NIST cybersecurity framework, SOC, ISO 27001 and applicable Standards/Framework/Manuals such as the latest version of Maryland IT Security Manual.

- 1) Ensure that all State data is classified appropriately and implement appropriate protection mechanisms.
- 2) Ensure that State data is not commingled with non-State data through the proper application of compartmentalization Security Measures.
- 3) Apply data encryption to protect Sensitive Data at all times, including data in use, transit, at rest. Unless otherwise directed, the Contractor is responsible for the encryption of all Sensitive Data.
- 4) For all State data that the Contractor manages or controls in transit, data encryption shall be applied. Should data need to be transmitted over untrusted networks, the State shall be immediately informed, and the Contractor shall take heightened security precautions.
- 5) Enable appropriate login parameters to monitor user access activities, authorized and failed access attempts, system exceptions, and critical information security events as recommended by the operating system and application manufacturers and information security standards.
- 6) Ensure system and network environments are separated by properly configured and updated firewalls.
- 7) Ensure all applications that hold State data are controlled with Multi-factor Authentication (MFA). Restrict network connections between trusted and untrusted networks by physically or logically isolating systems from unsolicited and unauthenticated network traffic.
- 8) Ensure that all legacy applications that hold State data are isolated and not exposed to external environments.
- 9) Ensure that all applications/Operation Systems that hold State data are configured with Antivirus/Endpoint Protection mechanisms and regularly conduct Vulnerability Scans and Penetration Tests to identify and mitigate any open vulnerability.
- 10) Ensure State data is not processed, transferred, or stored outside of the United States ("U.S."). The Contractor shall provide its services to the State and the State's end users solely from data centers in the U.S. Unless granted an exception in writing by the State, the Contractor shall not allow Contractor Personnel to store State data on portable devices, including personal computers (BYOD), except for devices that are used and kept only at its U.S. data centers. The Contractor shall permit its Contractor Personnel to access State data remotely only as required to provide technical support.

### 3.7.2 Security Incident Response

- E. The Contractor shall comply with all applicable laws that require the notification of individuals in the event of unauthorized release of State data or other event requiring notification, and, where notification is required, assume responsibility for informing all such individuals in accordance with applicable law and to indemnify and hold harmless the State and its officials and employees from and against any claims, damages, and actions related to the event requiring notification.

### 3.7.3 Data Breach Responsibilities

- A. If the Contractor reasonably believes or has actual knowledge of a Data Breach, the Contractor shall, unless otherwise directed:
  - 1) Notify the appropriate State-identified contact immediately of an event;
  - 2) Cooperate with the State to investigate and resolve the data breach;
  - 3) Promptly implement commercially reasonable remedial measures to remedy/contain the Data Breach; and
  - 4) Document responsive actions taken related to the Data Breach, including any post-incident review of events and actions taken to make changes in business practices in providing the services.
- B. If a Data Breach is a direct result of the Contractor's breach of its Contract obligation to encrypt State data or otherwise prevent its release, the Contractor shall bear the costs associated with (1) the investigation and resolution of the data breach; (2) notifications to individuals, regulators or others required by State law; (3) a credit monitoring service required by State or federal law; (4) a website or a toll-free number and call center for affected individuals required by State law; and (5) complete all corrective actions as reasonably determined by Contractor based on root cause.

- 3.7.4 The State shall, at its discretion, have the right to review and assess the Contractor's compliance to the security requirements and standards defined in the Contract (right to audit).

## 3.8 SOC 2 Type 2 Audit Report

- 3.8.1 A SOC 2 Type 2 Audit applies to the Contract. The applicable trust services criteria are: Security, Availability, Processing Integrity, Confidentiality, or Privacy – The Agency to choose which of the five trust services criteria apply as defined in the Guidance document identified in Section 3.8.2.
- 3.8.2 In the event the Contractor provides services for identified critical functions, handles Sensitive Data, or hosts any related implemented system for the State under the Contract, the Contractor shall have an annual audit performed by an independent audit firm of the Contractor's handling of Sensitive Data or the Agency's critical functions. Critical functions are identified as all aspects and functionality of the Solution including any add-on modules and shall address all areas relating to Information Technology security and operational processes. These services provided by the Contractor that shall be covered by the audit will collectively be referred to as the "Information Functions and Processes." Such audits shall be performed in accordance with audit guidance: Reporting on an Examination of Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2) as published by the American Institute of Certified Public Accountants (AICPA) and as updated from time to time, or according to the most current audit guidance promulgated by the AICPA or

similarly-recognized professional organization, as agreed to by the Agency, to assess the security of outsourced client functions or data (collectively, the “Guidance”) as follows:

- A. The type of audit to be performed in accordance with the Guidance is a SOC 2 Type 2 Audit (referred to as the “SOC 2 Audit” or “SOC 2 Report”). All SOC2 Audit Reports shall be submitted to the Contract Monitor. The Contractor shall ensure the audit includes all such subcontractors operating in performance of the Contract.

All SOC 2 Audits, including those of the Contractor, shall be performed at no additional expense to the Agency.

If the Contractor currently has an annual, independent information security assessment performed that includes the operations, systems, and repositories of the Information Functions and Processes being provided to the Agency under the Contract, and if that assessment generally conforms to the content and objective of the Guidance, the Agency will determine in consultation with appropriate State government technology and audit authorities whether the Contractor’s current information security assessments are acceptable in lieu of the SOC 2 Report(s).

- B. The Contractor shall provide annually at no cost to the Contract Officer, evidence of compliant and ongoing internal control of sensitive data and processes through a standard methodology, such as but without limitation the American Institute of Certified Public Accountant (AICPA) Service Organization Control (SOC) Reports. The scope of the audit shall cover a one (1) year period. The evidence of compliance shall be contained in a report describing the effectiveness of the Contractor’s internal controls.
- C. If deficiencies in the Contractor’s internal control processes and procedures are described in the most recent version of the report, the Contractor shall automatically submit the report to the Contract Officer within a timely manner and shall describe the corrective actions to be put into place by the Contractor to remedy the deficiencies. Failure to report and/or repair deficiencies in a timely manner shall be cause for the STO to make a determination of breach of contract
- D. Provisions in **Section 3.8.1 and 3.8.2** shall survive expiration or termination of the Contract. Additionally, the Contractor and shall flow down the provisions of **Section 3.8.1-2** (or the substance thereof) in all subcontracts.

### 3.9 Key Personnel

When Key Personnel are identified for the Contract, the following apply:

- A. Key Personnel shall be available to perform Contract requirements. Unless explicitly authorized by the Contract Monitor or specified in the Contract, Key Personnel shall be assigned to the State of Maryland as a dedicated resource.
- B. Key Personnel shall perform continuously for the duration of the Contract, or such lesser duration as specified in the Technical Proposal. Contractor must notify STO of the changes to personnel.
- C. Please describe what type of background investigations are performed prior onboarding of new employees that are considered a dedicated resource.

### 3.10 Substitution of Personnel

The following provisions apply to Contractor Personnel substitutions.

- A. The Contractor shall demonstrate to the Contract Monitor's satisfaction that the proposed substitute has qualifications at least equal to those of the Contractor Personnel proposed to be replaced.
- B. The Contractor shall provide the Contract Monitor with a substitution request that shall include:
  - 1) The official resume of the current personnel for comparison purposes.
  - 2) Evidence of any required credentials.
- C. The Contract Monitor may request additional information concerning the proposed substitution and may interview the proposed substitute personnel prior to deciding whether to approve the substitution request.
- D. The Contract Monitor will notify the Contractor in writing of: (i) the acceptance or denial, or (ii) contingent or temporary approval for a specified time limit, of the requested substitution. The Contract Monitor will not unreasonably withhold approval of a proposed Contractor Personnel replacement.

### 3.11 Work Orders

THIS SECTION IS INAPPLICABLE TO THIS RFP.

### 3.12 Additional Clauses

This section does not apply to this solicitation.

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## 4 Procurement Instructions

### 4.1 Pre-Proposal Conference

There will not be a Pre-Proposal Conference for this procurement

### 4.2 eMaryland Marketplace Advantage (eMMA)

- 4.2.1 eMMA is the electronic commerce system for the State of Maryland. The RFP, Conference summary and attendance sheet, Offerors' questions and the Procurement Officer's responses, addenda, and other solicitation-related information will be made available via eMMA.
- 4.2.2 In order to receive a contract award, a vendor must be registered on eMMA. Registration is free. Go to [emma.maryland.gov](http://emma.maryland.gov), click on "New Vendor? Register Now" to begin the process, and then follow the prompts.

### 4.3 Questions

- 4.3.1 All questions shall identify in the subject line the Solicitation Number and Title (**RFP#DISB-06232025 - General, Tax Refund, and Payroll Disbursement and Custody Services**), and shall be submitted in writing via e-mail to [kchewlin@treasurer.state.md.us](mailto:kchewlin@treasurer.state.md.us) no later than the date and time specified the Key Information Summary Sheet. **PLEASE IDENTIFY THE PARTICULAR RFP SECTION AND RFP PAGE NUMBER IN THE QUESTION (if applicable).**
- 4.3.2 **Answers to all questions that are not clearly specific only to the requestor will be distributed via the same mechanism as for RFP amendments and posted on eMMA.**

### 4.4 Procurement Method

A Contract will be awarded in accordance with the Competitive Sealed Proposals method under COMAR 21.05.03.

### 4.5 Proposal Due (Closing) Date and Time

- 4.5.1 Proposals, in the number and form set forth in **Section 5 Proposal Format**, must be received by the Procurement Officer no later than the Proposal due date and time indicated on the Key Information Summary Sheet in order to be considered.
- 4.5.2 Requests for extension of this date or time may not be granted.
- 4.5.3 Offerors submitting Proposals should allow sufficient delivery time to ensure timely receipt by the Procurement Officer. Except as provided in COMAR 21.05.03.02.F and 21.05.02.10, Proposals received after the due date and time listed in the Key Information Summary Sheet will not be considered.
- 4.5.4 Proposals may be modified or withdrawn by written notice received by the Procurement Officer before the time and date set forth in the Key Information Summary Sheet for receipt of Proposals.
- 4.5.5 Proposals may not be submitted by e-mail or facsimile. Proposals will not be opened publicly.
- 4.5.6 Potential Offerors not responding to this solicitation are requested to submit the "Notice to Vendors" form, which includes company information and the reason for not responding (e.g., too busy, cannot meet mandatory requirements).

## 4.6 Multiple or Alternate Proposals

Multiple or alternate Proposals will not be accepted.

## 4.7 Economy of Preparation

Proposals should be prepared simply and economically and provide a straightforward and concise description of the Offeror's Proposal to meet the requirements of this RFP.

## 4.8 Public Information Act Notice

- 4.8.1 The Offeror should give specific attention to the clear identification of those portions of its Proposal that it considers confidential and/or proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Public Information Act, Md. Code Ann., General Provisions Article, Title 4 (See also RFP **Section 5.3.2.B** "Claim of Confidentiality"). This information should be identified by page and section number and placed after the Title Page and before the Table of Contents in the Technical Proposal and if applicable, separately in the Financial Proposal.
- 4.8.2 Offerors are advised that, upon request for this information from a third party, the Procurement Officer is required to make an independent determination whether the information must be disclosed.

## 4.9 Award Basis

A Contract shall be awarded to the responsible Offeror(s) submitting the Proposal that has been determined to be the most advantageous to the State, considering price and evaluation factors set forth in this RFP (see COMAR 21.05.03.03F), for providing the goods and services as specified in this RFP. See RFP **Section 6** for further award information.

## 4.10 Oral Presentation

Offerors may be required to make oral presentations to State representatives. Oral presentations are considered part of the Technical Proposal. Offerors must confirm in writing any substantive oral clarification of, or change in, their Proposals made in the course of discussions. Any such written clarifications or changes then become part of the Offeror's Proposal. The Procurement Officer will notify Offerors of the time and place of oral presentations.

## 4.11 Duration of Proposal

Proposals submitted in response to this RFP are irrevocable for the latest of the following: 180 days following the Proposal due date and time, best and final offers if requested (see **Section 6.4.2**), or the date any protest concerning this RFP is finally resolved. This period may be extended at the Procurement Officer's request only with the Offeror's written agreement.

## 4.12 Revisions to the RFP

- 4.12.1 If the RFP is revised before the due date for Proposals, the Agency shall post any addenda to the RFP on eMMA and shall endeavor to provide such addenda to all prospective Offerors that were sent this RFP or are otherwise known by the Procurement Officer to have obtained this RFP. It remains the responsibility of all prospective Offerors to check eMMA for any addenda issued prior to the submission of Proposals.

- 4.12.2 Acknowledgment of the receipt of all addenda to this RFP issued before the Proposal due date shall be included in the Transmittal Letter accompanying the Offeror's Technical Proposal.
- 4.12.3 Addenda made after the due date for Proposals will be sent only to those Offerors that remain under award consideration as of the issuance date of the addenda.
- 4.12.4 Acknowledgement of the receipt of addenda to the RFP issued after the Proposal due date shall be in the manner specified in the addendum notice.
- 4.12.5 Failure to acknowledge receipt of an addendum does not relieve the Offeror from complying with the terms, additions, deletions, or corrections set forth in the addendum, and may cause the Proposal to be deemed not reasonably susceptible of being selected for award.

