

**DEPARTMENT OF BANKING AND INSURANCE  
INSURANCE CUSTODY SERVICES  
REQUEST FOR PROPOSAL**

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## DEPARTMENT OF BANKING AND INSURANCE

### INSURANCE CUSTODY SERVICES REQUEST FOR PROPOSAL

#### I. BACKGROUND

This Request for Proposal (RFP) has been prepared by the Department of the Treasury, Office of Management and Budget, Cash Management Unit on behalf of the New Jersey Department of Banking and Insurance (DOBI).

DOBI currently monitors the bank's custodial services of approximately 219 insurance companies and other entities operating in the State of New Jersey as required by statute. Pursuant to N.J.S.A. 17:20 et. seq., property and casualty insurers, life and health insurers, investment companies, title insurance companies and reciprocal insurance exchanges are required to make collateral deposits with a custodian on behalf of the Commissioner of the Department of Banking and Insurance (Commissioner).

A small number of companies currently contract directly with New Jersey Banks for custodial services with the authorization of, and monitoring by, DOBI. These companies will not be affected by this RFP.

Eligible collateral securities (conforming securities) are defined to include only bills, bonds, and notes issued by the United States Treasury; debt obligations of the State of New Jersey, its authorities, counties, and municipalities; and certificates of deposit of New Jersey State or federally chartered banks, savings banks or savings and loan associations. All other securities would be considered as non-conforming securities.

N.J.S.A. 17:20-3.1 provides that the Commissioner shall establish, by regulation, the fees to be charged insurers for the services of the custodian.

N.J.S.A. 17:20-4 provides that whenever the Commissioner is required or authorized by the laws of this or any other State or country to receive and hold a deposit, he or she may utilize the custodial procedures set forth in N.J.S.A. 17:20-1. Since the types of securities deposited may be considered part of the "custodial procedures", whenever an insurer or other entity (company) is required to deposit securities with the Commissioner

before transacting business in this State, such securities must conform to the definition of securities in N.J.S.A. 17:20-1.

This Request does not apply to insurers in liquidation pursuant to N.J.S.A. 17:30C-1 et seq. or 17B:32-1 et seq., as applicable. In order to reduce the depletion of the assets of an insurer in liquidation through the payment of custodial fees, DOBI will maintain the deposits of any insurer in liquidation.

Copies of the statutes and regulations that govern the DOBI are found in [Title 17 and 17B of the New Jersey Statutes](#) and the regulations are found in [Titles 3 - Banking and 11 - Insurance; 11:5 - Real Estate of the New Jersey Administrative Code](#).

## II. PURPOSE AND INTENT

The purpose of this request is to solicit proposals from qualified New Jersey banks to provide custodial services to the Department of Banking and Insurance for the statutory deposits required of insurance companies and other entities operating in the State of New Jersey.

Below is the summary list of banking services, not necessarily all inclusive, that will be required for consideration of an award. The detailed specifications are delineated in **SECTION VI. SCOPE OF WORK.**

Establishment of approximately 230 individual custodial and money market accounts
Timely data file transfers per RFP specifications
Daily sweep of un-invested funds to money market accounts
Establishment and maintenance of a Securities database including substitution securities
Custodian of statutory deposits required of insurance companies and other regulated entities
Collection of interest or other income and credit company money market account
Web-based Inquiry Communication System accessibility - for account activity and transactions
Maintain physical securities inventory
Timely, monthly and annual reports per RFP specifications
Contingency plan and reliable backup in case of system failure
Timely, reliable customer services, including technical support and training

### III. TERMS AND CONDITIONS

#### A. Applicable Rules and Regulations

It is agreed and understood that any contract placed as a result of this proposal shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the State of New Jersey.

The entire content of this RFP, all addenda and the bank's proposal will become the basis for any award and contract. These documents, serving as the agreement between the State of New Jersey and the bank, shall, whenever possible, be construed in harmony except in instances when a governing regulatory agency's rules are in conflict; in which case the governing regulatory agency's rules and regulations would apply. If there is a conflict between the terms contained in these documents, the order of precedence shall be: (1) the rules of the governing regulatory agency; (2) the addendum(s); (3) the RFP; and (4) the bank's proposal.

All services must be the responsibility of the primary vendor. The State will not enter into any agreements with subcontractors.

The vendor must be a state or nationally chartered bank, with a branch presence in the State of New Jersey, employ New Jersey residents, and be in compliance with all federal and/or New Jersey State laws governing all services to be awarded.

The vendor must be a member of the Federal Reserve direct wire system.

The **TERMS AND CONDITIONS, OTHER MANDATORY PROVISIONS** and **PAYMENT METHOD AND TERMS** of this Request for Proposal (RFP) will supersede any and all conflicting terms and conditions, including bank agreements, submitted by the bank/contractor. The State of New Jersey will not modify its terms and conditions or execute separate bank agreements.

Proposals that do not conform with or take exception to the State of New Jersey's terms and conditions, other mandatory provisions and payment methods and terms, as set forth in this RFP, will be considered non-responsive and therefore rejected.

**B. Contract Administrator**

The Department of Treasury, OMB, Cash Management Unit is charged with addressing contract related issues such as adding or deleting services.

The Contract Administrator for this program for the State of New Jersey is:

David Kutch  
Contract Administrator  
State of New Jersey  
Department of the Treasury  
Office of Management and Budget  
PO Box 221  
33 West State Street, 6th floor  
Trenton, New Jersey 08625-0221  
Phone: (609) 984-1533  
Email: [David.Kutch@treas.nj.gov](mailto:David.Kutch@treas.nj.gov)

**C. Project Management**

After contract award, the Department of Banking and Insurance will be responsible for opening and closing all custody accounts and will be the contact agency for any operational issues.

The Project Manager for this program for the State of New Jersey is:

Robert L. Edge  
State of New Jersey  
Department of Banking & Insurance  
Office of Solvency Regulation  
PO Box 325  
Trenton, NJ 08625-0325  
Phone: 609-292-5350 Ext. 50090  
Email: [Robert.Edge@doibi.state.nj.us](mailto:Robert.Edge@doibi.state.nj.us)

**D. Timetable of Events**

The State reserves the right to modify any of the cited dates upon notification to the vendors.

Event	Date
Issuance of Request	August 6, 2014
Deadline to Submit Questions	August 19, 2014 by 4:30 p.m. E.T.
Mandatory Pre-Bid Conference	August 26, 2014 11:00 a.m. E.T.
Proposal Due Date	September 17, 2014 by 4:30 p.m. E.T.
Anticipated Award Date	November 14, 2014
Implementation and System Testing	November 17, 2014

**E. RFP Questions from Bidders**

The deadline to submit written questions pertaining to this RFP ends at **4:30 p.m. E.T. on August 19, 2014.** Questions received after the deadline will not be recognized or addressed. The State requests that all submissions reference the appropriate page and section of the RFP. Questions are to be e-mailed to the following address:

[David.Kutch@treas.nj.gov](mailto:David.Kutch@treas.nj.gov)

Questions will be responded by e-mail or via the Office of Management and Budget’s Banking Services website.

**F. Revisions to the Request for Proposal**

If it becomes necessary to revise any part of this RFP, revisions will be made in the form of a written addendum and vendors will be notified via email.

Acknowledgment of the receipt of all the amendments/revisions will be required to accompany any proposal submitted.

## **G. Proposal Requirements**

Along with one proposal, clearly marked "ORIGINAL", signed by an officer who is authorized to bind the respondent contractually, **six (6) copies of the proposal must arrive prior to or no later than 4:30 p.m. E.T. on September 17, 2014.**

If submitting by hand or overnight delivery, address packages to:

David Kutch  
Contract Administrator  
State of New Jersey  
Department of the Treasury  
Office of Management and Budget  
33 West State Street, 6th floor  
Trenton, New Jersey 08625-0221

If submitting by U.S. Mail, address packages to:

David Kutch  
Contract Administrator  
State of New Jersey  
Department of the Treasury  
Office of Management and Budget  
PO Box 221  
Trenton, New Jersey 08625-0221

In addition, to the required hard copies, vendors must include a CD/DVD ROM copy of its entire bid submission including all exhibits, attachments and samples of required documents in the PDF format.

