

**DIVISION OF PENSIONS AND BENEFITS
ACH COLLECTION SERVICES
REQUEST FOR PROPOSAL**

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I. BACKGROUND

The State of New Jersey, Department of the Treasury, Division of Pension and Benefits (DOP&B) administers 10 separate pension systems for public employers throughout the State. The Division also administers the State Health Benefits Program (SHBP) and three supplemental retirement savings programs.

Administrative Code 17:1-2.2 requires that pension contributions from local and State government entities be paid to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (hereafter referred to as DOP&B) via electronic funds transfer. DOP&B offers state and local government employers the option of paying their pension and health benefit obligations electronically via the Internet or Interactive Voice Response (IVR).

Via a link on the Pensions and Benefits website, government employers can select the type of payment they wish to make either pension or health benefits followed by their unique identification number and account information to authorize an ACH debit payment to the State of New Jersey. Users also have the ability to review their payment history on the Pensions and Benefits website.

Via a toll free number, government employers can call an automated service to authorize an ACH debit payment to the State of New Jersey. The State, through its contract vendor, will initiate an ACH debit from the employers account based on the input provided.

There are approximately **2,792 local and state government employers** registered to pay their pension and health benefits electronically. Approximately 75% of the local and state government employers elect to initiate their pension payments via the internet while the remaining 25% elect to remit their payments via IVR,

The Transmittal Electronic Payments System (TEPS) enables state and local government employers to electronically transmit up to seven (7) different payment types:

- 1) Pension Contributions
- 2) Contributory Group Life Insurance Premiums
- 3) Supplemental Annuity Collective Trust

- 4) Supplemental Annuity Collective Trust - Tax Sheltered Annuity
- 5) Pension and Contributory Insurance Underpayments (from prior reporting periods)
- 6) Employer Pension Appropriation
- 7) Health Benefits Premium Payments (for both active and retired personnel)

Payment types one thru six are applicable to the Teachers Pension Annuity Fund (TPAF), Public Employees Retirement System (PERS) and Police and Fire Retirement System (PFRS). Payment type 7 is applicable to the Health Benefits Systems.

Note: Employers are not offered the option of initiating wire transfers or ACH Credits to the DOP&B and these types of transactions must be prevented. The State will however, initiated wire transfers out of the Division of Pensions and Benefits ACH Depository Account on a daily basis.

II. PURPOSE AND INTENT

The purpose of this request is to solicit proposals from qualified New Jersey banks for the creation and daily maintenance of a Government Employer Database. This includes the accurate and timely processing of new enrollments, updating existing enrollments and the distribution of welcome letters, access pins, user guides and confirmation of document receipt to users.

Also required are the establishment and maintenance of a web-based payment authorization system, a telephone payment authorization system and a customer service call center equipped and staffed to address questions from local and State government agencies. Both the web-based and telephone payment systems must work in conjunction with the Government Employer Database.

Other banking services include access to the bank's Web-Based Inquiry/Communication System for reporting purposes, access to the bank's web-based wire transfer system to perform daily wire transfers and the receipt of daily customized electronic files and reports. The bank will be responsible for the entire ACH Debit Authorization and ACH Pre-note processes as well as processing ACH Debit payments initiated via the web-based and telephone payment systems.

The State reserves the right via the unanticipated service clause to extend this contract to additional State agencies that require similar banking services during the contract term.

The State reserves the right to consolidate existing accounts or establish additional accounts as needed during the contract term.

The State reserves the right to increase and decrease the number of EFT payment types processed through the Division of Pensions and Benefits ACH Depository Account, during the course of the contract term. New payment types must be added within a reasonable timeframe; not to exceed one (1) month, at no cost to the State.

III. TERMS AND CONDITIONS

A. Applicable Rules and Regulations

The vendor must be a state or nationally chartered bank, with a 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 an automated clearing house association and be in compliance with all rules and regulations set forth by the National Automated Clearing House Association (NACHA), local automated clearing house (ACH) association(s) and ACH operators.

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 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.

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 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. Project Management

The DOP&B will be responsible for the administration of the account(s) and will be the contact agency after contract award.