#### 4.13 Cancellations

- 4.13.1 The State reserves the right to cancel this RFP, accept or reject any, and all Proposals, in whole or in part, received in response to this RFP, waive or permit the cure of minor irregularities, and conduct discussions with all qualified or potentially qualified Offerors in any manner necessary to serve the best interests of the State.
- 4.13.2 The State reserves the right, in its sole discretion, to award a Contract based upon the written Proposals received without discussions or negotiations.

#### 4.14 Incurred Expenses

The State will not be responsible for any costs incurred by any Offeror in preparing and submitting a Proposal, in making an oral presentation, providing a demonstration, or performing any other activities related to submitting a Proposal in response to this solicitation.

#### 4.15 Protest/Disputes

Any protest or dispute related to this solicitation or the Contract award shall be subject to the provisions of COMAR 21.10 (Administrative and Civil Remedies).

#### 4.16 Offeror Responsibilities

- 4.16.1 Offerors must be able to provide all goods and services and meet all of the requirements requested in this solicitation and the successful Offeror shall be responsible for Contract performance including any subcontractor participation.
- 4.16.2 All subcontractors shall be identified and a complete description of their role relative to the Proposal shall be included in the Offeror's Proposal.
- 4.16.3 If the Offeror is the subsidiary of another entity, all information submitted by the Offeror, including but not limited to references, financial reports, or experience and documentation (e.g. insurance policies, bonds, letters of credit) used to meet minimum qualifications, if any, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror's Proposal shall contain an explicit statement, signed by an authorized representative of the parent organization, stating that the parent organization will guarantee the performance of the subsidiary.
- 4.16.4 A parental guarantee of the performance of the Offeror under this Section will not automatically result in crediting the Offeror with the experience or qualifications of the parent under any evaluation criteria pertaining to the actual Offeror's experience and qualifications. Instead, the Offeror will be evaluated on the extent to which the State determines that the experience and qualifications of the parent are applicable to and shared with the Offeror, any stated intent by



the parent to be directly involved in the performance of the Contract, and the value of the parent's participation as determined by the State.

#### 4.17 Acceptance of Terms and Conditions

By submitting a Proposal in response to this RFP, the Offeror, if selected for award, shall be deemed to have accepted the terms and conditions of this RFP and the Contract, attached hereto as **Attachment E**.

**The State will not accept any proposed exceptions to the Contract (specifically Attachment E). Any questions or clarifications required of Attachment E shall be addressed during the Questions process as explained in Section 4.3. Any other proposed exceptions to this RFP shall be clearly identified in the Executive Summary of the Technical Proposal. All requested exceptions ONLY FOR THE REMAINDER OF THE RFP EXCLUSIVE OF THE CONTRACT (Attachment E) will be taken into consideration when evaluating the Offeror's Proposal. The Agency reserves the right to accept or reject any exceptions.**

#### 4.18 Proposal Affidavit

A Proposal submitted by the Offeror must be accompanied by a completed Proposal Affidavit. A copy of this Affidavit is included as **Attachment C** of this RFP.

#### 4.19 Contract Affidavit

All Offerors are advised that if a Contract is awarded as a result of this solicitation, the successful Offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as **Attachment F** of this RFP. This Affidavit must be provided within five (5) Business Days of notification of recommended award. For purposes of completing Section "B" of this Affidavit (Certification of Registration or Qualification with the State Department of Assessments and Taxation), a business entity that is organized outside of the State of Maryland is considered a "foreign" business.

#### 4.20 Compliance with Laws/Arrearages

By submitting a Proposal in response to this RFP, the Offeror, if selected for award, agrees that it will comply with all federal, State, and local laws applicable to its activities and obligations under the Contract.

By submitting a response to this solicitation, each Offeror represents that it is not in arrears in the payment of any obligations due and owing the State, including the payment of taxes and employee benefits, and shall not become so in arrears during the term of the Contract if selected for Contract award.

#### 4.21 Verification of Registration and Tax Payment

Before a business entity can do business in the State, it must be registered with the State Department of Assessments and Taxation (SDAT). SDAT is located at State Office Building, Room 803, 301 West Preston Street, Baltimore, Maryland 21201. For registration information, visit <https://www.egov.maryland.gov/businessexpress>.

It is strongly recommended that any potential Offeror complete registration prior to the Proposal due date and time. The Offeror's failure to complete registration with SDAT may disqualify an otherwise successful Offeror from final consideration and recommendation for Contract award.

#### 4.22 False Statements

Offerors are advised that Md. Code Ann., State Finance and Procurement Article, § 11-205.1 provides as follows:

**4.22.1** In connection with a procurement contract a person may not willfully:

- A. Falsify, conceal, or suppress a material fact by any scheme or device.
- B. Make a false or fraudulent statement or representation of a material fact.
- C. Use a false writing or document that contains a false or fraudulent statement or entry of a material fact.

**4.22.2** A person may not aid or conspire with another person to commit an act under **Section 4.22.1**.

**4.22.3** A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding \$20,000 or imprisonment not exceeding five (5) years or both.

## **4.23 Payments by Electronic Funds Transfer**

By submitting a Proposal in response to this solicitation, the Offeror, if selected for award:

**4.23.1** Agrees to accept payments by electronic funds transfer (EFT) unless the State Comptroller's Office grants an exemption. Payment by EFT is mandatory for contracts exceeding \$200,000. The successful Offeror shall register using the COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form.

**4.23.2** Any request for exemption must be submitted to the State Comptroller's Office for approval at the address specified on the COT/GAD X-10 form, must include the business identification information as stated on the form, and must include the reason for the exemption. The COT/GAD X-10 form may be downloaded from the Comptroller's website at: [http://comptroller.marylandtaxes.com/Vendor\\_Services/Accounting\\_Information/Static\\_Files/\\_GADX10Form20150615.pdf](http://comptroller.marylandtaxes.com/Vendor_Services/Accounting_Information/Static_Files/_GADX10Form20150615.pdf).

## **4.24 Prompt Payment Policy**

This procurement and the Contract(s) to be awarded pursuant to this solicitation are subject to the Prompt Payment Policy Directive issued by the Governor's Office of Small, Minority & Women Business Affairs (GOSBA) and dated August 1, 2008. Promulgated pursuant to Md. Code Ann., State Finance and Procurement Article, §§ 11-201, 13-205(a), and Title 14, Subtitle 3, and COMAR 21.01.01.03 and 21.11.03.01. The Directive seeks to ensure the prompt payment of all subcontractors on non-construction procurement contracts, if applicable. The Contractor shall comply with the prompt payment requirements available on GOSBA's website at: <http://www.gomdsmallbiz.maryland.gov/documents/legislation/promptpaymentfaqs.pdf>.

## **4.25 Electronic Procurements Authorized**

**4.25.1** Under COMAR 21.03.05, unless otherwise prohibited by law, the Agency may conduct procurement transactions by electronic means, including the solicitation, proposing, award, execution, and administration of a contract, as provided in Md. Code Ann., Maryland Uniform Electronic Transactions Act, Commercial Law Article, Title 21.

**4.25.2** Participation in the solicitation process on a procurement contract for which electronic means has been authorized shall constitute consent by the Offeror to conduct by electronic means all elements of the procurement of that Contract which are specifically authorized under the solicitation or Contract. In the case of electronic transactions authorized by this RFP, electronic records and signatures by an authorized representative satisfy a requirement for written submission and signatures.

**4.25.3** "Electronic means" refers to exchanges or communications using electronic, digital, magnetic, wireless, optical, electromagnetic, or other means of electronically conducting transactions. Electronic means includes e-mail, internet-based communications, electronic funds transfer,

specific electronic bidding platforms (e.g., <https://procurement.maryland.gov>), and electronic data interchange.

**4.25.4** In addition to specific electronic transactions specifically authorized in other sections of this solicitation (e.g., RFP § 4.23 describing payments by Electronic Funds Transfer), the following transactions are authorized to be conducted by electronic means on the terms as authorized in COMAR 21.03.05:

- A. The Procurement Officer may conduct the procurement using eMMA or e-mail to issue:
  - 1) The RFP;
  - 2) Any amendments and requests for best and final offers;
  - 3) Pre-Proposal conference documents (if applicable);
  - 4) Questions and responses;
  - 5) Communications regarding the solicitation or Proposal to any Offeror or potential Offeror;
  - 6) Notices of award selection or non-selection; and
  - 7) The Procurement Officer's decision on any Proposal protest or Contract claim.
- B. The Offeror or potential Offeror shall e-mail:
  - 1) Questions regarding the solicitation;
  - 2) Replies to any material received from the Procurement Officer by electronic means that includes a Procurement Officer's request or direction to reply by e-mail but only on the terms specifically approved and directed by the Procurement Officer and;
  - 3) A "No Proposal Response" to the RFP.
- C. The Procurement Officer, the Contract Monitor, and the Contractor may conduct day-to-day Contract administration, except as outlined in **Section 4.25.5** of this subsection, utilizing e-mail or other electronic means if authorized by the Procurement Officer or Contract Monitor.

**4.25.5** The following transactions related to this procurement and any Contract awarded pursuant to it are **not authorized** to be conducted by electronic means with the exception of activity through eMMA:

- A. Submission of initial Proposals;
- B. Filing of protests;
- C. Filing of Contract claims;
- D. Submission of documents determined by the Agency to require original signatures (e.g., Contract execution, Contract modifications); or
- E. Any transaction, submission, or communication where the Procurement Officer has specifically directed that a response from the Contractor or Offeror be provided in writing or hard copy.

- 4.25.6 Any e-mail transmission is only authorized to the e-mail addresses for the identified person as provided in the solicitation, the Contract, or in the direction from the Procurement Officer or Contract Monitor.

#### 4.26 MBE Participation Goal

THIS SECTION IS NOT APPLICABLE TO THIS RFP.

#### 4.27 VSBE Goal

THIS SECTION IS NOT APPLICABLE TO THIS RFP.

#### 4.28 Living Wage Requirements

- A. Maryland law requires that contractors meeting certain conditions pay a living wage to covered employees on State service contracts over \$100,000. Maryland Code Ann., State Finance and Procurement Article, § 18-101 et al. The Commissioner of Labor and Industry at the Maryland Department of Labor requires that a contractor subject to the Living Wage law submit payroll records for covered employees and a signed statement indicating that it paid a living wage to covered employees; or receive a waiver from Living Wage reporting requirements. See COMAR 21.11.10.05.
- B. If subject to the Living Wage law, Contractor agrees that it will abide by all Living Wage law requirements, including but not limited to reporting requirements in COMAR 21.11.10.05. Contractor understands that failure of Contractor to provide such documents is a material breach of the terms and conditions and may result in Contract termination, disqualification by the State from participating in State contracts, and other sanctions. Information pertaining to reporting obligations may be found by going to the Maryland Department of Labor website <http://www.dlr.state.md.us/labor/prev/livingwage.shtml>.
- C. Additional information regarding the State's living wage requirement is contained in **Attachment C**. Offerors must complete and submit the Maryland Living Wage Requirements Affidavit of Agreement with their Proposals. If the Offeror fails to complete and submit the required documentation, the State may determine the Offeror to not be responsible under State law.
- D. Contractors and subcontractors subject to the Living Wage Law shall pay each covered employee at least the minimum amount set by law for the applicable Tier area. The specific living wage rate is determined by whether a majority of services take place in a Tier 1 Area or a Tier 2 Area of the State. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State.
  - 1) The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event that the employees who perform the services are not located in the State, the head of the unit responsible for a State Contract pursuant to §18-102(d) of the State Finance and Procurement Article shall assign the tier based upon where the recipients of the services are located. If the Contractor provides more than 50% of the services from an out-of-State location, the State agency determines the wage tier based on where the

majority of the service recipients are located. In this circumstance, the Contract will be determined to be a Tier (enter “1” or “2,” depending on where the majority of the service recipients are located) Contract.

- 2) The Contract will be determined to be a Tier 1 Contract or a Tier 2 Contract depending on the location(s) from which the Contractor provides 50% or more of the services. The Offeror must identify in its Proposal the location(s) from which services will be provided, including the location(s) from which 50% or more of the Contract services will be provided.
  - 3) If the Contractor provides 50% or more of the services from a location(s) in a Tier 1 jurisdiction(s) the Contract will be a Tier 1 Contract.
  - 4) If the Contractor provides 50% or more of the services from a location(s) in a Tier 2 jurisdiction(s), the Contract will be a Tier 2 Contract.
- E. If the Contractor provides more than 50% of the services from an out-of-State location, the State agency determines the wage tier based on where the majority of the service recipients are located. See COMAR 21.11.10.07.
- F. The Offeror shall identify in the Proposal the location from which services will be provided.
- G. **NOTE:** Whereas the Living Wage may change annually, the Contract price will not change because of a Living Wage change or a change in the State minimum wage.

## 4.29 Federal Funding Acknowledgement

This Contract does not contain federal funds.

## 4.30 Non-Disclosure Agreement

### 4.30.1 Non-Disclosure Agreement (Offeror)

A Non-Disclosure Agreement (Offeror) is not required for this procurement.

### 4.30.2 Non-Disclosure Agreement (Contractor)

A Non-Disclosure Agreement (Contractor) is not required for this procurement.

## 4.31 HIPAA - Business Associate Agreement

A HIPAA Business Associate Agreement is not required for this procurement.

## 4.32 Nonvisual Access

This solicitation does not contain Information Technology (IT) provisions requiring Nonvisual Access.

### 4.32.1 Mercury and Products That Contain Mercury

This solicitation does not include the procurement of products known to likely include mercury as a component.