It is the bidders' responsibility to clearly identify the sections and pages in its bid proposal it designates to be confidential and/or proprietary.

Please note that faxed or emailed proposals will not be accepted.

## **H. Oral Presentation and Vendor Site Visitation/Inspection**

Vendors who submit a proposal may be required to give an oral presentation to the evaluation committee. This will provide an opportunity for the vendor to clarify or elaborate on its proposal. However, an oral presentation does not provide the vendor the opportunity to change the original bid or correct any deficiencies in its

proposal. Vendors should not construe the invitation for an oral presentation to imply any acceptance or rejection of bids.

The Department of the Treasury, Office of Management and Budget, Cash Management Unit, will schedule the presentations.

At the time of proposal evaluation, the State reserves the right to inspect the vendor's facilities, including any and all subcontractors' facilities. Any time after award, the State reserves the right to inspect the vendor's facilities, including any and all subcontractors' facilities, without prior notice by the State. However, if circumstances warrant prior notice because of security or proprietary considerations, please include an explanation of such reservation in your response. Failure to comply with this request may result in disqualification or termination of the contract.

At all times, (1) travel by State personnel to the vendor's site will be at the State's expense; (2) travel by vendor personnel to the State of New Jersey will be at the vendor's expense.

Prior to contract award, the oral presentation and vendor site inspection may be combined.

## **I. Contract Award**

The entire contents of this RFP, all addenda and the bank's proposal will become the basis for any award resulting from this solicitation.

The State of New Jersey reserves the right to reject any or all proposals, to award to other than the low bidder, to award in whole or in part, and to waive any minor informalities not in compliance with the specifications or terms and conditions of this request if deemed in the best interest of the State to do so.

Any statistics or values shown in the RFP are either based on past history, or best estimates. The future quantities, values or activities may be more or less than those noted herein and could change during the course of the contract term. The

State will make no allowances or concessions to a bidder for any alleged misunderstanding because of quantity, character or other conditions.

**J. Length of Contract**

The contract will be for a **five (5) year term**. The bank may not close any custody accounts until officially notified by the Department of Banking and Insurance. The Department of Banking and Insurance will be responsible for opening and closing all custody accounts.

Any agreement executed as a result of this acquisition process is contingent upon the State Legislature appropriating such funds as necessary, to the extent such funds are necessary, to pay the bank for services rendered.

**K. Contract Extension**

The State will have the option to extend the contract for three **(3) one-year periods** or any portion thereof, if deemed in the best interest of the State to do so. The vendor will be notified of the State's intent at least **90 days** prior to the expiration date of the existing contract. The vendor will have **15 calendar days** to respond to the State's request. If the vendor agrees to the extension all terms and conditions of the original contract and any mutually agreed to changes will apply.

At the time of contract extension, an increase in price will be considered. The unit prices during the extension periods may be adjusted utilizing the Consumer Price Index unadjusted for All Urban Consumers, New York-Northern New Jersey Region and Philadelphia-South Jersey Region using a 2/3 to 1/3 weight respectively, as published by the Bureau of Labor Statistics of the United States Department of Labor. For price adjustments during the option periods, the prices may be increased by the same percentage as the percentage of increase shown in the Index for January of the extension year compared to the Index for January of the prior year or for the most recent reported twelve-month period. At the time of the extension option, the vendor must include in their response to the State the price increases, from and to, for each of the line item charges, along with

supporting Labor Statistics documentation. The State will then independently verify the price adjustment.

**L. Vendor Right to Protest**

A vendor's right to protest RFP specifications and intent of contract award is governed by N.J.A.C 17:12.

For all Cash Management contract protests, although N.J.A.C 17:12 references the Director of the Division of Purchase and Property, the Treasurer (or designee) shall be the individual authorized to decide the protests.

**M. Termination of Contract**

The State reserves the right to terminate any agreement entered into as a result of this RFP providing written notice has been given to the vendor at least **30 days** prior to such proposed termination date unless otherwise provided herein. At contract termination, the vendor must cooperate fully with the State and the new contract vendor to affect a smooth transition, which would include transferring all necessary databases, files and other information needed for the continued operation of the application.

**N. Contract Continuity/Transitional Period**

In the event the service or services are scheduled to end by contract expiration or be terminated by the State (at the State's discretion), and if requested by the State, the bank must continue the service(s) until new services can be completely operational. At no time shall this transitional period extend more than **180 days** beyond the expiration date of the existing contract. The bank will be reimbursed for this service at the rate in effect when this transitional period clause is invoked by the State.

**O. Unanticipated Services**

Should additional State initiated work be required which is beyond the initial scope of this RFP, either through this State agency or another, the State of New Jersey

reserves the right to negotiate with the awarded vendor reasonable fees for services unanticipated or not existing at the time of the contract award. If required, the State will request a written cost estimate and a schedule of the work plan. The State must approve the fees and/or work plan prior to initiation of the work. Upon failure to arrive at a negotiated fee schedule and work plan, the State may, at its option, contract the services through a competitive process.

If additional programming is required, the vendor must be able to provide additional programming services and make system changes to their internal system within **90 days** after State approval. The cost estimate will be based on the hourly rates included in the vendor's response as specified in **SECTION IX. COST SCHEDULE** of this RFP.

**NOTE:** In an effort to streamline services, the Department of the Treasury, Office of Management and Budget, Cash Management Unit may extend the services of this contract to additional State agencies. These similar banking services would be added to this contract via this unanticipated service clause.

**P. Prime Contractor Responsibilities**

The selected vendor, and any successor vendor (in the event of merger/acquisition or other change in operating status), will be required to assume sole responsibility for the complete effort of any contract(s) awarded to the vendor subsequent to its bid submission, and assume all cost incurred by the State, directly or indirectly, in connection with or as a result of the transition. If a merger/acquisition has been announced prior to or during the vendor's proposal preparation period, identify all relevant or emerging dates surrounding the merger relative to official name change, system changes, account changes, etc. if known at the time of bid submission.

The State will consider the prime contractor to be the sole point of contact with regard to contractual matters. The prime contractor is responsible for the professional quality, technical accuracy, timely completion of any and all services awarded to the vendor as a result of the solicitation; and shall without additional compensation, correct or revise any errors, omissions, or other deficiencies in

their products, services, reports, equipment, information, etc. in order to meet the requirements as specified herein.

The successful vendor must furnish the names of the officers and management personnel who will be utilized in the fulfillment of any agreement resulting from this RFP.

**Q. Subcontracting**

All subcontractors must be approved by the State. If the vendor has knowledge prior to the proposal submission date that any part of the work covered by this request will be subcontracted, the vendor must identify the subcontracting organization, its officers and the contractual arrangements made therewith, and state what services are to be subcontracted.

If, during the contract term, the vendor desires to employ or replace any subcontractor, the vendor must provide **90 days written notice to the State.** The State will evaluate the replacement firm's qualifications. No replacement firm shall begin work without prior State approval.

The prime contractor is totally responsible for adherence by the subcontractor to all provisions of the contract between the bank and the State. The bank must thoroughly research and confirm a sub-contractor's ability to deliver services exactly as requested in this RFP. The State will not amend its requirements to accommodate a sub-contractor's unwillingness to provide required documents or its inability to deliver services exactly as stated/required in this RFP.

Nothing contained in these specifications or subsequent specifications shall be construed as creating any contractual responsibility between the subcontractor(s) and the State.

**R. Assignment**

The vendor is prohibited from assigning, transferring, conveying, subletting or otherwise disposing of this agreement or its rights, title or interest therein or its power to execute such agreement to any other person, company or corporation

without the previous consent and approval, in writing, by the State. Any attempted assignment without consent shall be null and void. Unless otherwise agreed to by the State in writing, the assignee shall bear all cost incurred by the State, directly or indirectly, in connection with or as a result of such an assignment.