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

Francis Peterson
State of New Jersey
Department of the Treasury
Division of Pensions and Benefits
50 West State Street, 7th Floor
PO Box 295
Trenton, New Jersey 08625-0295

Phone: (609) 292-5804

E-mail: Francis.Peterson@treas.state.nj.us

C. 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	September 23, 2011
Deadline to Submit Questions	October 7, 2011
Pre- Bid Conference	October 14, 2011

Proposal Due Date	November 1, 2011
Anticipated Award Date	January 6, 2012
Implementation & System Testing	January 9, 2012
Contract Commencement	July 1, 2012

D. RFP Questions from Bidders

The deadline to submit written questions pertaining to this RFP ends at 4:30 p.m. E.T. on October 7, 2011. 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 should be e-mailed to the following address:

Charlene.Mello@treas.state.nj.us

Written responses will be provided by hardcopy, e-mail or via the Office of Management and Budget's Banking Services website.

E. 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 e-mail.

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

F. Proposal Due Date

In order to be considered for selection, one original proposal, clearly marked "ORIGINAL", signed by an officer who is authorized to bind the respondent contractually, and **six (6) copies** of the proposal must arrive on or before the date specified in the Timetable of Events and addressed as follows:

Charlene Mello, Cash Management Analyst
State of New Jersey
Department of the Treasury
Office of Management and Budget

G. 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.

H. 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.

I. Length of Contract

The contract will be for a **four (4) term**. The bank may not close any accounts until officially notified by the Department of the Treasury, Office of Management and Budget, Cash Management Unit. The Department of the Treasury, Office of Management and Budget, Cash Management Unit will be responsible for opening and closing of all accounts.

J. 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.

K. Vendor Right to Protest

A vendor's right to protest RFP specifications and intent of contract award is governed by N.J.A.C. 17:12-3.

For all Cash Management contract protests, although N.J.A.C. 17:12-3 references the Director of the Division of Purchase and Property, the Treasurer (or designee) shall be the individual authorized to decide the protests.

L. 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 bank 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.

M. 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.

N. 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.

O. 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.

P. Subcontracting

All subcontractors must be approved by the State. If the bank has knowledge prior to proposal submission date that any part of the work covered by this request will be subcontracted, the bank shall 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 bank desires to employ or replace any subcontractor, the bank 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. Nothing contained in these specifications or subsequent specifications shall be construed as creating any contractual responsibility between the subcontractor(s) and the State.

Q. 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.

R. Cost Liability

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

S. 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.

T. 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. **It is the State's preference to use Connect Direct with an option of Secure+ over IP** and the bank(s) providing this data transmission option will be rated favorably during the evaluation process.

The State plans to take advantage of all advancements offered by the ACH Network. The bank must be able to demonstrate that they have the ability to support these updates to the electronic funds transfer system.

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.

U. 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.

V. 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.**

Vendor-generated transaction records, including but not limited to, copies of checks, deposit slips, bank statements and invoices must be made available to the State for a period of **seven (7) years from the date of transaction.**

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.

W. Severability Clause

In the event that any provision of this RFP or any 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.

X. Indemnification and Vendor Liability

1. Indemnification for Third Party Claims

a. Indemnification for other than Intellectual Property Claims

The Vendor expressly agrees to assume all risk of and responsibility for, and agrees to indemnify, defend and save harmless the State of New Jersey and its officials and employees from and against any and all third party claims, demands, suits, actions, losses, damages, liabilities, recoveries, judgments,

costs, attorney fees and expenses of any nature whatsoever (collectively Third Party Claims), resulting from, arising out of or relating, directly or indirectly, from the Deliverables (services, goods, intellectual property and work) supplied under this contract.

b. Intellectual Property Minimum Obligations and Indemnity

The Vendor expressly agrees to assume all risk of and agrees to indemnify, defend and hold the State of New Jersey and its officials and employees harmless from any and all third party claims, demands suits, actions, losses, damages, liabilities, recoveries, judgments, costs, attorney fees and expenses of any nature whatsoever resulting from, arising out of or relating to any claim(s) that a Deliverable under this contract or use thereof infringes Intellectual Property Rights (any intellectual property right including, but not limited to copyright, patent, trademark, trade secret, trade dress) of any third party (IP Third Party Claims).

