New Jersey Department of the Treasury
Office of Management and Budget
Cash Management Unit

Division of Revenue and Enterprise Services
ACH Collection Services
Request for Proposal

April 18, 2017

To: All Interested Respondents

Re: RFP - The Division of Revenue and Enterprise Services

<u>Addendum #1</u>

The following constitutes Addendum #1 to the above referenced solicitation.

1) Responses to Questions: Please see attached

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Page # RFP Section	Question	Answer
Pg. 6 I. Purpose and Intent Bank of America Merrill Lynch	1. Is the State currently aware of new / additional payment types to be added to this account.	2 (two) new payment types have been added to this account since the issuance of this RFP.
Pg. 8 II. A. Applicable Rules and Regulations U.S. Bank	2. It would be greatly appreciated if the State would quickly respond to our question below: Page 8 of the Request for Proposal states that a responding vendor must be a state or nationally chartered bank (US Bank is the 5th largest bank in the USA and meets that requirement) and must have a branch presence in the State (we have no branches in the state tho' we do have a major trust operation in Morristown and have employees in the State.	According to Section II. Terms and Conditions, p. 8, the vendor must be a state or nationally chartered bank with a branch presence in the State of New Jersey and employ New Jersey residents. As U.S. Bank does not have a branch presence within the State of New Jersey, the vendor does not meet the terms and conditions of this contract and is, therefore, not eligible to bid on this project.
Pg. 8 II. A. Applicable Rules and Regulations Citi Bank	3. The NACHA Rules, subsection 2.2.2.1 require that an ODFI must enter into an Origination Agreement with Originator which at minimum must include certain specific terms (noted in clauses (a)-(f) of subsection 2.2.2.1). It is not clear that the State's RFP includes all such required provisions from subsection 2.2.2.1. As such, would the State consider supplementing the final contract entered into with contractor by (i) entering into the Bank's form of ACH Origination Agreement which does contain all such provisions required by NACHA, or (ii) including the provisions required by NACHA in the resulting contract agreed to between the Bank and the State?	The State of New Jersey agrees to comply with all current NACHA Operating Rules and regulations. The entire content of this RFP, all addenda and the bank's proposal will become the basis for award and contract and serve as the contractual agreement between Originator (State of New Jersey) and Originating Depository Financial Institution (bank), as required by NACHA and its Governing Regulators. The entire content of this RFP, all addenda and the bank's proposal 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. The State of New Jersey authorizes the Originating Depository Financial Institution, in this case the contracted bank, to receive and originate ACH entries as described in the RFP on behalf of the State of New Jersey. (continued on next page)

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		The State of New Jersey agrees that it will not initiate ACH entries that violate United States law. The State of New Jersey agrees to cure any breach of the current NACHA Operating Rules and Regulations as soon as it is feasible upon notice of the issue. The State of New Jersey agrees to permit the Originating Depository Financial Institution the right to audit the State's compliance with NACHA Rules and Regulations. As stated on page 9 Section II. Terms and Conditions - Letter A. Applicable Rules and Regulations of the RFP 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.**
Pg. 9 II. A. Applicable Rules and Regulations Bank of America Merrill Lynch	4. The first paragraph states the following: "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. We understand the State will not sign Bank agreement but does this mean the bank can include its Terms and Conditions to sit in a lower order of president to cover situations where the State's T&C are silent?	The **TERMS AND CONDITIONS, OTHER MANDATORY PROVISIONS** and **PAYMENT METHODS 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. As 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.** No additional terms and conditions should be included in a bank's response to this Request for Proposal.