**S. Cost Liability**

The State of New Jersey assumes neither responsibility nor liability for costs incurred by vendor prior to issuance of an agreement, contract or purchase order.

**T. Ownership of Material**

Ownership of all data, material and documentation originated and prepared exclusively for the State pursuant to any contract shall belong exclusively to the State and shall be delivered to the State upon **30 days' notice** by the State.

**U. File Transfer**

See **EXHIBIT A State of New Jersey OIT File Transfer Guide** for a detailed description of the protocols supported by the State. A bank(s) ability to support as many of these file transfer methods as possible, thus providing the State with maximum flexibility, will be a positive factor considered during the proposal evaluation.

The bank and all subcontractors will be required to use reasonable care to protect the confidentiality of the data. All data contained in the documents or files supplied by the State are to be considered confidential and shall be solely for the use of the State. The chosen bank must protect State data and ensure that all State information remains confidential.

Any use, loss, sale or offering of this data in any form by the prime contractor, its employees, subcontractors, or assignees may cause termination and legal action to be taken, with all cost of any such legal action to be absorbed by the vendor.

**V. Promotional Use Prohibited**

The vendor and any subcontractors will be prohibited from advertising or promoting any trade or business by reference to any agreement or services performed hereunder, including the issuance of news releases, resulting from any award.

**W. Accounting Records**

The vendor is required to maintain records and other documentation needed for the execution of any and all contracts. These records must be made available to the State at all reasonable times during the contract term and for a period of **seven (7) years from the date of final payment.**

The State reserves the right to have either its personnel, its designated representatives or its auditors, monitor and audit as often as the State deems necessary, the activities and related processing and accounting records of the bank and all subcontractors, to ensure proper compliance to the terms as specified within this document.

The vendor(s) must provide adequate facilities for the State auditors to use when they perform their regular and random audits.

**X. Severability Clause**

In the event that any provision of this RFP or the agreement executed in accordance herewith shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision, and the agreement shall continue in effect without the invalid provision.

**Y. Indemnification**

The Vendor's liability to the State for actual, direct damages resulting from the Vendor's performance or non-performance, or in any manner related to the contract, for any and all claims, shall be limited in the aggregate to 500% of the

value of the contract, except that such limitation of liability shall not apply to the following:

The Vendor's obligation to indemnify the State of New Jersey and its employees from and against any claim, demand, loss, damage or expense relating to bodily injury or the death of any person or damage to real property or tangible personal property, incurred from the work or materials supplied by the Vendor under the contract caused by negligence or willful misconduct of the contractor.

The Vendor's indemnification obligation is not limited by, but is in addition to the insurance obligations contained in this RFP.

The Vendor shall not be liable for special, consequential, or incidental damages.

## **Z. Insurance**

The vendor will furnish to the State such evidence of insurance as the State may require at the time of award and for all periods during the term of the agreement and any extensions to the agreement.

For all coverage and renewals, the documents must contain the provision that the insurance provided shall not be canceled for any reason except after **30 days** written notice to the State of New Jersey, Department of the Treasury. All insurance shall be written for not less than any limits of liability herein specified or required by law, whichever is greater.

1. Comprehensive General Liability policy as broad as the standard coverage forms currently in use in the State of New Jersey which shall not be circumscribed by any endorsements limiting the breadth of coverage. The policy shall be endorsed to include:

- Broad Form Comprehensive General
- Liability Products/Completed Operations
- Premises/Operations

The limits of liability for bodily injury and property shall not be less than \$1 million per occurrence as a combined single unit.

2. Automobile Liability Insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit.
3. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than:
  - \$100,000 Bodily Injury Each Occurrence
  - \$100,000 Disease Each Employee
  - \$500,000 Disease Aggregate Limit

**AA. Conflict of Interest**

No award will be made to a vendor who in the opinion of the Department of the Treasury or the Department of Banking and Insurance has interests, business ventures, proprietorships, employment, or public office, which would create a conflict of interest. The State reserves the right to question vendors with respect to actual or potential conflicts of interest.

**BB. Public Records – Contents of Bid Proposals**

Information provided in response to this Request for Proposal can be released to the public under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq., (OPRA) however certain sections may be considered confidential under the statutory exceptions. A bidder may designate specific information and pages of its bid proposal as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion.

Bidders are responsible for clearly defining the sections and pages of its bid proposal considered to be confidential and/or proprietary. The designated sections/materials must be listed on the cover letter and cleared marked at the

bottom of each page in the footer section. The State reserves the right to make the determination and will advise the bidder accordingly.

The State will not honor any attempt by a bidder either to designate its entire bid proposal as proprietary and/or to claim copyright protection for its entire proposal. In the event of any challenge to the bidder's designation of confidential and/or proprietary materials, the bidder shall be solely responsible for defending its designation and the State shall have no responsibility there for.

By signing the cover sheet of this RFP, the bidder waives any claims of copyright protection set forth within the manufacturer's price list and/or catalogs. The price lists and/or catalogs must be accessible to State using agencies and cooperative purchasing partners and thus have to be made public to allow all eligible purchasing entities access to the pricing information.

All bid proposals, with the exception of information determined by the State or the Court to be confidential and/or proprietary, are available for request after the Letter of Intent-to-Award is issued. At such time, interested parties can request a copy of a bid submission by visiting the following link <http://www.state.nj.us/opra/>. Users should select the link titled *State Request Form* and in the first drop down menu that reads *Choose a Department* users should select Treasury. In the second drop down menu that reads *Choose a Division* users should select Government Access Unit and complete the request form according to the instructions.

### **CC. Single Response**

A single response to this RFP may be deemed a failure of competition and at the option of the Treasurer, the solicitation may be canceled. Alternatively, receipt of only one response may allow the Treasurer to claim it as a valid sole source acquisition of services.

#### **IV. OTHER MANDATORY PROVISIONS**

##### **A. Financial Statements**

As part of the proposal the prime vendor and any subcontractors directly involved with providing any part of the services, must submit their latest audited financial statements, or financial comments if a privately held company.

The Original Proposal must include a hard copy of the bank's audited financial statements. Proposal copies can include a working link to the bank's audited financial statements.

The Original Proposal must include a hard copy of all subcontractors' audited financial statements, or financial comments if a privately held company. Proposal copies can include working links to a subcontractor's audited financial statements or financial comments if a privately held company.

##### **B. Ownership Disclosure Form**

As part of the proposal the prime vendor and all its known subcontractors must complete the enclosed Ownership Disclosure Form and submit it with the proposal. See **EXHIBIT B** for the Ownership Disclosure Form.

##### **C. Non-Discrimination Law**

All parties to any contract with the State of New Jersey agree not to discriminate in employment and agree to abide by all anti-discrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A. 10:5-1 et seq., N.J.S.A. 10:5-31 through 10:5-38 and N.J.A.C. 17:27-3.4, and all rules and regulations issued hereunder. For additional information on the non-discrimination law, you may call the Law Reference Library at (609) 292-6230 or visit: <http://www.njleg.state.nj.us/> and select Law and Constitution and then Statues.

#### **D. Proof of Registration Requirements**

Public Law 2001, Chapter 134 requires all contractors and subcontractors providing goods/services to State agencies and authorities to provide the contracting agency with proof of registration with the Department of the Treasury, Division of Revenue and Enterprise Services.

The Division of Revenue and Enterprise Services' Client Registration Bureau provides proof of registration certificates to all registrants. Business Registration Certificates (BRC) list basic business identification information and unique registration sequence numbers that can be verified by the Client Registration Bureau.

Pursuant to an amendment to N.J.S.A. 52:32-44, State and local entities are prohibited from entering into a contract with an entity unless the contractor has provided a copy of its Business Registration Certificate as part of its bid submission. As mandated by this statute, failure to submit a copy of the Business Registration Certificate within the bid proposal will be deemed non-responsive and therefore will result in disqualification of the bid proposal.