If Vendor believes at any time that the Deliverables infringe a third party's Intellectual Property Rights, Vendor may, upon receipt of the State's prior written consent, which the State shall not unreasonably withhold, (i) replace an infringing item with a non-infringing item that meets or exceeds the performance and functionality of the replaced item; or (ii) obtain for the State the right to continue to use the infringing item; or (iii) modify the infringing item to be non-infringing, provided that, following any replacement or modification made pursuant to the foregoing, the replacement or modification not cause the other deliverables under this contract, or the State's other existing systems and processes, fail to operate or to operate in an unsatisfactory manner. Vendor's failure or inability to accomplish foregoing shall be deemed a material breach of this Contract, and State may pursue any rights and remedies available to it under this Contract, including termination. Such a material breach by the Vendor shall not relieve the Vendor of the obligation to indemnify the State for Third Party IP Claims.

c. State and Vendor Obligations in the Event of Third Party Claims or IP Third Party Claims.

The State shall promptly notify the Vendor of any Third Party Claim or IP Third Party Claim or potential Third Party Claim or IP Third Party Claim of which the State becomes aware that may be the subject of this Section. Vendor shall promptly notify the State of any Third Party Claims or IP Third Party Claims or potential Third Party Claims or IP Third Party Claims of which it becomes aware or for which it provides indemnification under this section.

Vendor shall have control of the defense of any Third Party Claim or IP Third Party Claim, however, neither Vendor nor any attorney engaged by Vendor shall undertake to defend the Third Party Claim or IP Third Party Claim in the name of the State of New Jersey or any agency of the State of New Jersey, nor purport to act as legal representative of the State of Jersey or any of its agencies, without the prior approval of the State, nor shall Vendor settle any Third Party Claim or IP Third Party Claim on behalf of the State of New Jersey without the prior approval of the State. The Vendor shall keep the State informed of the status of all such Third Party Claims and IP Third Party Claims. The State shall not unreasonably withhold its approval under this paragraph.

The State may, at its election and expense, assume its own defense and settlement of a Third Party Claim in the event that the State determines that an important governmental principle is at issue, or for any other reason as determined solely by the State.

The indemnification obligations in this Section shall survive the expiration or termination of the Contract.

2. Vendor Liability

The Vendor's liability to the State for any and all claims, demands, suits, actions, recoveries, judgments or costs, regardless of the legal theory under which such liability may arise, which may arise from or result directly from the Deliverables supplied under this contract is unlimited, except that the Vendor shall not be

liable to the State for special, consequential or incidental damages.

3. Indemnification and Liability Not Limited by Insurance Obligations

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

Y. 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 proviso 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

Z. Conflict of Interest

No award will be made to a vendor who, in the opinion of the Department of the Treasury, has interest, 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.

AA. Public Records - Contents of Bid Proposals

Be advised that generally bid proposals are public documents under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 to -13, (NJOPRA), however, certain sections may be confidential under the statutory exceptions to NJOPRA. A bidder may designate specific information that is part of its bid proposal as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. The State reserves the right to make the determination and will advise the bidder accordingly. The location in the bid proposal of any such designation should be clearly stated in a cover letter. 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/proprietary materials, the bidder shall be solely responsible for defending its designation and the State shall have no responsibility therefor.

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 proprietary, are available for public inspection after the Letter of Intent to Award is issued. At such time, interested parties can make an appointment with

OMB, Cash Management to inspect bid proposals received in response to this RFP.

BB. 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.

B. Ownership Disclosure Form

The 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. Collateralization of Deposits

The State Treasurer shall require from this bank a deposit of bonds, notes, certificates of indebtedness or bills or other obligations of or guaranteed by the United States; or other obligations of or guaranteed by the State of New Jersey; or any other obligations now or hereafter authorized by law as security for public deposits. In addition, a current Security Agreement should be on file with the State of New Jersey.

For the total bank balances resulting from the account, the collateralization requirement must adhere to **EXHIBIT C Policy Statement: Department of the Treasury Collateralization Requirements for State Held Deposits**.