## 4.33 Location of the Performance of Services Disclosure

This solicitation does not require a Location of the Performance of Services Disclosure.

#### **4.34 Department of Human Services (DHS) Hiring Agreement**

This solicitation does not require a DHS Hiring Agreement.

#### **4.35 Small Business Reserve (SBR) Procurement**

This solicitation is not designated as a Small Business Reserve (SBR) Procurement.

#### **4.36 Maryland Healthy Working Families Act Requirements**

On February 11, 2018, the Maryland Healthy Working Families Act went into effect. All offerors should be aware of how this Act could affect your potential contract award with the State of Maryland. See the Department of Labor, Licensing and Regulations web site for Maryland Healthy Working Families Act Information: <http://dllr.maryland.gov/paidleave/>.

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.**

## 5 Proposal Format

### 5.1 Two Part Submission

Offerors shall submit Proposals in separate volumes:

- **Volume I –Technical Proposal – signed PDF of 1 full copy & signed PDF of 1 redacted copy**
- **Volume II – Financial Proposal – 1 completed Excel sheet & signed PDF copy of Excel sheet**

### 5.2 Proposal Delivery and Packaging

**5.2.1 Proposals delivered by facsimile and e-mail shall not be considered.**

**5.2.2** Provide no pricing information in the Technical Proposal.

**5.2.3** Offerors may submit Proposals through eMMA, OR by hand-carry OR by trackable mail (i.e. UPS, FedEx, etc.) as described below to the attention of Kris Chewlin at the address provided in the Key Information Summary Sheet. **PLEASE NOTE THAT DELIVERY VIA eMMA IS HIGHLY ENCOURAGED (Follow the eMMA Quick Reference Guide (QRG) labelled “5-eMMA QRG Responding to Solicitations (RFP)” for double envelope submissions). Submit a second PDF copy of the Technical Proposal with confidential & proprietary information redacted AND a signed PDF copy of the Financial Proposal.**

- A.** Any Proposal received at the appropriate mailroom, or typical place of mail receipt, for the respective procuring unit by the time and date listed in the RFP will be deemed to be timely. The State recommends a delivery method for which both the date and time of receipt can be verified.
- B.** For hand-delivery, Offerors are advised to secure a dated, signed, and time-stamped (or otherwise indicated) receipt of delivery. Hand-delivery includes delivery by commercial carrier acting as agent for the Offeror.

**5.2.4** The Procurement Officer must receive all Proposal material by the RFP due date and time specified in the Key Information Summary Sheet. Requests for extension of this date or time will not be granted. Except as provided in COMAR 21.05.03.02F, Proposals received by the Procurement Officer after the due date will not be considered.

**5.2.5 If by mail,** Offerors shall provide their Proposals in two separately sealed and labeled packages as follows:

- A.** Volume I - Technical Proposal consisting of:
  - 1) One (1) original executed Technical Proposal and all supporting material marked and sealed,
  - 2) Five (5) duplicate copies of the above separately marked and sealed,
  - 3) the Technical Proposal in searchable Adobe PDF format, and
  - 4) **a second searchable Adobe PDF copy of the Technical Proposal with confidential and proprietary information redacted (see Section 4.8).**
- B.** Volume II - Financial Proposal consisting of:
  - 1) One (1) original executed Financial Proposal and all supporting material marked and sealed,



- 2) Five (5) duplicate copies of the above separately marked and sealed,
- 3) An electronic version of the Financial Proposal in searchable Adobe PDF format, and Microsoft Excel.

**5.2.6** Affix the following to the outside of each sealed Proposal. Include the name, email address, and telephone number of a contact person for the Offeror be included on the outside of the packaging for each volume. Unless the resulting package will be too unwieldy, the State's preference is for the separately sealed Technical and Financial Proposals to be submitted together in a single package to the Procurement Officer and including a label bearing:

- RFP title and number,
- Name and address of the Offeror, and
- Closing date and time for receipt of Proposals

### 5.3 Volume I - Technical Proposal

**NOTE:** Omit all **pricing information** from the Technical Proposal (Volume I). Include pricing information only in the Financial Proposal (Volume II).

**5.3.1** In addition to the instructions below, responses in the Offeror's Technical Proposal shall reference the organization and numbering of Sections in the RFP (e.g., "Section 2.2.1 Response . . . ; "Section 2.2.2 Response . . ."). All pages of both Proposal volumes shall be consecutively numbered from beginning (Page 1) to end (Page "x").

**5.3.2** The Technical Proposal shall include the following documents and information in the order specified as follows. Each section of the Technical Proposal shall be separated by a TAB as detailed below:

#### A. Title Page and Table of Contents

The Technical Proposal should begin with a Title Page bearing the name and address of the Offeror and the name and number of this RFP. A Table of Contents shall follow the Title Page for the Technical Proposal, organized by section, subsection, and page number.

#### B. Claim of Confidentiality

Any information which is claimed to be confidential and/or proprietary information should be identified by page and section number and placed after the Title Page and before the Table of Contents in the Technical Proposal, and if applicable, separately in the Financial Proposal. An explanation for each claim of confidentiality shall be included (see **Section 4.8 "Public Information Act Notice"**). The entire Proposal cannot be given a blanket confidentiality designation - any confidentiality designation must apply to specific sections, pages, or portions of pages of the Proposal and an explanation for each claim shall be included.

#### C. Transmittal Letter

A0 Transmittal Letter shall accompany the Technical Proposal. The purpose of the Transmittal Letter is to transmit the Proposal and acknowledge the receipt of any addenda to this RFP issued before the Proposal due date and time. Transmittal Letter should be brief, be signed by an individual who is authorized to commit the Offeror to its Proposal and the requirements as stated in this RFP.

#### D. Executive Summary

The Offeror shall condense and highlight the contents of the Technical Proposal in a separate section titled "Executive Summary."

In addition, the Summary shall indicate whether the Offeror is the subsidiary of another entity, and if so, whether all information submitted by the Offeror pertains exclusively to the Offeror. If not, the subsidiary Offeror shall include a guarantee of performance from its parent organization as part of its Executive Summary (see **Section 4.16 “Offeror Responsibilities”**).

The Executive Summary shall also identify any exceptions the Offeror has taken to the requirements of this RFP. **The State will not accept any proposed exceptions to the Contract (specifically Attachment E). Any questions or clarifications required of Attachment E shall be addressed during the Question process as explained in Section 4.3. Any other exceptions to this RFP shall be clearly identified in the Executive Summary of the Technical Proposal. All requested exceptions ONLY FOR THE REMAINDER OF THE RFP EXCLUSIVE OF THE CONTRACT (Attachment E) will be taken into consideration when evaluating the Offeror’s Proposal. The Agency reserves the right to accept or reject any exceptions.**

**E. Minimum Qualifications Documentation**

- 1) The Offeror shall specifically and clearly state in its proposal that it meets each Minimum Qualifications as set forth in RFP **Section 1**.
- 2) The Offeror shall provide evidence of certification and/or membership and compliance with Federal Deposit Insurance Corporation (“FDIC”).
- 3) The Offeror shall include one and only one copy of the Offeror’s most recent audited financial statements with all attachments, including the unqualified audit opinion, in the original volume of its Technical Proposal.
- 4) The Offeror shall include a brief description of its plan for business continuity and recovery as a result of disaster.

**F. Offeror Technical Response to RFP Requirements for Category A – General, Tax Refund, and Payroll Disbursement Services and for Category B – Custody Services**

1. In its Technical Proposal the Offeror shall address each RFP requirement in **Section 2** and **Section 3** in order with a cross reference to the requirement and describe how its proposed services, including the services of any proposed subcontractor(s), will meet or exceed the requirement(s).
2. Implementation and Conversion – Describe your implementation and conversion plan and provide responses to the questions in this Section.
3. Customization and Enhanced Solutions – Provide a response to the questions in this Section.

**G. Personnel - The Offeror shall identify the qualifications and of staff proposed to be utilized under the Contract. The Offeror shall:**

- 1) Describe in detail how the proposed staff’s experience and qualifications relate to their specific responsibilities
- 2) Include individual resumes for Key Personnel, including Key Personnel for any proposed subcontractors. Each resume should include the amount of experience the individual has had relative to the Scope of Work set forth in this solicitation.

**H. References**

The Offeror shall identify a minimum of three current references that the Offeror provides (a)disbursement banking services and (b) custody banking services, similar to those required under this RFP. References shall include:

At least three (3) references are requested from customers who are capable of documenting the Offeror's ability to provide the goods and services specified in this RFP. Each reference shall be from a client for whom the Offeror has provided services within the past five (5) years and shall include the following information:

- 1) Name of client organization;
- 2) Name, title, telephone number, and e-mail address, if available, of point of contact for client organization; and
- 3) A brief description of the services rendered for each reference.

The Agency reserves the right to request additional references or utilize references not provided by the Offeror. Points of contact must be accessible and knowledgeable regarding Offeror performance.

#### **I. Certificate of Insurance**

The Offeror shall provide a copy of its current certificate of insurance showing the types and limits of insurance in effect as of the Proposal submission date. The current insurance types and limits do not have to be the same as described in **Section 3.6**. See **Section 3.6** for the required insurance certificate submission for the apparent awardee.

#### **J. Subcontractors**

The Offeror shall provide a complete list of all subcontractors that will work on the Contract if the Offeror receives an award. This list shall include a full description of the duties each subcontractor will perform and why/how each subcontractor was deemed the most qualified for this project.

#### **K. Legal Action Summary**

This summary shall include:

- 1) A statement as to whether there are any outstanding legal actions or potential claims against the Offeror and a brief description of any action;
- 2) A brief description of any settled or closed legal actions or claims against the Offeror over the past five (5) years;
- 3) A description of any judgments against the Offeror within the past five (5) years, including the court, case name, complaint number, and a brief description of the final ruling or determination; and
- 4) In instances where litigation is ongoing and the Offeror has been directed not to disclose information by the court, provide the name of the judge and location of the court.

#### **L. Community Benefits**

- 1) The Offeror shall provide its rating on its most recent examination under the Federal Community Reinvestment Act of 1977, P. L. Number 95-128, as required under Section 6-203(b) of the State Finance and Procurement Article of the Maryland Annotated Code. If the Offeror operates in a state other than Maryland, the Offeror shall provide Maryland-specific information within the assessment area section of its Community Reinvestment Act report. (See Appendix 6).

- 2) The Offeror shall state whether, during the previous five (5) years, a court in the State of Maryland or in another state has found, in a final adjudication, that the Offeror, its affiliate or an entity acquired by the Offeror has violated any antidiscrimination statute or regulation.
- 3) Pursuant to Section 6-203(d) of the State Finance and Procurement Article of the Annotated Code of Maryland, the Offeror shall provide information to demonstrate whether during the past 5 years, the financial institution has:
  - a) successfully made loans in Maryland through State or federal lending programs designed to assist small and minority-owned businesses;
  - b) had an active outreach program to assist small and minority-owned businesses through which the Offeror has made efforts in Maryland; and
  - c) established strategic partnerships in Maryland with entities whose mission is to provide technical assistance to small and minority-owned businesses.

**M. Economic Benefit Factors**

- 1) The Offeror shall submit with its Proposal a narrative describing benefits that will accrue to the Maryland economy as a direct or indirect result of its performance of the Contract. Proposals will be evaluated to assess the benefit to Maryland's economy specifically offered.
- 2) Offerors shall identify any performance guarantees that will be enforceable by the State if the full level of promised benefit is not achieved during the Contract term.
- 3) In responding to this section, the following do not generally constitute economic benefits to be derived from the Contract:
  - a) generic statements that the State will benefit from the Offeror's superior performance under the Contract;
  - b) descriptions of the number of Offeror employees located in Maryland other than those that will be performing work under the Contract; or
  - c) tax revenues from Maryland-based employees or locations, other than those that will be performing, or used to perform, work under the Contract.
- 4) Discussion of Maryland-based employees or locations may be appropriate if the Offeror makes some projection or guarantee of increased or retained presence based upon being awarded the Contract.
- 5) Examples of economic benefits to be derived from a contract may include any of the following. For each factor identified below, identify the specific benefit and contractual commitments and provide a breakdown of expenditures in that category:
  - a) The Contract dollars to be recycled into Maryland's economy in support of the Contract, through the use of Maryland subcontractors, suppliers and joint venture partners. **Do not include actual fees or rates paid to subcontractors or information from your Financial Proposal;**
  - b) The number and types of jobs for Maryland residents resulting from the Contract. Indicate job classifications, number of employees in each classification and the aggregate payroll to which the Offeror has committed, including contractual commitments at both prime and, if applicable, subcontract levels; and whether Maryland employees working at least 30 hours per week and are employed at least 120 days during a 12-month period will receive paid leave. If no new

positions or subcontracts are anticipated as a result of the Contract, so state explicitly;

- c) Tax revenues to be generated for Maryland and its political subdivisions as a result of the Contract. Indicate tax category (sales taxes, payroll taxes, inventory taxes and estimated personal income taxes for new employees). Provide a forecast of the total tax revenues resulting from the Contract;
- d) Subcontract dollars committed to Maryland small businesses and MBEs; and
- e) Other benefits to the Maryland economy which the Offeror promises will result from awarding the Contract to the Offeror, including contractual commitments. Describe the benefit, its value to the Maryland economy, and how it will result from, or because of the Contract award. Offerors may commit to benefits that are not directly attributable to the Contract, but for which the Contract award may serve as a catalyst or impetus.