The statute also requires that all contract vendors submit a copy of the Business Registration Certificate for each subcontractor they intend to use prior to contract implementation. The law prohibits contractors from entering into a contract with a subcontractor who has not provided the contractor a copy of its Business Registration Certificate.

The basic registration process involves filing Form NJ-REG. An overview of the filing requirements can be found by visiting the NJ Business Gateway Services website at <http://www.state.nj.us/njbgs/>. The NJ-REG may be filed online or a Business Registration Packet can be downloaded at <http://www.state.nj.us/treasury/revenue/revprnt.shtml>

Any questions in regard to business registration requirements can be directed to the Division of Revenue and Enterprise Services at (609) 292-9292.

## E. N.J.S.A. 52:34-13.2 Certification

1. Under N.J.S.A. 52:34-13.2 Certification, the State shall not award a contract to a vendor that submits a bid proposal to perform services, or have its subcontractor[s] perform services, outside the United States, unless one of the following conditions is met:

The vendor or its subcontractor provide a unique service, and no comparable, domestically provided service can adequately duplicate the unique features of the service provided by the vendor and/or its subcontractor; or

A significant and substantial economic cost factor exists such that a failure to use the vendor's and/or the subcontractor's services would result in economic hardship to the State; or

The Treasurer determines that a failure to use the vendor's and/or subcontractor's services would be inconsistent with the public interest.

2. Source Disclosure Requirements

Pursuant to N.J.S.A. 52:34-13.2, all vendors seeking a contract with the State of New Jersey must disclose:

The location by country where services under the contract will be performed; and

The location by country where any subcontracted services will be performed.

State prefers the vendor submit with its bid proposal **EXHIBIT C N.J.S.A. 52:34-13.2 Certification**, completed with the sourcing information required for itself and any proposed subcontractor, identified in its proposal.

If the certification is not submitted with the bid proposal, it shall be submitted **within five (5) business days** of the State's request for the information. Failure to submit sourcing information when requested by the State shall preclude award of a contract to the vendor.

3. Breach of Contract of N.J.S.A. 52:34-13.2

A shift of outsourced services during the term of the contract shall be deemed a breach of contract.

If, during the term of the contract, the contractor or subcontractor, who had on contract award declared that services would be performed in the United States, proceeds to shift the performance of the services outside of the United States, the contractor shall be deemed in breach of the contract, which contract shall be subject to termination for cause, unless the Treasurer shall have first determined in writing that extraordinary circumstances require a shift of services or that a failure to shift the services would result in economic hardship to the State.

It is important to note that N.J.S.A. 52:34-13.2 applies to all service contracts.

**F. Two-Year Ch. 51 Vendor Certification & Disclosure of Political Contributions**

In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, Public Law 2005, Chapter 51 was signed into law on March 22, 2005 (this law supersedes Executive Order 134 (2004)).

On September 24, 2008, former Governor Jon S. Corzine issued Executive Order No. 117 to further enhance the State of New Jersey's efforts to protect the integrity of the procurement process.

Pursuant to the requirements of Public Law 2005, Chapter 51 / Executive Order No. 117 (2008) the terms and conditions set forth in this section are material terms of any contract resulting from this RFP:

1. Vendor Certification and Disclosure

Prior to awarding any contract or agreement to procure services or any material, supplies or equipment from, or for the acquisition, sale, or lease of any land or building from or to, any business entity, the State or any of its purchasing agents or agencies, as the case may be, shall require, as part of the procurement process, the business entity to report all contributions the business entity made during the preceding four years to any political organization organized under section 527 of the Internal Revenue Code that also meets the definition of a “continuing political committee” within the meetings of section 3 of P.L. 1973, c.83 (C.19:44A-3).

Instructions for completing the Vendor Certification and Disclosure are detailed in **EXHIBIT D Information and Instructions for Completing the Two-Year Vendor Certification and Disclosure of Political Contributions Forms.**

The submission of **EXHIBIT E Two Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions** will be required **five (5) business days** from the date on the “Intent to Award” letter issued by the Office of Management and Budget, Cash Management Unit.

2. State Treasurer Review and Approval

The State Treasurer or his designee shall review the Certification and Disclosure submitted pursuant, as well as any other pertinent information concerning the contributions or reports thereof by the intended vendor, prior to award, or during the term of the contract, by the contractor. If the State Treasurer determines that any contribution or action by the contractor constitutes a breach of contract that poses a conflict of interest

in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of such contract.

Please access the Purchase and Property website for additional information on Public Law 2005, Chapter 51 at the following site: <http://www.state.nj.us/treasury/purchase/execorder134.shtml>.

Upon approval by the State, the Certification and Disclosure of Political Contributions form is valid for a two (2) year period. Thus, if a vendor receives approval on January 1, 2013, the certification expiration date would be December 31, 2014.

### 3. Ongoing Vendor Responsibility

All business entities awarded a State contract on or after October 15, 2004, in an amount in excess of \$17,500, have a continuing obligation to disclose any changes in the vendor's ownership status and/or political contributions made during the term of such contract, and any extensions thereof.

**NOTE:** Vendors are contractually obligated to report all ownership changes and political contributions to the OMB, Cash Management Unit by submitting updated Vendor Certification and Disclosure forms. All changes and forms are subject to review by the Treasurer.

If the State Treasurer determines that any such contribution poses a conflict of interest, such contribution shall be deemed a material breach of such contract or agreement.

## **G. Disaster Recovery**

### **1. Disaster Recovery Plan**

As part of any contract award, the vendor(s) must maintain a disaster recovery plan designed to minimize any disruption to the services being performed. The bank's disaster recovery plan, contingency and backup

procedures should be made available for review by the State, within **ten (10) days** of a request by the State. As part of the State's Disaster Recovery Exercises, these items will be subject to annual review.

The bank must be able to demonstrate, during an inspection of operations and a review of documented procedures that in the event of a system breakdown or catastrophic event, State operations will be minimally affected and State records recovered intact. Given the worst case scenario, the vendor must be completely functional **within 24 hours of a major disaster.**

For disaster and recovery purposes, the bank must be able to receive and process data files from the State in the following formats: electronic transmission, CD/DVD ROM. In addition, the bank must be able to demonstrate that sufficient safeguards are in place to prevent test files from being loaded into a production environment.

## **2. Disaster Recovery Test Requirements**

The bank must fully cooperate during any and all disaster recovery testing operations initiated by the State. The bank must identify in its RFP if there are any organizational production and/or testing shutdown timeframes during the calendar year when it would be unable to participate in State tests.

The State will run a Disaster Recovery Test pertaining to the accounts contained in this RFP although not all accounts may be included in the test. The test is required to be performed once a calendar year and must mimic full simulation of the production environment in order to meet auditing requirements. Testing will be conducted at the State of New Jersey, Office of Information and Technology Disaster Recovery site, which simulates a parallel production environment at a different location from where the normal State test and production activities occur.

Currently the State's Disaster Recovery center is evolving. Connect:Direct Secure+ will become available at this site in the future, however an exact

date has yet to be determined. Therefore an alternate method must be established to transfer data between the Disaster Recovery site and the bank. The established connectivity method must be mutually agreed upon by the State and the bank. By developing an alternate method, both parties will be creating the capability to provide an alternate means of communication between the bank and the State in the event the main file transfer mechanism is unavailable.

The State's Disaster Recovery Test is a full simulation test, as close as technically feasible to the production environment. In order to satisfy audit requirements, OIT must be able to simulate the production environment as closely as possible, thereby demonstrating to the auditors the State's ability to recover from a disaster.

The bank must have a process and security in place to ensure that any test files sent as part of the disaster recovery test do not get processed in the bank's production environment. In addition, the State may require that its print facility's Disaster Recovery Site be included in the Disaster Recovery Testing.

### **3. Disaster Recovery Test Files**

The bank must be prepared to receive and validate test files transmitted or delivered from a State of New Jersey disaster recovery exercise.