E. 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.

The Division of Revenue's 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 at (609) 292-9292.

F. 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 D 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.

G. Two-Year Chapter 51/Executive Order 117 Vendor Certification and 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, 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 E Information and Instructions for Completing the Two-Year Vendor Certification and Disclosure of Political Contributions Forms.

The submission of EXHIBIT F 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, 2012, the certification expiration date would be December 31, 2013.

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.

H. 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.

The bank must fully cooperate during any and all disaster recovery testing operations initiated by the State. It must be ready to receive and validate test files transmitted or delivered from a State of New Jersey disaster recovery exercise.

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 or CD 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.

I. Image Processing of Public Records & Certification of Image Processing Systems

The Division of Archives and Records Management (DARM) has set forth the standards, procedures and rules for image processing of public records for the preservation, examination and use of such records, including indexing and arrangement thereof as required by Public Law 1953, c. 410 N.J.S. 47:3-26 et al., and P.L. 1994, c.140 (N.J.S. 47:3- 26 as amended).

Please access the following Department of State, Division of Archives and Records Management websites for standards, procedures and rules for image processing of public records and certification of image processing systems:

<http://www.state.nj.us/state/darm/links/njac-15-3-4.html>

<http://www.njarchives.org/links/njac-15-3-5.html>

Also see **EXHIBIT G Electronic Images – System Certification, Storage, Backup and Disaster Prevention/Recovery** for paid check imaging system certification description and requirements.

The bank will also be responsible for the storage of canceled/paid checks until authorized for destruction by the State. See **EXHIBIT H Destruction Requirements for State Records, Canceled Checks and Electronic Images** for paid check destruction requirements.

V. PAYMENT METHOD AND TERMS

The State will pay for vendor services primarily with fees and compensating balances when they exist. It is the State's intent to maintain compensating balances at a minimum and to pay for services primarily with fees. However, at the discretion of the Department of the Treasury, cumulative excess balance credits, if available from other State demand account balances, may be used as compensation for the services rendered under this contract.

A. Compensating Balances

The compensating balance must be considered as the total average collected balance of the account(s) less the non-earning Federal Reserve requirement in effect during the course of the contract term. The basis for the earnings rate will be determined from the average of each month's 13-week Treasury bill yield auction results. All auctions for which the settlement date falls in that month will be included in the month's simple average. At a minimum, the **coupon yield** of each auction will be used.

The earnings rate developed will be applied each month against the average daily net collected balance of the account(s) to determine the value of bank services earned that month with compensating balances. If the earnings of the compensating balances exceed the value of total bank services provided in any month, the excess will be applied to subsequent monthly analyses on a continuous basis without regard to calendar year end.

B. Payment Terms

If necessary, the bank will invoice the State monthly. The bank must provide the invoice within **30 days** after the close of each month (on a calendar month basis) for which services were provided.

C. Monthly Analysis

Together with the invoice, the bank must provide a monthly analysis that will contain on one page of the analysis report, the monthly average collected balance and

average daily ledger balance for the account. On the same page, the total monthly activity for each billable category will be presented so that every category of activity appears on one line of the report. The balance and each category of billable activity will be totaled and then carried to the summary page of the analysis. On the summary page, the reserve requirement, if one is required by the Federal Reserve, will be applied against the total collected balance of the account, with the monthly average Treasury Bill **yield** used to calculate the compensating balance earnings for the month. The contract prices will be applied against the total volumes for each billable category in order to establish the total billing for the month. The State will be invoiced for the total billing less the compensating balance earnings for that month. All applicable costs are to be billed in this manner. No charges can be directly debited against the account(s).

The invoice and analysis are to be sent to:

The Department of the Treasury
Office of Management and Budget
Cash Management Unit
P.O. Box 221
Trenton, New Jersey 08625-0221

See **EXHIBIT I** for the **Pensions and Benefits – ACH Collection Services Monthly Analysis Sample** format.