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Pg. 13 II. J. Length of Contract PNC Bank, N.A.	5. Is the current contract public and accessible via download?	The current contract is available for review in the Office of Management and Budget.
Pg. 18 II. W. Accounting Records Bank of America Merrill Lynch	6. Please define what documentation you mean in the statement "The vendor is required to maintain records and other documentation needed for the execution of any and all contracts.	The documentation needed for the execution of any and all contracts includes, but is not limited to: addendum(s), the RFP, and the bank's proposal.
Pg. 18 II. W. Accounting Records Bank of America Merrill Lynch	7. Second paragraph, please confirm there will be no check deposits and therefore no deposit slips associated with this RFP.	Confirmed.
Pg. 18 II. W. Accounting Records Bank of America Merrill Lynch	8. Third paragraph, please confirm there will be no paid items and therefore no outstanding items associated with this RFP.	Confirmed.
Pg. 19 II. Y. Indemnification Bank of America Merrill Lynch	9. Please confirm the following. If the annual value of the contract is $100,000 and contract term is 4 years than the damages would not exceed $2,000,000. (400,000 * 500%).	Your calculation is correct. As stated on page 19 of the RFP, "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."
Pg. 23 III. A. Financial Statements Wells Fargo Bank, N.A.	10. This section states that the Original proposal must include a hard copy of all subcontractors' audited financial statements. If a subcontractor's financial statements are over 200 pages per year, that is an extremely large paper requirement. Would DORES consider allowing a link to audited financial statements in both the Original proposal and the copies?	The Original Proposal must include a hard copy of <u>all</u> subcontractors' <u>latest</u> audited financial statements, or financial comments if a privately held company. Proposal copies can include working links to a subcontractor's <u>latest</u> audited financial statements or financial comments if a privately held company.
Pg. 24 III. D. Collateralization of Deposits Citi Bank	11. Who does the State use for collateralization today – Bank of New York/ JP Morgan Chase (via Triparty agreement) or the Fed? If the latter, which Fed? Are these accounts already established?	It is the selected bank's choice whether to use a third party or to use the Fed. Either method is acceptable to the State. The State uses the Federal Reserve Bank of Boston. The accounts are already established.

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Pg. 24 III. D. Collateralization of Deposits Citi Bank	12. Based on our understanding the State of New Jersey now accepts State of NY FHLB MULOCs as form of collateral (www.fhlbny.com/LC/municipal.aspx) – can you please confirm?	The State of New Jersey does not accept State of NY FHLB MULOCs as form of collateral.
Pg. 24 III. D. Collateralization of Deposits Citi Bank	13. In order for the bank to prepare the amount of collateral to pledge – what is the peak and minimum "Closing Ledger Balance" daily dollar value?	Based on a typical year, the closing ledger balance's peak is approximately $20M with a minimum of approximately $100K.
Pg. 24 III. D. Collateralization of Deposits Citi Bank	14. Please provide a copy of the referenced Security Agreement that should be on file.	Please see Addendum #1 Exhibit a for a copy of the Security Agreement that is on file.
Pg. 24 III. D. Collateralization of Deposits Citi Bank	15. Will the State allow for investments in a Money Market Fund?	No, the State will not allow for investments in a Money Market Fund.
Pg. 24 III. D. Collateralization of Deposits Citi Bank	16. Can the State provide a copy of its Investment Policy?	The State Investment Policy is not related to the State of NJ Collateralization of Deposits.
Pg. 30 III. H. Disaster Recovery Citi Bank	17. In the event the main file transfer mechanism (i.e. Connect:Direct Secure ++) is unavailable, can the State clarify other feasible protocols to securely transfer files? E.g. Secure FTP, SWIFT, etc.	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-ROM and DVD-ROM.
Pg. 34 V. A. General Account Requirements Bank of America Merrill Lynch	18. One of the services listed is "conduct wire transfers". There is no other mention of wire transfers in the document. We believe this service would be used for the State to originate the balance in this account to another account the State owns that is not part of the RFP. Is this correct? Please provide additional details such as how often the State will initiate wires out of this account.	Yes. As stated on page 54, section V. Scope of Work, Letter H, subsection 3. Web-based Wire Transfer System, "The Department of the Treasury, Office of Management and Budget, Cash Accounting Unit will initiate a daily wire transfer from the Division of Revenue and Enterprise Services ACH Depository Account, based on the current day's settlement transaction totals to the State's General Treasury concentration account."