**N. Technical Proposal - Required Forms and Certifications**

- 1) All forms required for the Technical Proposal are identified in the RFP Attachments and Appendices. Unless directed otherwise by instructions within an individual form, complete, sign, and include all required forms in the Technical Proposal.
- 2) Offerors shall furnish any and all agreements and terms and conditions the Offeror expects the State to sign or to be subject to in connection with or in order to use the Offeror's services under this Contract. This includes physical copies of all agreements referenced and incorporated in primary documents

## **5.4 Volume II – Financial Proposal**

The Financial Proposal shall contain all price information in the format specified in **Attachment A**. The Offeror shall complete the Financial Proposal Form only as provided in the Financial Proposal Instructions and the Financial Proposal Form itself. Do not amend, alter, or leave blank any items on the Financial Proposal Form or include additional clarifying or contingent language on or attached to the Financial Proposal Form. Failure to adhere to any of these instructions may result in the Proposal being determined to be not reasonably susceptible of being selected for award and rejected by the Agency.

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## 6 Evaluation and Selection Process

### 6.1 Evaluation Committee

Evaluation of Proposals will be performed in accordance with COMAR 21.05.03 by a committee established for that purpose and based on the evaluation criteria set forth below. The Evaluation Committee will review Proposals, participate in Offeror oral presentations and discussions, and provide input to the Procurement Officer.

During the evaluation process, the Procurement Officer may determine at any time that a particular Offeror is not susceptible for award.

### 6.2 Technical Proposal Evaluation Criteria

The criteria to be used to evaluate each Technical Proposal are listed below in descending order of importance. Unless stated otherwise, any sub-criteria within each criterion have equal weight.

The State prefers the Offeror's Technical Proposal to illustrate a comprehensive understanding of work requirements and mastery of the subject matter, including an explanation of how the work will be performed.

#### 6.2.1 Offeror Technical Response to Requirements (See RFP § 5.3.2.F)

#### 6.2.2 Experience and Qualifications of Proposed Staff, including proposed subcontractors (See RFP § 5.3.2.G & RFP § 5.3.2.J) and References (see RFP § 5.3.2.H)

#### 6.2.3 Community Benefits (See RFP § 5.3.2.L)

#### 6.2.4 Economic Benefit to State of Maryland (See RFP § 5.3.2.M)

### 6.3 Financial Proposal Evaluation Criteria

All Qualified Offerors (see **Section 6.4.2.D**) will be ranked from the lowest (most advantageous) to the highest (least advantageous) price based on the Total Proposal Price within the stated guidelines set forth in this RFP and as submitted on **Attachment A** - Financial Proposal Form.

### 6.4 Selection Procedures

#### 6.4.1 General

- A. The Contract will be awarded in accordance with the Competitive Sealed Proposals (CSP) method found at COMAR 21.05.03. The CSP method allows for the conducting of discussions and the revision of Proposals during these discussions. Therefore, the State may conduct discussions with all Offerors that have submitted Proposals that are determined to be reasonably susceptible of being selected for contract award or potentially so. However, the State reserves the right to make an award without holding discussions.
- B. With or without discussions, the State may determine the Offeror to be not responsible or the Offeror's Proposal to be not reasonably susceptible of being selected for award at any time after the initial closing date for receipt of Proposals and prior to Contract award.

#### 6.4.2 Selection Process Sequence

- C. Technical Proposals are evaluated for technical merit and ranked. During this review, oral presentations and discussions may be held. The purpose of such discussions will be to assure a full understanding of the State's requirements and the Offeror's ability to perform the services, as well as to facilitate arrival at a Contract that is most advantageous to the State. Offerors will be contacted by the State as soon as any discussions are scheduled.
- D. The Financial Proposal of each Qualified Offeror (a responsible Offeror determined to have submitted an acceptable Proposal) will be evaluated and ranked separately from the Technical evaluation. After a review of the Financial Proposals of Qualified Offerors, the Evaluation Committee or Procurement Officer may again conduct discussions to further evaluate the Offeror's entire Proposal.
- E. When in the best interest of the State, the Procurement Officer may permit Qualified Offerors to revise their initial Proposals and submit, in writing, Best and Final Offers (BAFOs). The State may make an award without issuing a request for a BAFO.

## 6.5 Award Determination

Upon completion of the Technical Proposal and Financial Proposal evaluations and rankings, each Offeror will receive an overall ranking. The Procurement Officer will recommend award of the Contract to the responsible Offeror that submitted the Proposal determined to be the most advantageous to the State. In making this most advantageous Proposal determination, technical factors will receive greater weight. Contract award, if any, is subject to the approval of the Treasurer or the Treasurer's designee upon the recommendation of the Procurement Officer.

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## Attachment A. Financial Proposal Instructions & Form

### A-1 Financial Proposal Instructions

In order to assist Offerors in the preparation of their Financial Proposal and to comply with the requirements of this solicitation, Financial Proposal Instructions and a Financial Proposal Form have been prepared. Offerors shall submit their Financial Proposal on the Financial Proposal Form in accordance with the instructions on the Financial Proposal Form and as specified herein. **Do not alter the Financial Proposal Form or the Proposal may be determined to be not reasonably susceptible of being selected for award.** The Financial Proposal Form is to be signed and dated, where requested, by an individual who is authorized to bind the Offeror to the prices entered on the Financial Proposal Form.

1. In addition to the hard copy, the electronic copy of the Price Proposal identified as Attachment A is to be provided in an Excel file format. A copy of Attachment A in Excel format is provided as an attachment to the solicitation.
2. Price Proposal sections are as follows:

#### CATEGORY A TAB

- **Existing Services** – Offerors are to input Unit Pricing in the identified column
- **Optional Service Fees** – Offerors are to list any optional fees or charges that they would like to be considered.

#### CATEGORY B TAB

- Offerors are to input their Fees for each listed Fee Type in the Total \$ column identified.
- A) All Unit and Extended Prices must be clearly entered in dollars and cents, e.g., \$24.15. Make your decimal points clear and distinct.
  - B) All Unit Prices must be the actual price per unit the State will pay for the specific item or service identified in this RFP and may not be contingent on any other factor or condition in any manner.
  - C) All calculations shall be rounded to the nearest cent, e.g., .344 shall be .34 and .345 shall be .35.
  - D) Every blank in every Financial Proposal Form shall be filled in. Any changes or corrections made to the Financial Proposal Form by the Offeror prior to submission shall be initialed and dated.
  - E) It is imperative that the prices included on the Financial Proposal Form have been entered correctly and calculated accurately by the Offeror and that the respective total prices agree with the entries on the Financial Proposal Form. Any incorrect entries or inaccurate calculations by the Offeror will be treated as provided in COMAR 21.05.03.03.F and may cause the Proposal to be rejected.
  - F) Unless indicated elsewhere in the RFP, sample amounts used for calculations on the Financial Proposal Form are typically estimates for evaluation purposes only. Unless stated otherwise in the RFP, the Agency does not guarantee a minimum or maximum number of units or usage in the performance of the Contract.
  - G) Failure to adhere to any of these instructions may result in the Proposal being determined not reasonably susceptible of being selected for award.



**A-1 Financial Proposal Form**

The Financial Proposal Form shall contain all price information in the format specified on these pages. Complete the Financial Proposal Form only as provided in the Financial Proposal Instructions. Do not amend, alter or leave blank any items on the Financial Proposal Form

**See separate Excel Financial Proposal Form labeled “Financial Proposal - DISB-06232025”.**

**Include the signature block below in your Financial Proposal Form and submit a signed PDF copy of the Form with your response**

Submitted by:

Offeror (Print Name of Company):

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By:

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Signature of Authorized Representative

Printed Name:

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Title:

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Date:

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Address:

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**Attachment B. Proposal Affidavit**

See link at <https://procurement.maryland.gov/wp-content/uploads/sites/12/2024/07/Attachment-A.-Bid-Proposal-Affidavit.pdf>

**SUBMIT THIS AFFIDAVIT WITH PROPOSAL**

## Attachment C. Maryland Living Wage Affidavit of Agreement for Service Contracts

See link at <https://procurement.maryland.gov/wp-content/uploads/sites/12/2024/07/Attachment-G.-Maryland-Living-Wage-Requirements-Affidavit-of-Agreement.pdf> to complete the Affidavit.

- A. This contract is subject to the Living Wage requirements under Md. Code Ann., State Finance and Procurement Article, Title 18, and the regulations proposed by the Commissioner of Labor and Industry (Commissioner). The Living Wage generally applies to a Contractor or subcontractor who performs work on a State contract for services that is valued at \$100,000 or more. 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.
- B. The Living Wage Law does not apply to:
  - (1) A Contractor who:
    - (a) Has a State contract for services valued at less than \$100,000, or
    - (b) Employs ten (10) or fewer employees and has a State contract for services valued at less than \$500,000.
  - (2) A subcontractor who:
    - (a) Performs work on a State contract for services valued at less than \$100,000,
    - (b) Employs ten (10) or fewer employees and performs work on a State contract for services valued at less than \$500,000, or
    - (c) Performs work for a Contractor not covered by the Living Wage Law as defined in B(1)(b) above, or B (3) or C below.
  - (3) Service contracts for the following:
    - (a) Services with a Public Service Company;
    - (b) Services with a nonprofit organization;
    - (c) Services with an officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement ("Unit"); or
    - (d) Services between a Unit and a County or Baltimore City.
- C. If the Unit responsible for the State contract for services determines that application of the Living Wage would conflict with any applicable Federal program, the Living Wage does not apply to the contract or program.
- D. A Contractor must not split or subdivide a State contract for services, pay an employee through a third party, or treat an employee as an independent Contractor or assign work to employees to avoid the imposition of any of the requirements of Md. Code Ann., State Finance and Procurement Article, Title 18.
- E. Each Contractor/subcontractor, subject to the Living Wage Law, shall post in a prominent and easily accessible place at the work site(s) of covered employees a notice of the Living Wage Rates, employee rights under the law, and the name, address, and telephone number of the Commissioner.

- F. The Commissioner shall adjust the wage rates by the annual average increase or decrease, if any, in the Consumer Price Index for all urban consumers for the Washington/Baltimore metropolitan area, or any successor index, for the previous calendar year, not later than 90 days after the start of each fiscal year. The Commissioner shall publish any adjustments to the wage rates on the Division of Labor and Industry's website. An employer subject to the Living Wage Law must comply with the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate, required by the Commissioner, automatically upon the effective date of the revised wage rate.
- G. A Contractor/subcontractor who reduces the wages paid to an employee based on the employer's share of the health insurance premium, as provided in Md. Code Ann., State Finance and Procurement Article, §18-103(c), shall not lower an employee's wage rate below the minimum wage as set in Md. Code Ann., Labor and Employment Article, §3-413. A Contractor/subcontractor who reduces the wages paid to an employee based on the employer's share of health insurance premium shall comply with any record reporting requirements established by the Commissioner.
- H. A Contractor/subcontractor may reduce the wage rates paid under Md. Code Ann., State Finance and Procurement Article, §18-103(a), by no more than 50 cents of the hourly cost of the employer's contribution to an employee's deferred compensation plan. A Contractor/subcontractor who reduces the wages paid to an employee based on the employer's contribution to an employee's deferred compensation plan shall not lower the employee's wage rate below the minimum wage as set in Md. Code Ann., Labor and Employment Article, §3-413.
- I. Under Md. Code Ann., State Finance and Procurement Article, Title 18, if the Commissioner determines that the Contractor/subcontractor violated a provision of this title or regulations of the Commissioner, the Contractor/subcontractor shall pay restitution to each affected employee, and the State may assess liquidated damages of \$20 per day for each employee paid less than the Living Wage.
- J. Information pertaining to reporting obligations may be found by going to the Division of Labor and Industry website <http://www.dllr.state.md.us/labor/prev/livingwage.shmtl> and clicking on Living Wage for State Service Contracts.

**SUBMIT THIS AFFIDAVIT WITH PROPOSAL**

**Attachment D. Conflict of Interest Affidavit and Disclosure**

See link at <https://procurement.maryland.gov/wp-content/uploads/sites/12/2024/07/Attachment-I.-Conflict-of-Interest-Affidavit.pdf>

**SUBMIT THIS AFFIDAVIT WITH PROPOSAL**

**Attachment E. Contract**

MARYLAND STATE TREASURER'S OFFICE

[GENERAL, TAX REFUND, AND PAYROLL DISBURSEMENT SERVICES AND CUSTODY SERVICES]

RFP #DISB-06232025

THIS CONTRACT (the "Contract") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_ (the "Contractor") ), and the **MARYLAND STATE TREASURER'S OFFICE**, 80 Calvert Street, Annapolis, Maryland 21401 ("STO" or the "Office"), offices of the **STATE OF MARYLAND** (the "State").

In consideration of the promises and the covenants herein contained, the adequacy and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

**1. Scope of Contract**

The Office hereby engages the Contractor to perform the services set forth below:

- 1.1. General Services. The Contractor shall provide \_\_\_\_\_ Services as described in this Contract, which includes the following exhibits:

Exhibit A: The RFP for General, Tax Refund, and Payroll Disbursement and Custody Services, RFP #\_DISB-06232025, dated \_\_\_\_\_;  
Exhibit B: The Office's Pre-proposal Summary dated \_\_\_\_\_;  
Exhibit C: The Office's Questions and Answers dated \_\_\_\_\_;  
Exhibit D: The Contractor's Technical Proposal dated \_\_\_\_\_;  
Exhibit E: Contractor's Presentation dated \_\_\_\_\_;  
Exhibit F: Contractor's Financial Proposal dated \_\_\_\_\_;  
Exhibit G: Collateral Security Agreement dated \_\_\_\_\_;  
Exhibit H: Contract Affidavit, executed by the Contractor and dated \_\_\_\_\_;  
and  
Exhibit I: Contractor's "Bank Operating Documents" as negotiated, all dated as of the date of this Contract, which consist of and incorporated by reference the following documents: [list documents].