VI. SCOPE OF WORK

A. General Account Requirements

The State's requirements include the establishment and maintenance of **one (1) State account**, and the accurate and timely processing of all banking services related to the account including, but not limited to; the entire ACH Debit authorization and ACH Pre-note processes, ACH receiving capabilities, access to the bank's Web-based Inquiry/Communication System to view all ACH transaction detail and to conduct wire transfers, ACH debit block, earnings credit rate, along with a variety of electronic reporting and communication needs.

The Department of the Treasury, Cash Management Unit is solely responsible for the opening and closing of all State accounts.

The State reserves the right to consolidate existing accounts or establish additional accounts as needed during the contract term.

All accounts established as a result of this RFP must be protected against unauthorized ACH debit activity.

The bank must be a member of the National Automated Clearing House Association (NACHA) and follow the rules and regulations as outlined in the latest published ACH operating manual.

1. Account to be Established

The State will establish **one (1) account** in the vendor bank as follows:

1	Division of Pensions and Benefits ACH Depository Account
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The State's initial requirements will include the establishment and maintenance of the above account and the accurate and timely processing of all banking services and reports related to this account.

The Division of Pensions and Benefits ACH Depository Account will be funded daily via ACH payments initiated by local and State government employers. Government employers are not permitted to send payments via the ACH Credit or Wire Transfer payment methods.

The Division of Pensions and Benefits will oversee the day-to-day operations related to this account.

The State reserves the right to increase and decrease the number of EFT payment types processed through the Division of Pensions and Benefits ACH Depository Account, during the course of the contract term. New payment types (along with the related programming adjustments to the Web-based Payment System and Telephone Payment System) must be added within a reasonable timeframe; **not to exceed one (1) month, at no cost to the State.**

2. Account Data Information

The State will establish the Division of Pensions and Benefits ACH Depository Account to receive local and State government employer pension and health benefit payments.

There are approximately **1,700 local and State government entities** authorized to remit pension related contributions via the ACH debit process. On average, each entity initiates approximately **six (6) ACH Debit payments per month.**

There are approximately **1,113 local and State government entities** authorized to remit health benefit related contributions via the ACH debit process. On average, each entity initiates approximately **1.4 ACH Debit payments per month.**

See **EXHIBIT J** for a current list of **Payment Types and Due Dates.** The peak volumes fall in a cluster around the due dates. If the payment due date is on a weekend or holiday, the due date becomes the following business day.

During Fiscal Year 2011, there were approximately **43,892 deposits** into the Division of Pensions and Benefits ACH Depository Account totaling approximately **\$4.9 billion**.

See **EXHIBIT K Fiscal Year 2011 Transaction Volumes and Dollar Amounts** for a detailed breakdown of the transactions.

B. ACH Requirements

The bank must be a member of the National Automated Clearing House Association (NACHA) and follow the rules outlined in the latest published ACH manual. The bank must have electronic transmission sending and receiving capabilities.

All necessary security procedures must be followed to ensure the protection of the data and the integrity of the ACH system when data is received or transmitted electronically to the vendor bank or by the vendor bank.

The bank must have a documented contingency plan in place, either manual or other, as a backup to send and receive ACH data as it relates to the services requested in this RFP. The contingency plan documentation or procedure should be available for the State to review upon request.

The bank must demonstrate its ability and willingness to support advancements offered by the ACH Network. It is the State's intention to take advantage of all advancements offered by the ACH Network.

The bank will be responsible for maintaining and updating the Employer Database and for the entire ACH Debit Authorization and ACH Pre-note processes.

The bank must process all ACH transactions received and confirmed by **8:00 p.m. E.T.**; the funds associated with these transactions must be deposited into the Division of Pensions and Benefits ACH Depository Account the next banking business day. It will be the bank's responsibility to ensure timely processing and credit to the State. Any delay on the bank's part in applying credit to the State will result in the bank compensating the State for lost earnings at the average of each month's **13-week Treasury bill** yield auction results.

All ACH transaction items must be accessible to the State via the bank's Web-based Inquiry/Communication System the same day of settlement.

All other transaction items (ACH Fails, NOCs, Pre-notes, Pre-note Failures and ACH Returns) must be accessible to the State via the bank's Web-based Inquiry/Communication System the morning after the transaction item is received by the bank.