The following list of Disaster Recovery Test items, not necessarily all inclusive, will be required and considered during contract award:

- Accept and return test files.
- Validate that the received files are properly formatted and useable as if they were production files.
- Provide the State with written documentation as to the correctness of the data.
- Validate the legibility of printed "voided" checks, which are replications of production checks produced from a Disaster Recovery test.

All test checks mailed to the bank must be returned to the State after the bank validation is complete.

#### **H. Destruction Requirements for State Records and Canceled Checks**

The New Jersey Department of Treasury's Division of Revenue and Enterprise Services (NJDORES) is responsible for insuring that all public records are managed, preserved and destroyed in accordance with public law.

The bank must destroy all public documents in accordance with State regulations and the retention schedule promulgated by NJDORES in consultation with the appropriate State agency and approved by the State Records Committee (SRC).

Physical destruction of State records must comply with the existing (applicable) state standards as described in State Contract T-0387: *Records Removal and Destruction Services*. These standards will apply to any sub-contracted vendors the bank may utilize for destruction services.

With the introduction of Check 21 legislation, the State requires that banks abide by NJDORES when a physical check is returned to the bank. For specific questions please call 609-530-3212.

See **EXHIBIT F Destruction Requirements for State Public Records and Canceled Checks** for paid check destruction requirements.

## V. PAYMENT METHOD AND TERMS

1. Payment for all services will be the responsibility of each insurance company and other regulated entities conducting business in New Jersey, designated by the Commissioner, in accordance with the fee schedule of the selected vendor, as authorized by the Commissioner.
2. Based on the average inventory on the last day of each billing cycle, to be defined by the bank, and the actual transaction volume for each cycle, the bank is to be compensated by either a debit to the company's money market reserve account, or by direct invoice to the company. If a money market reserve account is maintained, the bank must establish the minimum reserve requirement for this account. The bank may invoice the company if the money market reserve account balance falls below the amount set by the bank.
3. Upon notification to DOBI by the bank, DOBI will authorize permission to deduct any and all fees from the income portion of the company's account to pay any outstanding fees on behalf of the bank if any company is delinquent in payment of services based on the bank's billing procedures.

## VI. SCOPE OF WORK

### A. Current Insurance Entities and Security Statistics

In Calendar Year 2013, 219 insurance companies and other entities were operating in the State of New Jersey for which custodial services were required. The total number of securities held for Calendar Year 2013, including cash, was 564 items, and the par value was approximately \$301 million.

The security types were held in the following depositories:

# OF SECURITIES	SECURITY TYPE
188	Federal Reserve Book Entry
136	Depository Trust Co. (DTC) Book Entry
21	Bank Certificate of Deposit
219	Cash held in Money Market Accounts

There were no physical securities held as of December 31, 2013.

Following is the summary of the transaction history for calendar year 2013:

# OF TRANSACTIONS	TRANSACTION TYPE
104	Substitutions
58	Security Purchases
6	New Accounts Opened
8	Accounts Closed
N/A	Accounts required additional securities
57	Maturities
26	Miscellaneous Transactions
291	Wires
15	Checks

See **EXHIBIT G Projection of Maturing Securities**, for the number and value of securities maturing. This data will identify the year and volumes of probable future security substitutions and/or replacements.

The three (3) primary types of insurance businesses represented by the domestic and foreign insurance entities are:

- Property & Casualty
- Life & Health
- Title Insurance

The types of entities listed below are not covered by N.J.S.A. 17:20-1c and N.J.S.A. 17:20-1d, but are nonetheless requested to submit collateral:

- DPOs
- HMOs
- Surplus Lines
- Viaticals
- MEWA (Multiple Employer Welfare Arrangements)
- Self-insured Entities (Workers' Compensation and Auto)
- Non-Insurance Companies making deposits under special circumstances.

## **B. Implementation and Testing**

The bank must provide a detailed implementation and testing schedule starting on the date of contract award and ending prior to **September 1, 2015**.

The implementation and testing schedule must highlight all critical RFP elements including, but not limited to: the opening of accounts, establishing State access to all required modules of the bank's Web-based Inquiry Communication System, file transfer testing, State approval of bank reports and bank statements and the training of necessary State personnel.

A start date and end date for each critical RFP element along with the amount of State personnel time and resources must be included on the implementation and testing schedule.

During the implementation and testing phases, bank personnel must be available for weekly status conference calls. If warranted, the State may request the bank send representatives to meet with DOBI and OMB at a centralized Trenton location.

The bank must be willing and capable of attending multiple post implementation meetings at a centralized Trenton location if there are contractual concerns. The implementation and testing schedule must include at least one face to face post implementation meeting.

In order for the new vendor to create an accurate and complete securities database, the current contract vendor will cooperate with the awarded bank to effect an orderly and efficient transition of all securities held in DOBI database as specified in **SECTION III. TERMS AND CONDITIONS, N. CONTRACT CONTINUITY/TRANSITIONAL PERIOD.**

During implementation, the new vendor must perform the following basic duties:

1. If necessary, pick-up the securities and safely transport them to the new vendor location. All physical securities must be housed in New Jersey. Currently no physical securities are being stored.
2. Establish approximately 230 individual custodial accounts and ensure that the quantity and value of the securities settle. Some companies will require more than one account; currently, there are eleven (11) companies with multiple accounts. DOBI must be able to assign a specific account name and registration number to all accounts.
3. Produce a computer report of the initialized securities data, including a securities item count and total market value, for joint review and verification by DOBI and the vendor, to ensure database accuracy and integrity.

4. Perform the re-registration of the securities from the current nominee name to the new bank nominee name.
5. Establish money market account(s) to accept the daily sweep of the un-invested funds.
6. The conversion fee(s) for the transfer of the securities from the current provider to the new bank will be borne by the new contract vendor. The current provider will invoice the new contract vendor at a cost of \$10.00 per delivery. Each security will be a separate delivery. The receipt of the securities by the new vendor bank will be considered a free delivery. These one-time conversion costs cannot be directly passed on to the insurance companies but must be bundled in some other cost category or categories.
7. Provide a minimum of three (3) sets of operating manuals to the State preferably in hard copy, with any subsequent additions, deletions or revisions to the manuals forwarded to the State promptly.

**C. Custodial Requirements**

Specifically, the bank will:

1. Act as custodian for DOBI as to cash or securities received from insurance companies and other regulated entities conducting business in New Jersey, designated by the Commissioner, to be held in a custodial account.
2. Be responsible to the Commissioner for the proper and faithful performance of the services required pursuant to the terms of this Request for Proposal; for the fidelity and integrity of its officers, employees, and agents employed in any undertaking relative to this agreement; and for any and all loss or damage which may result from any failure to discharge or from any improper or incorrect discharge of its duties; and the bank shall hold harmless the State of New Jersey and the Commissioner from any or all loss or damage caused thereby.

3. Not be required to make or to advise, with respect to the securities, investments and reinvestments to be made for said account and will not be responsible for the terms of such securities, investments and reinvestments. The bank, upon the Commissioner's authorization, may assume and rely as to any transaction which it may handle under this agreement, that the security investment, reinvestment, purchase, sale or exchange concerned, has been made in compliance with and in accordance with all applicable legal requirements.
4. Promptly collect, when due, all interest or other income on the assets held by it as custodian and credit the interest amount directly to the company's money market account.
5. Assign one management level individual as account representative, who shall possess the required knowledge of daily activity and full authority to clear transaction discrepancies between the companies and custodian, as the case may be, and to supervise all custody and reporting functions contemplated hereunder. This individual should be available to the State and the companies from Monday through Friday, 9:00 a.m. E.T. to 5:00 p.m. E.T., and shall be supported by at least one backup individual possessing the same level of knowledge and authority. In the event a personnel change results in a different liaison (or back-up) being assigned to the State, written notification should be provided to DOBI 15 days prior to the change becoming effective.