- 1.2 If there is any conflict between this Contract and the Exhibits, the terms of the Contract shall control. If there is any conflict among the Exhibits, Exhibit A shall control.
- 1.3 The Procurement Officer may, at any time, by written order, make unilateral changes in the work within the general scope of the Contract. No other order, statement, or conduct of the Procurement Officer or any other person shall be treated as a change or entitle the Contractor to an equitable adjustment under this section. Except as otherwise provided in this Contract, if any change under this section causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work, whether or not changed by the order, an equitable adjustment in the Contract price shall be made and the Contract modified in writing accordingly. The Contractor must assert in writing its right to an adjustment under this section within 30 days of receipt of written change order and shall include a written statement setting forth the nature and cost of such claim. No claim by the Contractor shall be allowed if asserted after final payment under this Contract. Failure to agree to an adjustment under this section shall be a dispute under

the Disputes clause. Nothing in this section shall excuse the Contractor from proceeding with the Contract as changed.

- 1.4 Without limiting the rights of the Procurement Officer under Section 1.2 above, the Contract may be modified by mutual agreement of the parties, provided: (a) the modification is made in writing; (b) all parties sign the modification; and (c) all approvals by the required agencies as described in COMAR Title 21, are obtained.

## **2. Period of Performance**

- 2.1 **The initial term of this Contract shall be for a period of five (5) years beginning on the date of final execution of this Contract.**
- 2.2 In its sole discretion, STO shall have the unilateral right to extend the Contract for two (2) successive two (2) year renewal options (each a “Renewal Term”) at the prices established in the Contract. “Term” means the Initial Term and any Renewal Term(s).
- 2.3 The Contractor’s performance under the Contract shall commence as of the date provided.
- 2.4 After the end of the Contract term, should a new contract be awarded to a contractor other than the incumbent, the Contract shall be deemed to be extended, Contractor shall continue to perform Contract services, and Contractor shall continue to receive the compensation specified in the Contract for such services, for a period not to exceed ten (10) years. Contractor shall cooperate with the Office during any transition period to a new contractor and provide all necessary information and data to any subsequent contractor.
- 2.5 The Contractor’s obligation to pay invoices to subcontractors providing products/services in connection with this Contract, as well as the audit; confidentiality; document retention; patents, copyrights & intellectual property; warranty; indemnification obligations; and limitations of liability under this Contract; and any other obligations specifically identified, shall survive expiration or termination of the Contract.
- 2.6 The provisions of Sections 4 (Ownership of Documents and Materials), 6 (Patents, Copyrights and Trade Secrets), 9 (Indemnification and Limitations of Liability), 11 (Disputes), 12 (Maryland Law Prevails), and 23 (Retention of Records/Audit) of this Contract shall survive termination of this Contract for any reason.

## **3. Consideration and Payment**

- 3.1 Contractor shall charge only the fees as set forth in Contractor’s Price Proposal [Best and Final Offer] as attached hereto as Exhibit F. Price adjustments will be permitted Not-to-Exceed the Consumer Price Index (“CPI”) based on the end of the third year of the initial contract period, and at the end of each subsequent renewal option period if exercised. The CPI adjustment is not cumulative.
- 3.2 Maryland State and not-for-profit entities within the State of Maryland, as defined in State Finance and Procurement 13-110(a)(5) - (7), may purchase from the Contractor goods or services covered by the Contract at the same prices chargeable to the State. All such purchases by non-executive branch entities, non-State governments, government agencies or not-for-profit entities:
  - A. Shall constitute Contracts between the Contractor and that government, agency or not-for-profit entity;
  - B. Shall not constitute purchases by the State or State agencies under the Contract;
  - C. Shall not be binding or enforceable against the State; and

- D. May be subject to other terms and conditions agreed to by the Contractor and the purchaser with the express written approval of STO.
- 3.3 All Contract prices, terms, and conditions must be provided beforehand to any Maryland local government or not-for-profit entity requesting services under the Contract. The Contractor bears the risk of determining whether or not a government, agency or organization with which the Contractor is dealing is a State entity.
- 3.4 Payments to the Contractor may be withheld, without interest or penalty, when in the sole discretion of the State Treasurer, the Contractor's performance of any of the services under this Contract is unsatisfactory or does not meet generally accepted industry standards. Notice of such withholding of payment and the reasons therefore shall be promptly provided to the Contractor, who shall be afforded an opportunity to cure any performance deficiencies.
- 3.5 All invoices for goods and services shall be submitted to:
- Maryland State Treasurer's Office  
Attn: Accounts Payable  
Louis L. Goldstein Treasury Building  
80 Calvert Street, Room 109  
Annapolis, Maryland 21401  
E-mail: [stoaccountspayable@treasurer.state.md.us](mailto:stoaccountspayable@treasurer.state.md.us)
- 3.6 Invoices must be submitted either:
- (a) For ongoing services, on a monthly basis for goods or services rendered in the preceding month; or
- (b) For one-time or periodic services, with 30 days of delivery or completion of the goods or services.
- 3.7 Except as provided in Section 3.2 above, payments to the Contractor pursuant to this Contract will be made no later than 30 days after receipt by the Office of a proper invoice from the Contractor. Each invoice for services rendered must reflect the Contractor's federal tax identification number, which is \_\_\_\_\_ and shall clearly indicate the specific type of service provided. Charges for late payment of invoices, other than as prescribed by Title 15, Subtitle 1 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, are prohibited.

#### **4. Ownership of Documents and Materials**

The Contractor agrees that all documents and materials including, but not limited to, reports, drawings, studies, specifications, estimates, maps, photographs, designs, graphics, mechanical, artwork, and computations prepared by or for it under the terms of this Contract shall at any time during the performance of the services be made available to the State upon request by the State and shall become and remain the exclusive property of the State upon termination or completion of the services. The State shall have the right to use same without restriction or limitation and without compensation to the Contractor other than that provided by this Contract. The State shall be the owner for purposes or copyright, patent or trademark registration.

#### **5. Exclusive Use**

- 5.1 The State shall have the exclusive right to use, duplicate, and disclose any data, information, documents, records, or results, in whole or in part, in any manner for any purpose whatsoever, that may be created or generated by the Contractor in connection with this Contract. If any material, including software, is capable of being copyrighted,



the State shall be the copyright owner and Contractor may copyright material connected with this project only with the express written approval of the State.

- 5.2 Except as may otherwise be set forth in this Contract, Contractor shall not use, sell, sub-lease, assign, give, or otherwise transfer to any third party any other information or material provided to Contractor by STO or developed by Contractor relating to the Contract, except as provided for in Section 7 (Confidential or Proprietary Information and Documentation).

## **6. Patents, Copyrights, and Trade Secrets**

- 6.1 If the Contractor furnishes any design, device, material, process or other item, which is covered by a patent, or copyright or which is proprietary to or a trade secret of another, Contractor shall obtain the necessary permission or license to use such item.
- 6.2 Contractor will defend or settle, at its own expense, any claim or suit against the State alleging that any such item furnished by Contractor infringes any patent, trademark, copyright, or trade secret. Contractor also will pay all damages and costs that by final judgment may be assessed against the State due to such infringement and all attorney fees and litigation expenses reasonably incurred by the State to defend against such a claim or suit. The obligations of this paragraph are in addition to those stated in paragraph 6.3. below.
- 6.3. If any product(s) furnished by Contractor become, or in Contractor's opinion are likely to become, the subject of a claim of infringement, Contractor will, at its option: (1) procure for the State the right to continue using the applicable item; (2) replace the product with a non-infringing product substantially complying with the item's specifications; or (3) modify the item so it becomes non-infringing and performs in a substantially similar manner to the original item.

## **7. Confidential or Proprietary Information and Documentation**

- 7.1 Subject to the Maryland Public Information Act and any other applicable laws, all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor's computer systems or cloud infrastructure, if applicable) shall be held in confidence by the other party. Each party shall, however, be permitted to disclose, as provided by and consistent with applicable law, relevant confidential information to its officers, agents, and Contractor Personnel to the extent that such disclosure is necessary for the performance of their duties under this Contract. Each officer, agent, and Contractor Personnel to whom any of the State's confidential information is to be disclosed shall be advised by Contractor provided that each officer, agent, and Contractor Personnel to whom any of the State's confidential information is to be disclosed shall be advised by Contractor of the obligations hereunder, and bound by, confidentiality at least as restrictive as those of set forth in this Contract.
- 7.2 The provisions of this section shall not apply to information that: (a) is lawfully in the public domain; (b) has been independently developed by the other party without violation of this Contract; (c) was already rightfully in the possession of such party; (d) was supplied to such party by a third party lawfully in possession thereof and legally permitted to further disclose the information; or (e) which such party is required to disclose by law.

## **8. Loss of Data**

In the event of loss of any data or records necessary for the performance of this Contract where such loss

is due to the error, negligence, or willful act or omission of the Contractor, the Contractor shall be responsible, irrespective of cost to the Contractor, for restoring or recreating such lost data or records in the manner and on the schedule set by the Contract Monitor.

## 9. Limitations of Liability

9.1. Contractor shall be liable for any loss or damage to the State occasioned by the acts or omissions of Contractor, its subcontractors, agents or employees as follows:

(a) Without limitation for damages for bodily injury (including death) and damage to real property and tangible personal property; and

(b) Without limitation for any claims brought under the Collateral Security Agreement between the Contractor and the State;

(c) For all other claims, damages, loss, costs, expenses, suits or actions in any way related to this Contract, including but not limited to Contractor's breach, negligence and/or willful actions or omissions, Contractor shall be liable for all actual direct damages. Any claims for indirect and/or consequential damages shall be capped at 50% of the average monthly balance of all monies in State accounts. In any event, the Contractor and State agree that neither party shall be liable for punitive damages or attorney's fees.

(d) In no event shall the existence of a subcontract operate to release or reduce the liability of Contractor hereunder. For purposes of this Contract, Contractor agrees that all subcontractors shall be held to be agents of Contractor.

9.2. Contractor shall defend, indemnify and hold harmless the State and its agents and employees, from and against any and all claims, costs, losses, damages, liabilities, judgments and expenses (including without limitation reasonable attorneys' fees) arising out of or in connection with any third-party claim that the Contractor-provided products/services infringe, misappropriate or otherwise violate any third-party intellectual property rights. Contractor shall not enter into any settlement involving third party claims that contains any admission of or stipulation to any guilt, fault, liability or wrongdoing by the State or that adversely affects the State's rights or interests, without the State's prior written consent.

a) If an infringement claim occurs, or if the State or the Contractor believes such a claim is likely to occur, Contractor (after consultation with the State and at no cost to the State): (a) shall procure for the State the right to continue using the allegedly infringing component or service in accordance with its rights under this Contract; or (b) replace or modify the allegedly infringing component or service so that it becomes non-infringing and remains compliant with all applicable specifications.

b) Except as otherwise provided herein, Contractor shall not acquire any right, title or interest (including any intellectual property rights subsisting therein) in or to any goods, Software, technical information, specifications, drawings, records, documentation, data or any other materials (including any derivative works thereof) provided by the State to the Contractor. Notwithstanding anything to the contrary herein, the State may, in its sole and absolute discretion, grant the Contractor a license to such materials, subject to the terms of a separate writing executed by the Contractor and an authorized representative of the State as well as all required State approvals.

- c) Without limiting the generality of the foregoing, neither Contractor nor any of its subcontractors shall use any Software or technology in a manner that will cause any patents, copyrights or other intellectual property which are owned or controlled by the State or any of its affiliates (or for which the State or any of its subcontractors has received license rights) to become subject to any encumbrance or terms and conditions of any third party or open source license (including, without limitation, any open source license listed on <http://www.opensource.org/licenses/alphabetical>) (each an "Open Source License"). These restrictions, limitations, exclusions and conditions shall apply even if the State or any of its subcontractors becomes aware of or fails to act in a manner to address any violation or failure to comply therewith. No act by the State or any of its subcontractors that is undertaken under this Contract as to any Software or technology shall be construed as intending to cause any patents, copyrights or other intellectual property that are owned or controlled by the State (or for which the State has received license rights) to become subject to any encumbrance or terms and conditions of any open-source license.
  - d) The Contractor shall report to the Office, promptly and in written detail, each notice or claim of copyright infringement received by the Contractor with respect to all Deliverables delivered under this Contract.
  - e) The Contractor shall not affix (or permit any third party to affix), without the Office's consent, any restrictive markings upon any Deliverables that are owned by the State, and if such markings are affixed, the Office shall have the right at any time to modify, remove, obliterate, or ignore such warnings.
  - f) Contractor's indemnification obligations for Third party claims arising under this Contract are included in this limitation of liability only if the State is immune from liability. Contractor's indemnification liability for third party claims of this Contract shall be unlimited if the State is not immune from liability for claims.
- 9.3. In no event shall the existence of a subcontract operate to release or reduce the liability of Contractor hereunder. For purposes of this Contract, Contractor agrees that it is responsible for performance of the services and compliance with the relevant obligations hereunder by its subcontractors.