1. ACH File Transmission Requirements

The State of New Jersey can utilize several protocols for file transfers:

- Virtual Private Network (VPN), Encryption (IPSEC)
- SAFE / Data Motion, Encryption (SSL) (Data Motion is not available yet)
- Connect:Direct Secure+ (Mainframe only)
- Private Dedicated Line

See **EXHIBIT A State of New Jersey OIT File Transfer Guide** for a detailed description of the file protocols and methods of transmission supported by the State. It is the State's preference to use Connect Direct with an option of Secure+ over IP and the bank(s) providing this data transmission option will be rated favorably during the evaluation process.

The bank must clearly identify any/all file protocols and methods of file transmission depicted in **EXHIBIT A State of New Jersey OIT File Transfer Guide** that it can support. 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 must clearly identify any/all file protocols and 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 file protocols and methods of file transmission in **EXHIBIT A State of New Jersey OIT File Transfer Guide** are supported by the bank.

On a daily basis the bank must provide the DOP&B with all files and reports **no later than 7:30 a.m. E.T.**, the morning of settlement except for holidays of the Federal Reserve Banking System. If a transmission fails for any reason, additional transmissions should be attempted as needed. However, if the transmission attempts fail, a telephone call must be made to DOP&B and the corresponding totals for each category must be provided.

The bank must demonstrate its ability to deliver the files listed below in a format that confirms with the protocols depicted in **EXHIBIT A State of New Jersey OIT File Transfer Guide.** The bank must disclose what format it plans to utilize to transmit files to the DOP&B and include sample files with its bid submission.

The bank will be responsible for transmitting two files to the DOP&B on a daily basis. The first is a data file of payments. The second contains two separate reports one consisting of transaction detail and the other consisting of transaction summary information.

a. EFT File Layout

On a daily basis the bank must electronically transmit the detail requested in the EFT File Layout **no later than 7:30 a.m. E.T.**, the morning of settlement except for holidays of the Federal Reserve Banking System.

The Sample EFT File Layout provided is a draft and will be subject to revision and updates as needed, in order to meet system compatibility requirements for the various DOP&B payment types that interface with TEPS.

The bank will be required to work with the DOP&B and OIT to finalize a mutually agreed upon EFT File Layout. The final EFT File Layout is subject to DOP&B and OIT review and approval.

See **EXHIBIT L** for a sample of the **EFT File Layout.**

b. Daily Debit/Return Report

On a daily basis the bank must electronically transmit a Daily Debit/Return Report **no later than 7:30 a.m. E.T.**, the morning of settlement except for holidays of the Federal Reserve Banking System. This report must include a detailed account of every transaction (credit and debit) received for a given day.

See **EXHIBIT M** for a sample of the **Sample Daily Debit/Return Report.**

c. Daily Debit/Return Summary Report

On a daily basis the bank must electronically transmit a Daily Debit/Return Summary Report **no later than 7:30 a.m. E.T.**, the morning of settlement except for holidays of the Federal Reserve Banking System. This report must include a detailed summary break down for each payment type including the transaction types (credit or debit); along with the total net amount for each payment type and the grand totals for all transactions.

See **EXHIBIT N** for a sample of the **Sample Daily Summary Report.**

2. ACH Security Procedures – ACH Debit Block Requirement

The bank must use reasonable care to protect the confidentiality of data. All data contained in documents, emails, faxes, transmissions and the Government Employer Database 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 bank, 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 bank.

The bank must ensure the highest level of security is utilized when electronically transmitting or receiving files to or from the State. All necessary security procedures must be followed to ensure the protection of the data and the integrity of the ACH system.

The bank must have a documented contingency plan in place, either manual or other, as a backup to receive the ACH data. The contingency plan documentation or procedure should be available for the State to review upon request.

The bank's system and procedures must safeguard the State's account(s) against unauthorized ACH Debit activity. If at any point unauthorized attempts are made to access State funds the bank must notify the DOP&B immediately via email (contacts will be established after contract award).

The bank will be responsible for cooperating with DOP&B personnel and other State officials to identify violators and to protect the integrity of all State bank accounts.

3. ACH Debit Authorization Agreements

After the bank has completed the verification and Pre-note process, all original ACH Debit Authorization Agreements must be maintained for the course of the contract term and any extension options utilized.