#### **D. Ongoing System/Processing Requirements**

Based upon the prior approval of the Commissioner, the bank must perform the following processing duties:

1. Maintain and administer a secure, efficient and responsive automated custodian services system and securities database. Additionally provide a Web-based Inquiry Communication System with the ability to access custody account activity and view transactions. The web-based access will not preclude the need for a CD/DVD-ROM as required in **SECTION VI. SCOPE OF WORK, E. REPORT REQUIREMENTS.**

2. Accept, verify and enter both new and substitution securities from companies to DOBI custodial securities database, and confirm that the items deposited are approved securities. These steps must be performed to authorize and complete the deposit/substitution process.

When securities are moved, i.e., released, substituted, deposited, rolled over etc. by the company, the following procedure must be followed:

- a. The specific company prepares a **Deposit/Substitution Request Form**, (see **EXHIBIT H Deposit/Substitution Request Form**), emails or faxes the Form to DOBI [Robert.Edge@@dobi.state.nj.us](mailto:Robert.Edge@@dobi.state.nj.us)/609-454-8587 for review and authorization. The company will keep a copy in their file.
  - b. DOBI reviews the Form for content and if approved, signs, dates and faxes it to the bank.
  - c. The bank must acknowledge receipt of the form by signing, emailing or faxing the form to the appropriate company within **one (1) business day**.
  - d. When a Certificate of Deposit is being used as security it must be registered in the name of the Commissioner.
3. On a daily basis, the bank must sweep any un-invested funds into designated money market accounts. These funds must be held in US government security or New Jersey municipal money market funds.
  4. Interest payments should be promptly wired within **three (3) business days** by the bank to all companies who have so requested. The system must contain the proper security features to insure the protection of the data and to maintain the integrity of the system. The bank must have a manual wire transfer backup procedure established in the event of an electronic failure.
  5. If physical securities are maintained, conduct a yearly physical inventory on June 1st of the securities and provide a report to DOBI reflecting the inventory status.

6. Respond to phone or written inquiries and problems from the companies and DOBI in a prompt and efficient manner. The response turnaround time must be within **three (3) business banking days or less.**
7. At the end of each calendar year, no later than January 31, and 30 days after contract expiration, a CD/DVD-ROM of the DOBI custodial securities database must be prepared and delivered to DOBI. See **EXHIBIT I Securities Data Base Field Specifications** and **EXHIBIT I-1 Registrations used as Account Names** for the required securities database layout specifications along with the list of the registrations to be used as account names. Web-based access to the database will not preclude the need for a CD/DVD-ROM.

#### **E. Report Requirements**

The State requires that the bank follows the timeframes and report preparation procedures with respect to required reports and forwards them to DOBI and/or the Companies as indicated.

##### **1. Bank Statements (Monthly)**

- **DOBI Distribution-** For each Company a data extract must show transactions by date. This extract must be provided via electronic transmission monthly that is formatted in a comma-delimited quoted-data text file as shown in **EXHIBIT J Monthly Comma-delimited quoted-data text file**, transmitted in a secure manner described in **EXHIBIT A State of New Jersey OIT File Transfer Guide**, or a similarly secure alternative approved by DOBI.
- **Company Distribution-** Hard copies of the “company specific” pages must be distributed to each company showing transactions by date. This report must be available **monthly** formatted using **EXHIBIT I Securities Data Base Field Specifications** and **EXHIBIT I-1 Registrations used as Account Names**. See **EXHIBIT K Monthly Statement** for an example of a “company specific” monthly report.

The monthly statements sent to both DOBI and each company should be received **5 business banking days** after the last day of the month.

## 2. Securities Maturation List (Monthly)

- **DOBI Distribution-** This monthly report will show those securities that matured within the last month and were not replaced with new securities. This report must be available monthly via the Web-based Inquiry Communication System. DOBI must be available to view this information by **3 p.m. E.T. the first business day of the following month.** This will alert DOBI and the bank to prepare for an upcoming securities substitution process. **See EXHIBIT K Monthly Statement** for an example of a specific” Securities Maturation List monthly report.
- **Company Distribution-** Hard copies of the “company specific” pages must be distributed to each company. The Securities Maturation Lists sent to each company should be received **5 business banking days** after the last day of the month. (Note: Failure to rollover a matured certificate of deposit could result in DOBI requiring a replacement security) **See EXHIBIT K Monthly Statement** for an example of a “company specific” Securities Maturation List monthly report.

## 3. Bank Statements (Annually)

- **DOBI Distribution-** For each Company this report must show transactions by date. This report must be distributed to DOBI **annually in a CD/DVD-ROM** formatted using **EXHIBIT I Securities Data Base Field Specifications** and **EXHIBIT I-1 Registrations used as Account Names.**
- **Company Distribution-** Hard copies of the “company specific” pages must be distributed to each company showing transactions by date. This report must be available **annually** formatted using **EXHIBIT I Securities Data Base Field Specifications** and **EXHIBIT I-1 Registrations used as Account Names.** **See EXHIBIT L Annual Report** for an example of a “company specific” annual report.

The annual statements should be received no later than January 31, and 30 days after contract expiration.

**4. 1099 Forms**

The bank must prepare and forward 1099 forms to each company annually and should be received no later than January 31.

**F. Continuity of Services**

The Department of Banking and Insurance and the Department of the Treasury recognize that the services under this agreement are vital to DOBI and must be continued without interruption. Prior to contract expiration, the incumbent bank must continue all custodial services and must cooperate to effect an orderly and efficient transition of all securities maintained in custody, the current database, etc., to the successor bank as specified in **SECTION III. N. CONTRACT CONTINUITY/TRANSITIONAL PERIOD.**

## VII. EVALUATION CRITERIA

The State must be satisfied that the bank has the necessary technical expertise, experience and resource capabilities to satisfactorily perform the requisite services stated in this request. The State reserves the right to obtain any information from an independent source to evaluate these criteria. Selection of other than the apparent low bid will be fully documented. An award will be made to that responsible bidder whose bid, conforming to the RFP, will be most advantageous to the State, price and other factors considered.

The following general criteria, not necessarily listed in order of significance, will be used to evaluate the vendors' proposals. A more detailed evaluation worksheet may be developed which may expand on the technical requirements of the RFP. The State reserves the right to request additional information prior to contract award.

The bank's overall response to all questions in <b>SECTION VIII</b> .
The bank's overall experience on projects of similar scope and size.
Response to possible follow-up inquiries.
The bank's financial condition and ratings.
Clarity and completeness of the required reports and documents.
Web-based Inquiry Communication System reliability, capabilities, ease of use.
The adequacy of the security measures, contingency plans and backup procedures.
The bank's commitment to provide adequate technical and personnel resources to satisfactorily meet the requirements of the RFP.
The State's overall assessment of client references and the bank's overall experience with providing similar services.
Quality of customer service resources provided and turnaround times for problem resolution.
Completeness and feasibility of the bank's implementation, testing and training plans.
Ability to accommodate any future State-mandated program changes within the time frame acceptable to the State.
Any other information that would assist the State in the selection process.
Cost

## VIII. VENDOR RESPONSE

The vendor shall prepare responses to the questions listed below which will demonstrate the vendor's understanding, experience and ability to adequately provide the services as required in this Request for Proposal (RFP). The vendor must address each question in its entirety providing details when warranted. The vendor is encouraged, in its response document, to expand upon any issue, RFP statement or RFP requirement that it deems not adequately addressed by this RFP.

Each vendor is given latitude with respect to the detail it elects to offer. However, vendors are cautioned that insufficient detail may result in a determination that the bid proposal is materially non-responsive and will result in disqualification of the bid proposal.

Proposals that do not conform with or that take exception to the State of New Jersey's requirements as set forth in **SECTION III. TERMS AND CONDITIONS, SECTION IV. OTHER MANDATORY PROVISIONS** and **SECTION V. PAYMENT METHOD AND TERMS** will be considered materially non-responsive and therefore rejected.