## 10. Indemnification

- 10.1 The Contractor shall hold harmless and indemnify the State from and against any and all losses, damages, claims, suits, actions, liabilities, and/or expenses, including, without limitation, attorneys' fees and disbursements of any character that arise from, are in connection with or are attributable to the performance or nonperformance of the Contractor or its subcontractors under this Contract.
- 10.2 This indemnification clause shall not be construed to mean that the Contractor shall indemnify the State against liability for any losses, damages, claims, suits, actions, liabilities, and/or expenses that are attributable to the sole negligence of the State or the State's employees.
- 10.3 The State of Maryland has no obligation to provide legal counsel or defense to the Contractor or its subcontractors in the event that a suit, claim, or action of any character

is brought by any person not party to this Contract against the Contractor or its subcontractors as a result of or relating to the Contractor's performance under this Contract.

- 10.4 The State has no obligation for the payment of any judgments or the settlement of any claims against the Contractor or its subcontractors as a result of/or relating to the Contractor's performance under this Contract.
- 10.5 The Contractor shall immediately notify the Procurement Officer of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from, or relating to, the Contractor's obligations under the Contract, and will cooperate, assist, and consult with the State in the defense or investigation of any claim, suit, or action made or filed against the State as a result of, or relating to, the Contractor's performance under this Contract.
- 10.6 This Section 10 shall survive termination of this Contract.

#### **11. Non-Hiring of Employees**

No official or employee of the State, as defined under Md. Code Ann., General Provisions Article, § 5-101, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract, shall, during the pendency and term of this Contract and while serving as an official or employee of the State, become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

#### **12. Disputes**

This Contract shall be subject to the provisions of Md. Code Ann., State Finance and Procurement Article, Title 15, Subtitle 2, and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision.

#### **13. Maryland Law Prevails**

This Contract shall be construed, interpreted, and enforced according to the laws of the State of Maryland.

#### **14. Nondiscrimination in Employment**

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, sexual orientation, gender identification, marital status, national origin, ancestry, genetic information, or any otherwise unlawful use of characteristics, or disability of a qualified individual with a disability unrelated in nature and extent so as to reasonably preclude the performance of the employment, or the individual's refusal to submit to a genetic test or make available the results of a genetic test; (b) to include a provision similar to that contained in subsection (a), above, in any underlying subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

#### **15. Contingent Fee Prohibition**

The Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for the Contractor to solicit or secure the agreement, and that it has not paid or agreed to pay any person, partnership, corporation, or other entity,

other than a bona fide employee or agent, any fee or any other consideration contingent on the making of this agreement.

#### **16. Non-Availability of Funding**

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be canceled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of termination of the Contract hereunder will be to discharge both the Contractor and the State from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any non-recurring costs incurred but not amortized in the price of the Contract. The State shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

#### **17. Termination for Default**

If the Contractor fails to fulfill its obligations under this Contract properly and on time, fails to provide any required annual and renewable bond 30 days prior to expiration of the current bond then in effect, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Contractor shall, at the State's option, become the State's property. The State shall pay the Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by the Contractor's breach. If the damages are more than the compensation payable to the Contractor, the Contractor will remain liable after termination and the State can affirmatively collect damages. Termination hereunder, including the termination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

#### **18. Termination for Convenience**

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination, and all reasonable costs associated with termination of the Contract. However, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12A (2).

#### **19. Delays and Extensions of Time**

- 19.1 The Contractor agrees to prosecute the work continuously and diligently and no charges or claims for damages shall be made by it for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract.
- 19.2 Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to, acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another Contractor in the performance of a contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

## **20. Suspension of Work**

The Procurement Officer unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its work for such period of time as the Procurement Officer may determine to be appropriate for the convenience of the State.

## **21. Pre-Existing Regulations**

In accordance with the provisions of Section 11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR 21) in effect on the date of execution of this Contract are applicable to this Contract.

## **22. Financial Disclosure**

The Contractor shall comply with the provisions of the State Finance and Procurement Article Section 13-221, Annotated Code of Maryland. That section requires a business to file with the Secretary of State of Maryland certain specified information, including disclosure of beneficial ownership of the business, within 30 days of the date the aggregate value of any contracts, leases or other agreements that the business enters into with the State of Maryland or its agencies during a calendar year reaches \$200,000.

## **23. Political Contribution Disclosure**

The Contractor shall comply with Election Law Article, Title 14, Annotated Code of Maryland, which requires that every person that enters into a procurement contract with the State, a county, or a municipal corporation, or other political subdivision of the State, during a calendar year in which the person receives a contract with a governmental entity in the amount of \$200,000 or more, shall file with the State Board of Elections statements disclosing: (a) any contributions made during the reporting period to a candidate for elective office in any primary or general election; and (b) the name of each candidate to whom one or more contributions in a cumulative amount of \$500 or more were made during the reporting period. The statement shall be filed with the State Board of Elections: (a) before execution of a contract by the State, a county, a municipal corporation, or other political subdivision of the State, and shall cover the 24 months prior to when a contract was awarded; and (b) if the contribution is made after the execution of a contract, then twice a year, throughout the contract term, on or before: (i) May 31, to cover the six (6) month period ending April 30; and (ii) November 30, to cover the six (6) month period ending October 31. Additional information is available on the State Board of Elections website: [http://www.elections.state.md.us/campaign\\_finance/index.html](http://www.elections.state.md.us/campaign_finance/index.html).

## **24. Retention of Records/Audit**

The Contractor [and subcontractors] shall retain and maintain all records and documents relating to this Contract for three (3) years after final payment by the State hereunder, or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, as designated by the Procurement Officer, at all reasonable times.

## **25. Compliance with Laws**

The Contractor hereby represents and warrants that:

- a. It is qualified to do business in the State and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;
- b. It is not in arrears with respect to the payment of any monies due and owing the State, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;
- c. It shall comply with all federal, State and local laws, regulations, and ordinances applicable to its activities and obligations under this Contract; and



- d. It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

## **26. Cost and Price Certification**

- 26.1 The Contractor by submitting cost or price information certifies that, to the best of its knowledge, the information submitted is accurate, complete, and current as a mutually determined specified date prior to the conclusion of any price discussions or negotiations for:
  - (1) A negotiated contract, if the total contract price is expected to exceed \$100,000, or a smaller amount set by the procurement officer; or
  - (2) A change order or contract modification, expected to exceed \$100,000, or a smaller amount set by the procurement officer.
- 26.2 The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date agreed upon between the parties, was inaccurate, incomplete, or not current.

## **27. Subcontracting; Assignment**

The Contractor may not subcontract any of its obligations under this Contract without obtaining the prior written approval of the Procurement Officer, nor may the Contractor assign this Contract or any of its rights or obligations hereunder, without the prior written approval of the Procurement Officer, each at the State's sole and absolute discretion; provided, however, that a Contractor may assign monies receivable under a contract after written notice to the State. Any subcontracts shall include such language as may be required in various clauses contained within this Contract, exhibits, and attachments. The Contract shall not be assigned until all approvals, documents, and affidavits are completed and properly registered. The State shall not be responsible for fulfillment of the Contractor's obligations to its subcontractors.

## **28. Commercial Nondiscrimination**

- 28.1 As a condition of entering into this Contract, Contractor represents and warrants that it will comply with the State's Commercial Nondiscrimination Policy, as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland. As part of such compliance, Contractor may not discriminate on the basis of race, color, religion, ancestry, national origin, sex, age, marital status, sexual orientation, sexual identity, genetic information or an individual's refusal to submit to a genetic test or make available the results of a genetic test or on the basis of disability, or otherwise unlawful forms of discrimination in the solicitation, selection, hiring, or commercial treatment of subcontractors, vendors, suppliers, or commercial customers, nor shall Contractor retaliate against any person for reporting instances of such discrimination. Contractor shall provide equal opportunity for subcontractors, vendors, and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that this clause does not prohibit or limit lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the marketplace. Contractor understands that a material violation of this clause shall be considered a material breach of this Contract and may result in termination of this Contract, disqualification of Contractor from participating in State contracts, or other sanctions. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.
- 28.2 As a condition of entering into this Contract, upon the request of the Commission on Civil Rights, and only after the filing of a complaint against Contractor under Title 19 of the

State Finance and Procurement Article of the Annotated Code of Maryland, as amended from time to time, Contractor agrees to provide within 60 days after the request a complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past four (4) years on any of its contracts that were undertaken within the State of Maryland, including the total dollar amount paid by Contractor on each subcontract or supply contract. Contractor further agrees to cooperate in any investigation conducted by the State pursuant to the State Commercial Nondiscrimination Policy as set forth under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, and to provide any documents relevant to any investigation that are requested by the State. Contractor understands that violation of this clause is a material breach of this Contract and may result in Contract termination, disqualification by the State from participating in State contracts, and other sanctions.

## **29. Living Wage**

If a Contractor subject to the Living Wage law fails to submit all records required under COMAR 21.11.10.05 to the Commissioner of Labor and Industry at the Department of Labor, Licensing and Regulation, STO may withhold payment of any invoice or retainage. The STO may require certification from the Commissioner on a quarterly basis that such records were properly submitted.

## **30. Use of Estimated Quantities**

Unless specifically indicated otherwise in the State's solicitation or other controlling documents related to the Scope of Work, any sample amounts provided are estimates only and STO does not guarantee a minimum or maximum number of units or usage in the performance of this Contract.

## **31. Contract Monitor and Procurement Officer**

- 31.1 The State representative for this Contract who is primarily responsible for Contract administration functions, including issuing written direction, invoice approval, monitoring this Contract to ensure compliance with the terms and conditions of the Contract, and achieving completion of the Contract on budget, on time, and within scope. The Contract Monitor may authorize in writing one or more State representatives to act on behalf of the Contract Monitor in the performance of the Contract Monitor's responsibilities. The STO may change the Contract Monitor at any time by written notice to the Contractor.
- 31.2 The Procurement Officer has responsibilities as detailed in the Contract and is the only State representative who can authorize changes to the Contract. The STO may change the Procurement Officer at any time by written notice to the Contractor.

## **32. Notices**

All notices hereunder shall be in writing and either delivered personally or sent by certified or registered mail, postage prepaid, as follows:

If to the State:

Kimlloy Broughton  
Director, Treasury Management Services  
Maryland State Treasurer's Office  
80 Calvert Street, Room 103  
Annapolis, MD 21401  
Phone Number: 410-260-7129  
E-Mail: kbroughton@treasurer.state.md.us

With a copy to:



Kris Chewlin  
Procurement Officer  
Maryland State Treasurer's Office  
80 Calvert Street, Room 109  
Annapolis, Maryland 21401  
Phone Number: 410-260-7428  
E-Mail: [kchewlin@treasurer.state.md.us](mailto:kchewlin@treasurer.state.md.us)

If to the Contractor:

(Contractor's Name)  
(Contractor's primary address)  
Attn: \_\_\_\_\_

**SIGNATURES TO FOLLOW NEXT PAGE**

IN WITNESS THEREOF, the parties have executed this Contract as of the date hereinabove set forth.

**ATTEST:**

**[Contractor]**

\_\_\_\_\_

By: \_\_\_\_\_

**WITNESS:**

**MARYLAND STATE TREASURER'S  
OFFICE**

\_\_\_\_\_

By: \_\_\_\_\_  
Dereck E. Davis  
State Treasurer

**WITNESS:**

\_\_\_\_\_

By: \_\_\_\_\_  
Jonathan D. Martin  
Chief Deputy Treasurer

Approved for form and legal sufficiency  
for the Maryland State Treasurer's Office:

\_\_\_\_\_  
David P. Chaisson  
Assistant Attorney General

<b>Attachment F.      Contract Affidavit</b>
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See link at <https://procurement.maryland.gov/wp-content/uploads/sites/12/2018/04/Attachment-N-ContractAffidavit.pdf>.

## Attachment G. Collateral Security Agreement

### COLLATERAL SECURITY AGREEMENT

**THIS COLLATERAL SECURITY AGREEMENT** (the “Agreement”) is made and entered into as of \_\_\_\_\_ by and between the Maryland State Treasurer’s Office, on behalf of the \_\_\_\_\_ (the “\_\_\_\_\_”) hereinafter called the “Depositor”, and \_\_\_\_\_ [a national banking association, organized under the laws of the United States] or [organized under the laws of Maryland] and authorized by law to do banking business in the State of Maryland, hereinafter called the “bank.”

#### Background

The Depositor, in accordance with Maryland State law, has designated the Bank as a depository for public funds of the Depositor under the Banking Services for the \_\_\_\_\_ Contract dated \_\_\_\_\_, 20\_\_\_. During the term of this Agreement, the Depositor will designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of the Depositor in any and all matters of every kind arising under this Agreement. This Agreement incorporates the terms of the Contract by reference for all purposes; however, to the extent that any provision in the Contract conflicts with any provision in this Agreement, this Agreement will control. All funds on deposit with the Bank to the credit of the Depositor are required to be secured by collateral of the kind and character permitted by §6-202 of the State Finance and Procurement Article of the Annotated Code of Maryland, as may be amended from time to time ( “SFP §6-202”).

Under §6-209 of the State Finance and Procurement Article of the Annotated Code of Maryland, as may be amended from time to time (“SFP §6-209”), only certain collateral pledged by the Bank is required to be held by a custodian. For purposes of this Agreement, permissible collateral under SFP §6-202 shall be referred to as “Collateral” and any Collateral that is required to be held by a custodian under SFP §6-209 shall be referred to as “Securities Collateral.”