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Pg. 34 V. A. General Account Requirements Citi Bank	19. What is the peak wire transfer daily dollar value for any given day out of the account?	As stated throughout the RFP, "The State anticipates the highest deposit volumes will be experienced the period of April 15th through April 30th of each year." At these times peak wire transfers could approach approximately the $700-$800 million range.
Pg. 34 V. A. General Account Requirements Citi Bank	20. What is the peak ACH Debit Origination daily dollar value for any given day?	The peak ACH Debit Origination dollar value occurs in April and can be more than $1 billion for a given day. This amount is expected to increase in future years.
Pg. 34 V. A. General Account Requirements Bank of America Merrill Lynch	21. One of the services mentioned is "check fraud protection". Please confirm the State will not issue checks out of this account and therefore that service does not apply.	The State does not issue checks off of the Division of Revenue and Enterprise Services ACH Depository Account. Because of this, the bank must automatically decline any check presented for payment as it would be a fraudulent check.
Pg. 34 V. A. General Account Requirements Bank of America Merrill Lynch	22. How is the current provider preventing Fed wires from posting the account?	This information is currently unavailable.
Pg. 36 V. C. Account Data Information Bank of America Merrill Lynch	23. The first paragraph states: "The State will establish the Division of Revenue and Enterprise Services ACH Depository Account to receive individual and business tax payments as well as a number of other payment obligations." What are the other payment obligations?	The other payment obligations referred to are fees and fines.
Pg. 36 V. C. Account Data Information Bank of America Merrill Lynch	24. We can see the volume information provided in Exhibit J. Please include the dollar amount of the largest file originated during each month of 2016.	April '16: $1.1 billion Oct '16: $574 million May '16: $477 million Nov '16: $382 million June '16: $472 million Dec '16: $447 million July '16: $770 million Jan '17: $552 million Aug '16: 371 million Feb '17: $443 million Sept '16: $447 million Mar '17: $442 million
Pg. 36 V. D. ACH Requirements Bank of America Merrill Lynch	25. How does the State treat ACH Notifications of Change (NOC)? How many NOC's did the State have in 2016?	Notifications of Change are updated accordingly. The State had 5,767 NOCs in 2016.

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Pg. 38 V. D. 1. b. ACH Debit Origination File Wells Fargo Bank, N.A.	26. should this ACH file be that is being sent directly from the State, as referenced in questions 38B, be presented against the validation file referenced in question 37-1a?	Each payment transaction that the Bank receives, whether it be a Credit or Debit-Origination from the State, must be validated against the payment types listed in the Payment Type Validation File.
Pg. 38 V. D. ACH Requirements Citi Bank	27. Can the State provide a layout/spec/sample of the existing NACHA formatted ACH Debit Origination file? Would the State be open to recommendations in order to accommodate your requested reporting/reconciliation processes?	Please see Addendum #1 Exhibit b for the layout of the current NACHA formatted ACH Debit Origination File. This standard format is the State's preferred layout.
Pg. 38 V. D. 1. b. ACH Debit Origination File Bank of America Merrill Lynch	28. How many files did the State originate in 2016?	The State sends one (1) file every night Sunday through Friday, except on Federal Reserve Banking System holidays.
Pg. 40 V. D. ACH Requirements Citi Bank	29. Regarding the sentence "All ACH Credit and Debit Origination transaction items reported by the bank on the Daily ACH Transaction Detail File must be reported on date of settlement …" Can the State confirm that it is referring to ACH Credit **Origination**?	The State is referring to ACH Credits (payments received into the State's accounts) <u>not</u> ACH Credit Originations. All payments, either from the taxpayer or through debit origination, must be reported on the date of settlement. Please see RFP Exhibit I for the funds flow of the incoming payments to the DORES ACH Depository Account.
Pg. 40 V. D. 2. a. Daily ACH Transaction Detail File Bank of America Merrill Lynch	30. How many files did the State receive from the bank in 2016?	The State receives the Daily ACH Transaction Detail File once (1) daily, except on Federal Reserve Banking System holidays.
Pg. 48 V. G. ACH Batch Payments and Batch Payment Applications Citi Bank	31. Can the State clarify how the bank will authenticate the taxpayer when using the application? E.g. Will taxpayer identification information be provided for validation prior to accepting batch payments in the application?	Taxpayers who utilize the batch payment application are required to enroll first with the State. The State will then communicate new batch payment requests to the vendor as required.