Vendors are instructed to clearly identify any requirement listed in **SECTION VI. SCOPE OF WORK** of this RFP that the vendor cannot satisfy. Any deviation to the technical specifications must be clearly noted and fully explained. The State reserves the right to accept any minor deviations if it is deemed to be in the best interest of the State.

The vendor assumes responsibility for the complete effort required in this RFP. **No special consideration shall be given after the bids are opened due to a bidder's failure to be knowledgeable of all the requirements of this RFP.** By submitting a proposal in response to this RFP, the bidder represents that it has satisfied itself, from its own investigation, of all the requirements of this RFP.

It is requested that all pages for the response be numbered and that responses reference the original questions.

1. Confirm the bank understands and accepts all the **TERMS AND CONDITIONS, OTHER MANDATORY PROVISIONS** and **PAYMENT METHOD AND TERMS** of this Request for Proposal (RFP).
2. Confirm the bank maintains a branch presence in the State of New Jersey. Include a detailed list of all bank locations throughout the State.

If a branch location closure/merger has recently occurred or been announced prior to or during the vendor's proposal preparation period the bank must disclose that information.

3. Identify any and all subcontractors, its officers, the contractual arrangements made therewith and state what services will be subcontracted. Confirm the bank will provide the State with **90 days** written notice prior to employing or replacing a subcontractor. Confirm that no replacement firm will begin work without prior State approval.

Confirm the bank thoroughly researched and confirmed the ability of its subcontractor(s) to deliver services exactly as requested in this RFP. Confirm the bank's understanding that the State will not amend its requirements to accommodate a subcontractor's unwillingness to provide required documents or its inability to deliver services exactly as stated/required in this RFP.

4. If a merger/acquisition has recently occurred or been announced prior to or during the vendor's proposal preparation period, identify all relevant or emerging dates surrounding the merger relative to official name change, system changes, account number changes, and ALL operational changes that could affect or impact the State's required services, if known at the time of bid submission.

Confirm the bank and any successor vendor (in the event of merger/acquisition or other change in operating status), will assume sole responsibility for the complete effort of any contract(s) awarded to the bank subsequent to its bid submission, and assume all cost incurred by the State, directly or indirectly, in connection with or as a result of the transition.

Confirm the bank and any successor vendor (in the event of merger/acquisition or other change in operating status) will assume sole responsibility for providing in person training to essential State employees.

5. The Bidder must state whether it has had a contract terminated for default in the last **five (5) years**. Termination for default is defined for these purposes as notice to stop performance delivery due to non-performance or poor performance and non-performance was either: not litigated due to inaction of the Bidder; or, litigated and determined that the Bidder was in default.
  - a. If the Bidder has had such a contract termination, the proposal should contain full details including the party's name, address and telephone number. The Bidder should explain the action taken to correct the problems involved prior to contract termination.
  - b. If the Bidder has not had a contract terminated for default in the last five (5) years state this fact clearly.

6. Confirm the bank's understanding of the State's file protocol and methods of file transmission depicted in **EXHIBIT A State of New Jersey OIT File Transfer Guide**. The bank must clearly identify any/all methods of file transmission depicted in **EXHIBIT A State of New Jersey OIT File Transfer Guide** that it can support.

The bank must clearly identify any/all methods of file transmission depicted in **EXHIBIT A State of New Jersey OIT File Transfer Guide** that it can not support; failure to do so will result in the mutual understanding that all methods of file transmission in **EXHIBIT A State of New Jersey OIT File Transfer Guide** are supported by the bank.

The bank must define the methods of file transmission it plans to utilize to deliver services as requested in the DOBI Insurance Custody Services RFP and include sample file layouts.

Confirm the bank's willingness and ability to provide and maintain two (2) extranet communications links into the State of New Jersey. Confirm that one of these links will be active and one will be a "hot" spare.

7. Confirm that bank will maintain all records and other documentation needed for the execution of this contract. Confirm the records will be made available to the State

during the contract term and for a period of **seven (7) years from the date of final payment.**

Confirm all bank-generated transaction records, including but not limited to: transaction detail, bank generated reports, bank statements and invoices and paid check images will be made available to the State and/or insurance companies and other regulated entities that are required by statute to make collateral deposits with a custodian on behalf of the Commissioner of the Department of Banking and Insurance.

8. Respond to **SECTION IV OTHER MANDATORY PROVISIONS:**

- a. **Financial Statements:** The bank and any direct subcontractors must include their most recent audited financial statements or financial comments if a privately held company.
- b. **Ownership Disclosure Form:** The Bank and all subcontractors must complete an Ownership Disclosure Form and include copies with each bank proposal. See **EXHIBIT B Ownership Disclosure Form.**
- c. **Non-discrimination Law:** The Bank must acknowledge anti-discrimination law N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A. 10:5-1 et seq., N.J.S.A. 10:5-31 through 10:5-38 and N.J.A.C. 17:27-3.4, and abide by all rules and regulations issued there under.
- d. **Proof of Registration Requirements:** The Bank and all subcontractors must submit a copy of the Business Registration Certificate(s). As mandated by Public Law 2001, Chapter 134, failure to submit a copy of the Business Registration Certificate within the bid proposal will be considered materially non-responsive and result in disqualification of the bid proposal.
- e. **N.J.S.A. 52:34-13.2:** Confirm the bank and all subcontractors' ability to adhere to N.J.S.A. 52:34-13.2. The State prefers the vendor submit with its bid proposal **EXHIBIT C N.J.S.A. 52:34-13.2 Certification,** completing all sourcing information required of the bank and any proposed subcontractor, identified in its proposal. If the certification was not submitted with the bid proposal, confirm the

bank's ability to submit the required document within **five (5) business days** of the State's request for the information.

- f. **Public Law 2005, Chapter 51 / Executive Order 117 (2008) Dual Certification:** Vendors must complete and submit **EXHIBIT E Two-Year Chapter 51/ Executive Order 117 Vendor Certification and Disclosure of Political Contributions Form within five (5) business days from the date on the "Intent to Award" letter** issued by the Office of Management and Budget, Cash Management Unit.
- g. **Disaster Recovery Plan:** Vendor must include a summarized Disaster and Recovery Plan in the vendor's proposal and detailed plans must be made available for State review. Specifically address your contingency plans for data processing systems, equipment, power, information reporting, or other failures that would affect services or reporting of data. Confirm that the bank's system will be completely functional **within 24 hours of a major disaster**.

Confirm the bank is able to receive and process data files from the State in the following formats: electric transmission, CD/DVD-ROM.

Confirm the bank will fully cooperate during any and all disaster recovery testing operations initiated by the State. Indicate any organizational production and/or testing shutdown timeframes during the calendar year that would forbid the bank from participating in State disaster recovery testing.

Confirm the bank's willingness and ability to work with the State's Disaster Recovery Site to establish a mutually agreed upon connectivity method to transfer data in the event the main file transfer mechanism is unavailable.

Confirm the bank's ability to receive and validate test files transmitted or delivered from a State disaster recovery exercise. Confirm the bank's ability to accept and run test files, validate received files as if they were production files, provide documentation as to the correctness of the data, confirm the legibility of replica production checks and return test checks to the State.

Confirm the bank has safeguards in place to prevent test files from being loaded into the production environment.

h. Confirm the bank will destroy all public documents in accordance with State regulations and follow the retention schedule promulgated by NJDORES.

9. Describe in detail the bank's customer service operation, procedures, turnaround/response times, and staffing levels. Complete customer service capabilities and resources may be reviewed at an oral presentation or viewed and critiqued by the committee if a site visit is requested by the State.
10. Provide the names and contact information for the officers and management personnel (including any subcontractors' personnel, if applicable) who will be responsible for the fulfillment of the services requested herein; e.g. re-registration, transfer and reconciliation of the securities and database conversion, accept, verify and enter both new and substitution securities to database, collection of interest or other income, Web-based Inquiry Communication System to access custody account activity and view transactions, file transfer testing, disaster and recovery, technology issues, customer services, implementation and testing, and training

The designated liaisons should be exclusive to each category. Specifically identify and include the following information for each of the primary contacts and backup individuals who will be responsible for responding to communications from the State:

1	Contact name and title
2	Physical location and mailing address.
3	Contact numbers: office, cell, fax
4	Email address
5	Office hours
6	A backup or alternate contact for each of the service categories listed above

11. Confirm that the bank is a member of the Federal Reserve Direct Wire System. Provide a detailed description of the bank's Web-based Wire Transfer System and include sample screen shots.