To perfect the security interest of the Depositor in Securities Collateral pledged by the Bank, a Federal Reserve Bank or a third-party financial institution, acceptable to the Depositor, will hold the Securities Collateral in a custody account for the benefit of the Depositor. For purposes of this Agreement, such Federal Reserve Bank or third-party financial institution shall be referred to as the “Trustee.”

In consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, it is agreed as follows:

1. Under the terms of this Agreement, the Bank pledges to the Depositor, and grants to the Depositor a security interest in, the Securities Collateral owned by the Bank and held by the Trustee for the benefit of the Depositor, to secure the deposits held by the Bank for the Depositor as provided in SFP §6-209.
2. The total market value of the Securities Collateral held by the Trustee (which includes accrued interest or income to the extent it is not included in the market price) will be in an amount at least equal to such amount as is required under SFP §6-209, taking into account any other acceptable Collateral properly delivered to the Depositor. The market value of any security held as Securities Collateral will be obtained from a primary dealer. The Bank will provide a monthly collateral report to the Depositor at no charge. The report includes the market value and description of each item of Collateral pledged as of the last business day of the month.

3. The Bank has previously or will immediately deliver to the Trustee Securities Collateral of the kind and character permitted by SFP §6-202 of sufficient amount and market value to provide adequate collateral under SFP §6-209, taking into consideration any other acceptable Collateral properly delivered to the Depositor, for the funds of the Depositor deposited with the Bank. For so long as the depository relationship between the Depositor and the Bank shall exist hereunder, the Securities Collateral or substitute Securities Collateral, as provided for below, in an amount and market value sufficient to provide adequate Collateral, taking into consideration any other acceptable Collateral properly delivered to the Depositor, shall be kept and retained by the Trustee in trust.
4. The Bank shall cause the Trustee to accept the Securities Collateral and hold the same in trust for the purpose stated in this Agreement.
5. Should the Bank fail at any time to pay and satisfy, when due, any check, draft, voucher or electronic fund transfer lawfully drawn against any deposit, or in any manner breaches its contract with the Depositor, Depositor shall give written notice of such failure or breach to the Bank, and the Bank shall have forty-eight (48) hours to cure such failure or breach. In the event the Bank shall fail to cure such failure or breach within forty-eight (48) hours, it shall be the duty of the Trustee, upon demand of the Depositor (supported by proper evidence of any of the above-listed circumstances), to surrender the Securities Collateral to the Depositor. In the event that bank is deemed insolvent or is in receivership, , it shall be the duty of the Trustee, upon demand of the Depositor to surrender the Securities Collateral to the Depositor. The Depositor may sell all or any part of the Securities Collateral and out of the proceeds of such sale pay the Depositor all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure or insolvency, or sale. Following any sale, the Depositor shall provide an accounting to the Bank for the remainder, if any, of the proceeds or Collateral remaining unsold.
6. Any sale of all or part of the Securities Collateral, made by the Depositor under this Agreement may be either at public or private sale.
7. If the Bank shall desire to sell or otherwise dispose of all or part of the Securities Collateral deposited with the Trustee, it may substitute other Securities Collateral of at least the same market value. Alternatively, the Bank may substitute other acceptable Collateral properly delivered to the Depositor in an amount equal to the market value of the Securities Collateral to be sold or otherwise disposed of. Such rights of substitution shall remain in full force and may be exercised by the Bank as often as it may desire; provided, however, that the aggregate market value of all Collateral pledged to the Depositor, shall be at least equal to the amount of Collateral required under SFP §6-209. If at any time, the aggregate market value of Securities Collateral deposited with the Trustee, taken together with any other acceptable Collateral properly delivered to the Depositor, is less than the total amount required under SFP §6-209, the Bank shall, upon request of the Depositor, deposit with the Trustee such additional Securities Collateral as may be necessary to cause the market value of such Securities Collateral, taken together with any other acceptable Collateral properly delivered to the Depositor, to equal the total amount of required Collateral. The Bank shall be entitled to income on securities held by the Trustee, and the Trustee may dispose of such income as directed by the Bank without approval of the Depositor.

8. The Bank shall cause the Trustee promptly to forward to the Depositor copies of safekeeping or trust receipts and/or activity reports covering all of the Collateral, including substitute Collateral as provided for herein.
9. If at any time the Securities Collateral in the hands of the Trustee shall have a market value, taking into account any other acceptable Collateral properly delivered to the Depositor, that exceeds the required amount of Securities Collateral, the Depositor shall authorize the withdrawal of a specified amount of Securities Collateral, and the Trustee may deliver this amount of Securities Collateral (and no more) to the Bank. Once the Bank receives the redelivered Securities Collateral, the Trustee shall have no further liability for such Securities Collateral.
10. The Depositor shall have the right to terminate this Agreement by advance written notice to the Bank of its election to do so. Termination of this Agreement shall be effective sixty days after the receipt of such notice, provided all provisions of this Agreement have been fulfilled, or upon the date of the last act required by this Agreement, whichever is later.
11. When the depositor-bank relationship ceases to exist between the Depositor and the Bank, and when the Bank has properly paid out all deposits of the Depositor, the Depositor shall give the Trustee written notice to that effect and the Trustee shall, with the approval of the Depositor, redeliver to the Bank all Securities Collateral then in its possession belonging to the Bank.
12. A. Any notice required to be given to the Bank in writing shall be sufficient if delivered to the following address:

\_\_\_\_\_  
\_\_\_\_\_

The Bank may change the above address by notifying the Depositor by facsimile or by such other means as is consistent with the Bank's usual means of notification to the Depositor.

- B. Any notice to be given to the Depositor shall be sufficient if delivered to the following address:

Maryland State Treasurer's Office  
Attn: Director of Treasury Management  
80 Calvert Street  
Annapolis, Maryland 21401  
Tel: (410)260-7129

The Depositor may change the above address by notifying the Bank by facsimile or by such other means as is consistent with the Depositor's usual means of notification to the Bank.

13. This Agreement shall be binding upon, and shall insure to the benefit of, the parties hereto and their respective corporate successors.
14. No amendments or modification of this Agreement or waiver of any right under this Agreement shall be binding on any party unless it is in writing and is signed by all of the parties.

Executed by the undersigned duly authorized officers of the parties as of the date of this Agreement.

**ATTEST**

**[BANK NAME]**

\_\_\_\_\_

By: \_\_\_\_\_  
[Signatory]  
[Title]

**WITNESS:**

**MARYLAND STATE TREASURER'S  
OFFICE**

\_\_\_\_\_

By: \_\_\_\_\_  
Dereck E. Davis  
State Treasurer

**WITNESS:**

\_\_\_\_\_

By: \_\_\_\_\_  
Jonathan D. Martin  
Chief Deputy Treasurer

Approved as to form and legal sufficiency  
for the Maryland State Treasurer's Office:

\_\_\_\_\_  
Assistant Attorney General

**Attachment H. Designation of Depository**

**DESIGNATION OF DEPOSITORY**

I, THE UNDERSIGNED, TREASURER OF THE STATE OF MARYLAND, DO HEREBY CERTIFY that, by my action duly taken, the following Designation has been duly made, has not been amended or modified, is not inconsistent with the Constitution and laws of the State of Maryland (the “State”), and is now in full force and effect:

IN ACCORDANCE with Section 6-205 of the State Finance and Procurement Article of the Annotated Code of Maryland, \_\_\_\_\_, (the “Bank”) is hereby designated as a depository for funds of the State for the term of its [Contract Title], dated \_\_\_\_\_, as it may be amended, and that deposit accounts, whether demand, time, savings, disbursement, or like accounts may be opened and/or maintained from time to time in the name of the State with the Bank. The Bank, as a designated depository for funds of the State, is hereby authorized and directed to honor checks, drafts, or other orders for the payment of money drawn in the name of the State or its agencies, when bearing or purporting to bear the facsimile signature of one of the following: the Treasurer or the Chief Deputy Treasurer; and the countersignature of one of the following: the Comptroller or Deputy Comptroller, or the actual signatures of the certified officers or employees of each agency approved by the Treasurer and the Comptroller to establish an account with the Bank, as indicated on the Bank’s standard account signature cards; and the Bank shall be entitled to honor and charge the State for all such checks, drafts and other orders, regardless of by whom or what means the facsimile signatures thereon may have been affixed thereto from time to time by the Treasurer or other duly authorized officer of the State, and it is

FURTHER CERTIFIED, that the Treasurer or duly authorized agency representative shall certify to the Bank the names of the officers or employees of the State authorized to act with respect to each and every account, and shall from time to time hereafter as changes in such personnel may be made, immediately certify such changes to the Bank, and the Bank shall be fully protected in relying on such certifications of the Treasurer or duly authorized agency representative, and to the extent permitted by law shall be indemnified and saved harmless from any claims, demands, expenses, losses, or damages resulting from, or growing out of honoring the signature of an officer or employee so certified or refusing to honor any signature not so certified; and it is

FURTHER CERTIFIED, that the foregoing Designation shall remain in full force and effect until written notice of its amendment or rescission shall have been received by the Bank, and that receipt of such notice shall not affect any action taken by the Bank prior thereto.



I HEREBY CERTIFY that the following is the title, name, and official signature of the officer, in addition to myself, authorized herein to act on behalf of the State:

<u>Title</u>	<u>Name</u>	<u>Official Signature</u>
Chief Deputy Treasurer	Jonathan D. Martin	_____

IN WITNESS WHEREOF, I have executed this Designation as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

STATE OF MARYLAND

By: \_\_\_\_\_  
Dereck E. Davis  
State Treasurer

Approved for form and legal sufficiency  
For the Maryland State Treasurer's Office

\_\_\_\_\_  
Assistant Attorney General

## Appendix 1. – Abbreviations and Definitions

For purposes of this RFP, the following abbreviations or terms have the meanings indicated below:  
Acceptable Use Policy (AUP) - A written policy documenting constraints and practices that a user must agree to in order to access a private network or the Internet.

- A. Access – The ability or the means necessary to read, write, modify, or communicate data/information or otherwise use any information system resource.
- B. Application Program Interface (API) – Code that allows two software programs to communicate with each other.
- C. Business Day(s) – The official working days of the week to include Monday through Friday. Official working days excluding State Holidays (see definition of “Normal State Business Hours” below).
- D. COMAR – Code of Maryland Regulations available online at <http://www.dsd.state.md.us/COMAR/ComarHome.html>.
- E. Contract – The Contract awarded to the successful Offeror pursuant to this RFP. The Contract will be in the form of **Attachment E**.
- F. Contract Monitor – The State representative for this Contract who is primarily responsible for Contract administration functions, including issuing written direction, invoice approval, monitoring this Contract to ensure compliance with the terms and conditions of the Contract. The Contract Monitor may authorize in writing one or more State representatives to act on behalf of the Contract Monitor in the performance of the Contract Monitor’s responsibilities. The Agency may change the Contract Monitor at any time by written notice to the Contractor.
- G. Contractor – The selected Offeror that is awarded a Contract by the State.
- H. Contractor Personnel – Employees and agents and subcontractor employees and agents performing work at the direction of the Contractor under the terms of the Contract awarded from this RFP.
- I. Data Breach – The unauthorized acquisition, use, modification or disclosure of State data, or other Sensitive Data.
- J. Maryland State Treasurer’s Office (STO or the “Office”).
- K. eMMA – eMaryland Marketplace Advantage (see RFP **Section 4.2**).
- L. Information Technology (IT) – All electronic information-processing hardware and software, including: (a) maintenance; (b) telecommunications; and (c) associated consulting services.
- M. Key Personnel – All Contractor Personnel identified in the solicitation as such that are essential to the work being performed under the Contract. See RFP **Sections 3.9**.
- N. Local Time – Time in the Eastern Time Zone as observed by the State of Maryland. Unless otherwise specified, all stated times shall be Local Time, even if not expressly designated as such.
- O. Normal State Business Hours - Normal State business hours are 8:00 a.m. – 5:00 p.m. Monday through Friday except State Holidays, which can be found at: [www.dbm.maryland.gov](http://www.dbm.maryland.gov) – keyword: State Holidays.

- P. Notice to Proceed (NTP) – A written notice from the Procurement Officer that work under the Contract, project, Task Order or Work Order (as applicable) is to begin as of a specified date. The NTP Date is the start date of work under the Contract
- Q. NTP Date – The date specified in a NTP for work on Contract.
- R. Offeror – An entity that submits a Proposal in response to this RFP.
- S. Personally Identifiable Information (PII) – Any information about an individual maintained by the State, including (1) any information that can be used to distinguish or trace an individual identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information.
- T. Procurement Officer – Prior to the award of any Contract, the sole point of contact in the State for purposes of this solicitation. After Contract award, the Procurement Officer has responsibilities as detailed in the Contract (**Attachment E**) and is the only State representative who can authorize changes to the Contract. The Agency may change the Procurement Officer at any time by written notice to the Contractor.
- U. Proposal – As appropriate, either or both of the Offeror's Technical or Financial Proposal.
- V. Request for Proposals (RFP) – This Request for Proposals issued by the Maryland State Treasurer's Office (Agency), with the Solicitation Number and date of issuance indicated in the Key Information Summary Sheet, including any amendments thereto.
- W. Sensitive Data - Means PII; PHI; other proprietary or confidential data as defined by the State, including but not limited to "personal information" under Md. Code Ann., Commercial Law § 14-3501(e) and Md. Code Ann., St. Govt. § 10-1301(c) and information not subject to disclosure under the Public Information Act, Title 4 of the General Provisions Article; and information about an individual that (1) can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; or (2) is linked or linkable to an individual, such as medical, educational, financial, and employment information.
- X. State – The State of Maryland.
- Y. Total Proposal Price - The Offeror's total price for goods and services in response to this solicitation, included in Financial Proposal **Attachment A** – Financial Proposal Form.
- Z. Upgrade - A new release of any component of the Solution containing major new features, functionality and/or performance improvements.