Upon termination or completion of this contract, the bank must transfer all original ACH Debit Authorization Agreements, **within thirty (30) days of the State's request** to the successor vendor; **at no cost to the State**. The original ACH Debit Authorization Agreements must be separated and clearly identified as either:

- A New TEPS Employer Authorization Form
- A TEPS Employer Change Request Form
- A Terminated Employer Agreement

See **EXHIBIT O** for a sample **New TEPS Employer Authorization Form**

and **EXHIBIT P** for a sample **TEPS Employer Change Request Form**.

4. ACH Pre-notes and ACH Pre-note Failures

Upon the receipt of a *New TEPS Employer Authorization Form* the bank must process a Pre-note to verify the banking information provided. All NACHA rules and procedures governing pre-notifications must be followed.

In FY 2011, there were approximately **69 New TEPS Employer Authorization Forms** processed.

Upon the receipt of a *TEPS Employer Change Request Form* containing banking information changes, the bank must process a Pre-note to verify the bank information provided. All NACHA rules and procedures governing pre-notifications must be followed.

In FY 2011, there were approximately **731 TEPS Employer Change Request Forms** processed.

Upon the receipt of an ACH Pre-note Failure, the bank must contact the government employer **within two (2) banking business days** to obtain the correct bank information and resubmit the Pre-note.

All successful Pre-notes and Pre-note Failures must be accessible via the bank's Web-based Inquiry/Communication System by **8:00 a.m. E.T.** the morning after the Pre-note response is received. The bank's website must permit users the ability to search, view, print and download/save all successful Pre-notes and Pre-note Failures.

Upon receipt of a *New TEPS Employer Authorization Form* or a *TEPS Employer Change Request Form* and a successful Pre-note, the bank must promptly notify the DOP&B via email (up to four (4) DOP&B contacts will be established after contract award).

5. ACH Notifications of Change (NOCs)

Upon receipt of a Notification of Change (NOC) from the ACH system the bank must immediately apply the appropriate changes to the TEPS Government Employer Database. Once the appropriate changes are completed the bank must promptly notify the DOP&B via email (up to four (4) DOP&B contacts will be established after contract award).

All NOCs must be accessible via the bank's Web-based Inquiry/Communication System by **8:00 a.m. E.T.** the morning after the NOC is received. The bank's website must permit users the ability to search, view, print and download/save all NOCs.

6. ACH Returns

Per current NACHA regulations, the bank must allow ACH Returns for a specified period of time for consumer and business payments after the receipt of the original transaction.

During Fiscal Year 2011, there were approximately **44 ACH Returns** requested, totaling approximately **\$12.8 million.**

Please note: There are instances when the DOP&B will request that the bank return funds to the initiating state or local government agency when it is determined that the funds are not owed. These instances are rare but do occur few times a year.

All ACH Returns must be reported by the bank on the **Daily Debit/Return Report** the morning after the transaction item is received by the bank **no later than 7:30 a.m. E.T.**

C. Establishment and Maintenance of a Government Employer Database

The bank must have database creation and maintenance capabilities and the ability to work with data stored in the existing government employer database called the Transmittal Electronic Payment System (TEPS).

Following contract award, the DOP&B will electronically transmit the entire contents of the existing TEPS Government Employer Database to the selected bank in a mutually agreed upon format. The new Government Employer Database must be thoroughly tested and completely functional prior to the established **July 1, 2012 contract live date.**

The bank will be responsible for the creation and daily maintenance of a new Government Employer Database. This includes the accurate and timely processing of new employer enrollments and completing employer change requests as instructed by the DOP&B or the government employer.

1. Standard Government Employer Database Forms and Letters

The creation and distribution of all standard database forms and letters will be the responsibility of the bank. These documents are subject to change prior to contract commencement and during the course of the contract term to adhere to departmental and legislative changes.

The State reserves the right to increase and decrease the number of standard database forms and letters during the course of the contract term.

Document updates must be completed within a reasonable timeframe; **not to exceed one (1) month, at no cost to the State.** The DOP&B will be responsible for reviewing edited documents and for supplying departmental approval.