12. For reference purposes, provide the names, addresses, contacts and telephone numbers for three (3) of your present customers for whom the bank is providing similar services as those requested herein; establishment of custodial and money market accounts, daily sweep of un-invested funds, establishment and maintenance of a Securities database including substitution securities, custodian of statutory deposits, collection of interest or other income and credit money market account and access to the bank's Web-based Inquiry Communication System for account activity and transactions. If possible, provide references with activity volumes equal to or greater than those depicted in this RFP. Include any other information concerning the bank's experience that would assist the State in evaluating the bank's capabilities.
13. What is the bank's Trust Department record regarding timely posting of interest and processing of securities including purchases and sales, for the past three (3) years? What is the bank's Trust Department standard for these various postings?
14. Describe the bank's procedure of "sweeping" un-invested dollars into an company's money market reserve account(s). Is there a minimum amount that can be swept?
15. Confirm your bank can meet all requirements described in **SECTION VI. SCOPE OF WORK, D. ONGOING SYSTEM/PROCESSING REQUIREMENTS** including, maintaining a secure, efficient and responsive automated custodian services system and securities database, review for approval all securities submitted for custody and reject those securities not authorized, adhere to the deposit and substitution procedures as described, promptly wire all funds when requested by a company, respond to all inquiries within three (3) business days.
16. Describe the steps that will be taken to ensure the substitution process is completed while ensuring only accepted securities are deposited.
17. Explain the procedure for processing maturities, including a timeline of events.
18. Confirm you can meet all requirements described in **SECTION VI SCOPE OF WORK, B. IMPLEMENTATION AND TESTING**, including a description of your physical securities registration, safekeeping procedures and the location in New Jersey where physical securities will be housed. Also, provide the procedure for the pick-up of securities and transportation to the new vendor location.

19. Provide samples with a detailed explanation of each report, including the data content as specified in **SECTION VI SCOPE OF WORK, E. REPORT REQUIREMENTS**. Confirm your ability to meet the delivery requirements, including delivery type and timeframes for all reports.
  
20. Describe the bank's Web-based Inquiry Communication System and provide sample screen shots for each of the web-based reporting modules required by the State. The sample screen shots will serve as confirmation that the bank's web-based system is capable of providing the transaction detail and reporting elements required by the State. Failure to provide the required sample screen shots will result in an unfavorable score during the evaluation process. Provide security procedures of your Web-based Inquiry Communication System.
  
21. Confirm the bank has the ability to debit a company's money market reserve account to pay for banking service fees. What is your procedure and time frame for debiting the account? Will a company with sufficient funds to cover the debit still receive an invoice? Is there a minimum reserve requirement in a money market reserve account?
  
22. What is your billing cycle (frequency)? Explain the bank's timeframe and procedure as to non-payment of an invoice. What action will the bank require from DOBI in this circumstance?
  
23. List the types of money market options available and the current maintenance/administrative and activity fees for each fund, expressed as a percentage of the fund's average net assets. List each fund's calendar year 2012 and 2013 compounded net yield.

Fund Name	Administrative/ Activity Fee (%)	2012 Net Yield	2013 Net Yield
_____	_____	_____	_____
_____	_____	_____	_____

24. Describe the bank's process for assigning specific account names and registration numbers to all accounts, as assigned by DOBI. Describe in detail the procedure for establishing money market sweep accounts.
25. Confirm that all accounts established as a result of this RFP will be protected against unauthorized ACH debit activity. Confirm the bank will notify DOBI immediately via email if unauthorized attempts are made to access Insurance Custody funds. Confirm the bank will cooperate with DOBI personnel and other State officials to identify violators and to protect the integrity of all Insurance Custody bank accounts.
26. Confirm the bank's ability to meet ALL the requirements outlined in this RFP, including: custody account services and maintenance, web-based services, required reports, invoices, bank statements and security levels as stipulated in the RFP. The bank must reveal all services defined in the RFP that it cannot provide according to the specifications. The bank should indicate why they cannot deliver the service or standard requested.
27. Confirm the bank will supply a minimum of **three (3) sets** of operating manuals with any subsequent additions, deletions or revisions to the manuals forwarded to the State promptly.

Provide a detailed training outline, schedule and synopsis of the major training categories and the trainer's name along with their experience.

28. Provide a detailed implementation schedule to achieve the **September 1, 2015** contract commencement requirement. Provide beginning and end dates for each of the critical RFP requirements: include re-registration, transfer and reconciliation of the securities and database conversion the opening of accounts, establishing State access to all required modules of the bank's Web-based Inquiry Communication System, file transfer testing, State approval of bank reports and bank statements and the training of necessary State personnel, The implementation and testing schedule must include a least one face to face post implementation meeting. Define both State and bank personnel commitment requirements during the conversion process. Disclose any factors that may impact the proposed deliverable schedule

## IX. COST SCHEDULE

All prices submitted must remain **firm and fixed** for the term of the contract. All prices proposed must be inclusive of all bank supplies, postage and delivery fees, equipment costs, server space, storage fees, travel expenses, overhead, profit, etc. as needed to fulfill the RFP specifications.

All costs associated with initial programming, testing, training and post implementation meetings must be bundled into the banking fees and are not permitted to be listed as separate line items on the Cost Schedule.

All bank-specific service acronyms and abbreviations should be clearly defined.

All methods of measurements that differ from the pre-established methods listed below **must** be clearly identified for each priced item.

All services that supplement or extend beyond the State's basic Scope of Work service requirements **must** be clearly identified as "optional services". All optional service pricing should be clearly listed in a separate cost schedule and the optional service clearly explained.

An explicit conversion fee will not be acceptable and will be cause for disqualification of your bid. All custodial costs are to be paid by the respective companies whose securities are being maintained by the bank. Based on the inventory on the last day of each billing cycle, to be defined by the bank, and the actual transaction volume during the cycle, the bank is to be compensated by either a debit to the company's money market or fee account or by a direct invoice to the company.

Following are the pricing categories that may be appropriate for this RFP. It is not necessary to provide pricing for each category. When completing the pricing schedule, place a "NA" in each category for which a charge is not applicable.

	<b>Custody Account Maintenance and Fees (define billing cycle)</b>		
1	Custody Account Maintenance	\$	/Account
2	Federal Reserve Book Entry	\$	/Security
3	Physical Item	\$	/Security
4	Depository Trust Co. (DTC) Book Entry	\$	/Security
5	Bank Certificate of Deposit (Registered in the name of the Commissioner)	\$	/CD
	<b>Transaction Fees</b>		
6	Bank Issued Check	\$	/Check
7	Substitution (in or out) - Federal Reserve Book Entry	\$	/Security Received or Delivered
8	Substitution (in or out) - Physical Item	\$	/Security Received or Delivered
9	Substitution (in or out) - Depository Trust Co. (DTC) Book Entry	\$	/Security Received or Delivered
10	Substitution (in or out) - Bank Certificate of Deposit (Registered in the name of the Commissioner)	\$	/Security Received or Delivered
11	Funds Transfer (Wire-out)	\$	/Wire
12	Funds Transfer (Wire-in)	\$	/Wire
13	Purchases of Sales of Securities	\$	/Transaction
14	Maturity of Securities	\$	/Maturity
15	Sweep Fee (transfer to money market reserve account)	\$	/Transfer
16	Debit of Fund for Custodial Fee (money market reserve account)	\$	/Debit
17	Billing/Invoice (if required) (Invoice preparation/mailing, follow-up, etc.)	\$	/Invoice