## Appendix 2. – Section 6-201(e) of the State Finance and Procurement Article of the Annotated Code of Maryland

§6-201.

- (a) In this subtitle the following words have the meanings indicated.
- (b) “Banking institution” means an institution that is incorporated under the laws of the State as a State bank, trust company, or savings bank.
- (c) “Collateral” means collateral that is listed under § 6-202 of this subtitle.
- (d) “Deposit insurance” means insurance by:
  - (1) the Federal Deposit Insurance Corporation; or
  - (2) the Resolution Trust Corporation created under § 21A of the Federal Home Loan Bank Act (12 U.S.C. § 1441a.).
- (e) “Financial institution” means:
  - (1) any banking institution;
  - (2) any national banking association;
  - (3) an institution that is incorporated under the laws of any other state as a bank; and
  - (4) an institution that is incorporated under the laws of this State or of the United States as a savings and loan association.
- (f) “National banking association” means an institution that is incorporated under federal law as a bank.
- (g) “State money” for purposes of §§ 6-209 and 6-210 of this subtitle includes money in a bank account maintained under the control of an employee or official of the clerk of the court or register of wills.

### Appendix 3. – Section 6-202 of the State Finance and Procurement Article of the Annotated Code of Maryland

§6-202.

Collateral that may be used under this subtitle shall be:

- (1) an obligation of the United States or any of its agencies;
- (2) an obligation guaranteed by the United States or by any of its agencies;
- (3) an obligation insured by the United States;
- (4) an obligation of the State or any of its units or instrumentalities;
- (5) an obligation of a county of the State or any of its agencies;
- (6) an obligation of a municipal corporation in the State or any of its agencies;
- (7) an obligation of any other governmental authority in the State;
- (8) an obligation of the Inter–America Development Bank;
- (9) an obligation of the World Bank;
- (10) an obligation of the following government–sponsored enterprises:
  - (i) the Federal Home Loan Banks;
  - (ii) the Federal Home Loan Mortgage Corporation;
  - (iii) the Federal National Mortgage Association;
  - (iv) the Farm Credit System;
  - (v) the Federal Agricultural Mortgage Corporation; and
  - (vi) the Student Loan Marketing Association;
- (11) a surety bond if:
  - (i) subject to the terms and conditions of the bond, it is irrevocable and absolute;
  - (ii) the surety bond is issued by an insurance company authorized to do business in this State;
  - (iii) the issuer of the surety bonds does not provide surety bonds for any one financial institution in an amount that exceeds 10% of the surety bond insurer’s policyholders’ surplus and contingency reserve, net of reinsurance; and

(iv) the claims-paying ability of the authorized insurance company is rated, at all relevant times, in the highest category by at least two nationally recognized rating agencies acceptable to the Treasurer;

(12) an obligation or security of, or other interest in, any open-end or closed-end management type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., if:

(i) the portfolio of the open-end or closed-end management type investment company or investment trust is limited to direct obligations of the United States government and to repurchase agreements fully collateralized by United States government obligations; and

(ii) the open-end or closed-end management type investment company or investment trust takes delivery of that collateral, either directly or through an authorized custodian; or

(13) a letter of credit issued by a Federal Home Loan Bank if the letter of credit meets the conditions under the guidelines issued by the State Treasurer's office.

#### **Appendix 4. – Section 6-209 of the State Finance and Procurement Article of the Annotated Code of Maryland**

§6-209.

(a) State money on deposit with a financial institution shall be secured by:

- (1) deposit insurance; or
- (2) collateral as required by this section.

(b) (1) The collateral for State money on deposit with a financial institution:

(i) must have, at all times, a market value that equals or exceeds the State money that is on deposit with the financial institution and is not covered by deposit insurance; and

(ii) must be approved by the Treasurer.

(2) If the collateral is a surety bond under § 6-202 of this subtitle:

(i) the surety bond shall be in a form and amount acceptable to the Treasurer as determined by the Treasurer from time to time; and

(ii) the financial institution that provides the surety bond as collateral shall immediately notify the Treasurer if the rating assigned to the issuing insurance company by any rating agency, found acceptable to the Treasurer under § 6-202 of this subtitle, is withdrawn or downgraded, in which event the financial institution shall immediately provide the Treasurer with substitute collateral permitted under § 6-202 of this subtitle.

(3) Subject to the requirements of this subsection, a financial institution may change its collateral from time to time.

(c) (1) A custodian shall hold the collateral under this section for the benefit of the State.

(2) A financial institution may use as a custodian:

(i) any banking institution that is approved by the Commissioner of Financial Regulation to conduct commercial banking business in the State;

(ii) a federal reserve bank; or

(iii) any national banking association that is approved by the Comptroller of the Currency to conduct banking business in the State.

(3) A financial institution may not be approved as custodian for the collateral of a depository unless the assets of the financial institution equal or exceed 200% of the value of the collateral to be held for the depository.



## Appendix 5. – Section 6-222 of the State Finance and Procurement Article of the Annotated Code of Maryland

§6-222.

(a) (1) In this section, “supranational issuer” means an international development institution that:

(i) provides financing, advisory services, or other financial services to the institution’s member countries to achieve the overall goal of improving living standards through sustainable economic growth; and

(ii) is rated in the highest credit rating category by a nationally recognized statistical rating organization.

(2) “Supranational issuer” includes:

(i) the World Bank;

(ii) the International Finance Corporation;

(iii) the Inter–American Development Bank;

(iv) the African Development Bank; and

(v) the Asian Development Bank.

(b) The Treasurer may invest or reinvest unexpended or surplus money over which the Treasurer has custody in:

(1) an obligation for which the United States has pledged its faith and credit for the payment of the principal and interest;

(2) an obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress;

(3) an obligation issued and unconditionally guaranteed by a supranational issuer denominated in United States dollars and eligible to be sold in the United States;

(4) a repurchase agreement collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities, provided the collateral is held by a custodian other than the seller designated by the buyer;

(5) bankers’ acceptances guaranteed by a financial institution with a short–term debt rating in the highest letter and numerical rating by at least one nationally recognized statistical rating organization as designated by either the United States Securities and Exchange Commission or the Treasurer;

(6) with respect to amounts treated by the Internal Revenue Service as bond sale proceeds only, bonds, notes, or other obligations of investment grade in the highest quality letter and numerical rating by at least one nationally recognized statistical rating organization as designated by the United States

Securities and Exchange Commission issued by or on behalf of this or any other state or any agency, department, county, municipal or public corporation, special district, authority, or political subdivision thereof, or in any fund or trust that invests only in securities of the type described in this item;

(7) commercial paper that has received the highest letter and numerical rating by at least two nationally recognized statistical rating organizations as designated by the United States Securities and Exchange Commission, provided that such commercial paper may not exceed 10% of the total investments made by the Treasurer under this subsection;

(8) money market mutual funds that:

(i) are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as amended;

(ii) are operated in accordance with Rule 2A-7 of the Investment Company Act of 1940, 17 C.F.R. § 270.2A-7, as amended; and

(iii) have received the highest possible rating from at least one nationally recognized statistical rating organization as designated by the United States Securities and Exchange Commission; and

(9) any investment portfolio created under the Maryland Local Government Investment Pool defined under §§ 17-301 through 17-309 of the Local Government Article of the Code that is administered by the Office of the State Treasurer.

(c) The Treasurer may sell, redeem, or exchange an investment or reinvestment made under this section in accordance with the limitations of this section.

(d) Subject to § 2-1257 of the State Government Article, the Treasurer shall report by January 3 of each year to the General Assembly on investment activities for unexpended or surplus money over which the Treasurer has custody which have been conducted during the previous fiscal year. At a minimum, the report shall specify for General Fund investments and all other investments:

(1) the inventory of investments with maturity dates and the book and market value as of June 30;

(2) the net income earned;

(3) the percentage share of each category of investment in the portfolio; and

(4) any sale of investments prior to the maturity date.

(e) An investment made pursuant to this section shall be made:

(1) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(2) in a manner designed to reasonably match the anticipated cash flow of the State so that sufficient funds are available to pay obligations upon proper presentation for payment;

(3) so that a reasonable amount of cash or cash equivalents is available for unanticipated cash needs;

- (4) with due regard for minimizing risk while maximizing return;
  - (5) using competitive purchasing practices except when impractical;
  - (6) in accordance with a written investment policy;
  - (7) so that the securities and collateral may continue to be priced on a market to market basis; and
  - (8) to avoid the enhancement of the personal financial position of the Treasurer or any employee of the Treasurer who has responsibilities for such investments.
- (f) (1) (i) Consistent with minority business purchasing standards applicable to units of State government under this article and consistent with the fiduciary duties of the Treasurer, the Treasurer shall attempt to use to the greatest extent feasible minority business enterprises for brokerage and investment management services under this section.
- (ii) For purposes of this subsection, brokerage and investment management services shall include services relating to all allocated asset classes as described in subsection (b) of this section.
- (2) (i) To assist the Treasurer in achieving the goal described under paragraph (1) of this subsection, the Treasurer shall undertake measures to remove any barriers that limit full participation by minority business enterprises in brokerage and investment management services opportunities afforded under this section.
- (ii) The measures undertaken by the Treasurer shall include the use of a wide variety of media, including the Treasurer's website, to provide notice to a broad and varied range of potential providers about the brokerage and investment management services opportunities afforded by the Treasurer.
- (3) In conjunction with the Governor's Office of Small, Minority, and Women Business Affairs, the Treasurer shall develop guidelines to assist in identifying and evaluating qualified minority business enterprises in order to help the Treasurer achieve the objective for greater use of minority business enterprises for brokerage and investment management services under this section.
- (4) On or before September 1 each year, the Treasurer shall submit a report to the Governor's Office of Small, Minority, and Women Business Affairs and, subject to § 2-1257 of the State Government Article, the General Assembly on:
- (i) the identity of the minority business enterprise brokerage and investment management services firms used by the Treasurer in the immediately preceding fiscal year;
  - (ii) the percentage and dollar value of the assets under the custody of the Treasurer that are under the investment control of minority business enterprise brokerage and investment management services firms for each allocated asset class; and
  - (iii) the measures the Treasurer undertook in the immediately preceding fiscal year in accordance with paragraph (2)(ii) of this subsection.

## Appendix 6. – Section 6-203 of the State Finance and Procurement Article of the Annotated Code of Maryland

§6-203.

(a) The Treasurer shall give 15% of the weight of the decision to the standards established in this section in deciding whether to:

(1) designate a financial institution as a depository for State money under § 6-205 of this subtitle; and

(2) make an agreement with a financial institution for a banking service under § 6-229 of this subtitle.

(b) (1) The Treasurer shall consider whether the financial institution received a rating of “needs improvement” or “substantial noncompliance” in its most recent examination under the federal Community Reinvestment Act of 1977, P.L. Number 95-128.

(2) If a financial institution operates in a state other than Maryland, the Treasurer shall consider Maryland-specific information that is provided within the assessment area section of the Community Reinvestment Act report.

(c) (1) The Treasurer shall consider whether, during the previous 5 years, a court in Maryland has found, in a final adjudication, that a financial institution has violated any antidiscrimination statute or regulation.

(2) The Treasurer may consider whether, during the previous 5 years, a court outside Maryland has found, in a final adjudication, that a financial institution has violated any antidiscrimination statute or regulation.

(3) The Treasurer may determine how to assess a violation under paragraph (1) or (2) of this subsection if the violation was committed by:

(i) an affiliate of the financial institution; or

(ii) an entity acquired by the financial institution.

(d) The Treasurer shall consider whether the financial institution has demonstrated that during the previous 5 years, the financial institution has:

(1) successfully made loans in Maryland through State or federal lending programs designed to assist small and minority-owned businesses;

(2) had an active outreach program to assist small and minority-owned businesses through which the financial institution has made efforts in Maryland; and

(3) established strategic partnerships in Maryland with entities whose mission is to provide technical assistance to small and minority-owned businesses.

**Appendix 7. – Section 6-210 of the State Finance and Procurement Article of the Annotated Code of Maryland**

§6-210.

(a)

(1) On request of the Treasurer, a depository for State money shall submit to the Treasurer or a designee of the Treasurer a report that states:

- (i) the total amount of State money on deposit with the depository;
- (ii) the total amount of collateral and deposit insurance for the money; and
- (iii) the market value of the collateral for the money.

(2) Each national banking association that is a depository for State money shall submit to the Comptroller of the Currency each report for which the Comptroller asks.

(3) Each banking institution that is a depository for State money shall submit to the Commissioner of Financial Regulation each report for which the Commissioner asks.

(4) Each other bank that is a depository for State money shall submit to the banking authority for the state where the bank has its principal office each report for which the banking authority of that state asks.

(b) On request of the Treasurer a custodian shall submit to the Treasurer or a designee of the Treasurer a report that states the total amount of collateral that a depository has with the custodian.