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Pg. 48 V. G. ACH Batch Payments and Batch Payment Applications PNC Bank, N.A.	32. When a tax preparer transmits the tax payment obligations using the software, how are funds moved out of the tax preparer's depository account? What is the funds flow when this software is used? Is the software used today by tax preparers in today's contract a commercially available software?	Each client is enrolled in a system via the State's internal enrollment process. They provide an account number of where the funds should be withdrawn to authorize an ACH debit-origination. The funds flow begins with the taxpayer authorizing the payment. The payment is then sent in an ACH Debit Origination File to the bank. The taxpayers' accounts are debited and the State's account is credited. No, the software used today by tax preparers in today's contract is not a commercially available software.
Pg. 48 V. G. ACH Batch Payments and Batch Payment Applications Bank of America Merrill Lynch	33. Can you please provide additional information on the need to provide the ACH Batch Payment application to non customers of the bank as it would necessitate a Know Your Customer (KYC) review by the bank. Will the State consider using a Gateway Solution where the tax payer accessed a website to enter the appropriate data to originate the ACH Debit?	Web-based access to batch payment application would be acceptable if all requirements depicted in the Batch Payment Section of the RFP are met.
Pg. 49 V. H. Web-based Inquiry/ Communication System Bank of America Merrill Lynch	34. This section states "The bank must provide the State with web-based access to all accounts established as a result of this RFP." Please confirm there is one (1) account at this time.	Confirmed.
Pg. 52 V. H. Web-based Inquiry/ Communication System Citi Bank	35. "The bank's Web-based Inquiry/Communication System must provide information reporting that enables the State to view the current day and previous day balances." Can the State verify whether, by "current day," it means intraday or end-of-day balances?	Intraday.
Pg. 52 V. H. Web-based Inquiry/ Communication System Bank of America Merrill Lynch	36. Please provide the number of wires originated in calendar year 2016, average dollar amount and largest dollar amount.	Wires are originated once every banking day. The average dollar amount for Calendar Year 2016 was approximately in the $115-$120 million range. As stated throughout the RFP, "The State anticipates the highest deposit volumes will be experienced the period of April 15th through April 30th of each year." At these times, wire transfers could approach approximately the $700-$800 million range.

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Pg. 52 V. H. 3. Web-based Wire Transfer System Bank of America Merrill Lynch	37. Web-based Wire Transfer System mentions draw-downs. Will the State originate draw-downs under this contract? If so, please provide the number originated in calendar year 2016, average dollar amount and largest dollar amount.	Currently, the State does not originate draw-downs under this contract, however, the State may do so in the future.
Pg. 54 V. H. Web-based inquiry/ Communication System Citi Bank	38. Can the State clarify whether they will be requesting the transfer of funds from non-U.S./overseas accounts?	No. The State will not be requesting the transfer of funds from non-U.S./overseas accounts.
Pg. 64 Vendor Response Qs. 7 Bank of America Merrill Lynch	39. Please confirm deposits slips are not part if this RFP.	Confirmed.
Pg. 67 Vendor Response Qs. 11 Bank of America Merrill Lynch	40. Please confirm controlled disbursement, positive pay, paid check images, stop payments and internal book-to-book transfers are not services requested within this RFP.	Confirmed.
Exhibit A PNC Bank, N.A.	41. Please confirm that a leased line is not required for file transmissions.	A dedicated leased line is not required.
Exhibits O & N Citi Bank	42. Re: Validation and Reporting requirements. Can the State confirm if "C", or ACH Credits, is referring to Credit **Origination**? Or would you expect the Detail, Summary and Error reports to also reflect ACH Credits Received?	The State is referring to ACH Credits (payments received into the State's account) not ACH Credit Originations. Therefore, the Detail, Summary, and Error reports would reflect ACH Credits received into the State's account.
General Question Wells Fargo Bank, N.A.	43. There is no mention of IVR requirements in RFP. Will this continue to be an input channel the bank is expected to provide?	No.

Written responses contained in the Addendum will amend the RFP and control. Vendors must sign this addendum below and submit it with your bid proposal. Proposals are due on May 17, 2017 by 4:30 p.m. E.T.

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Authorized Signature   Date

_____

Print Name   Date