See the following exhibits for samples of the existing TEPS Government Employer Database documents:

- **EXHIBIT O New TEPS Employer Authorization Form**
- **EXHIBIT P TEPS Employer Change Request Form**
- **EXHIBIT Q TEPS Welcome Letter**
- **EXHIBIT R TEPS Web-based Payment Procedure Guide**
- **EXHIBIT S TEPS Telephone Payment Procedure Guide.**

2. Web-based Access to Government Employer Database Forms

It is the goal of the DOP&B to reduce spending by eliminating the unnecessary printing of hardcopy documents and incurring postage fees. Therefore, the DOP&B website will contain the following forms for download and completion:

- New TEPS Employer Authorization Form
- TEPS Employer Change Request Form

Government employers will be instructed to email PDF versions of the completed documents to a bank provided and maintained centralized email mailbox. If the government employer does not have ability to email a PDF version of the completed document the bank must accept a faxed version.

The DOP&B website will also contain the following user guides for download and reference:

- TEPS Web-based Payment Procedure Guide
- TEPS Telephone Payment Procedure Guide.

3. Processing New TEPS Employer Enrollments and TEPS Employer Change Request Forms

The bank will be responsible for the accurate and timely processing of new enrollments and updating existing enrollments in the Government Employer Database.

It is the goal of the DOP&B to reduce spending by eliminating the unnecessary printing of hardcopy documents and incurring postage fees when scanned/faxed documents and email delivery are suitable solutions. The bank will be responsible for the distribution of access pins, user guides and confirmation of document receipt to government employers via email.

The bank must Pre-note all ACH Debit Authorization Forms submitted by government employers in accordance with the NACHA rules and procedures governing pre-notifications. Upon the receipt of an ACH Pre-note Failure, the

bank must contact the government employer **within two (2) banking business days** to obtain the correct banking information and resubmit the Pre-note.

Upon the receipt of a successful Pre-note resulting from a *New TEPS Employer Authorization Form*, the bank must provide the government employer with a confirmation email **within two (2) banking business days**. The email must contain a TEPS Welcome Letter and bank assigned pin (to be used when accessing the Web-based and Telephone Payment Systems) along with a TEPS Web-based Payment Procedure Guide and a TEPS Telephone Payment Procedure Guide.

Upon the receipt of a successful Pre-note resulting from a *TEPS Employer Change Request Form* (changing the government employer's banking information), the bank must email a confirmation letter to the government employer **within two (2) banking business days**.

After the bank has completed the ACH Debit Authorization and ACH Pre-note processes, all original ACH Debit Authorization Forms must be maintained for the course of the contract term and any extension options utilized.

D. Web-based Payment System and Services

The bank must have the ability to develop and maintain a secure Web-based Payment System capable of: warehousing and processing ACH Debit payments, processing payment cancellations and providing government employer account history **24 hours/day, 7 days/week**.

The bank must process all ACH transactions received and confirmed by **8:00 p.m. E.T.**; the funds associated with these transactions must be deposited into the Division of Pensions and Benefits ACH Depository Account the next banking business day. It will be the bank's responsibility to ensure timely processing and credit to the State. Any delay on the bank's part in applying credit to the State will result in the bank compensating the State for lost earnings at the average of each month's **13-week Treasury bill** yield auction results.

The bank's web-based payment application must be compatible with the existing Pensions and Benefits website and appear to the user as a State of New Jersey website.

During Fiscal Year 2011, there were approximately **41,133 web-based ACH Debit payments initiated.**

The Web-based Payment System must offer the same level of functionality, including payment warehousing, provided by the Telephone Payment System, and must capture and verify the same employer information obtained by the Telephone Payment System. The sequence of the web pages should, at a minimum, be as follows:

- Government Employer Log On
- Payment History (detailing the last 18 months of transactions)
- Payment Entry
- Payment Review/Approval
- Confirmation Number (for all payments, returns and warehoused payment cancellations)

The DOP&B will discuss the design and text of the web pages in detail following the contract award. DOP&B will be responsible for end product review and approval prior to posting.

The Web-based Payment System must provide the user with a verification page containing all input data elements to be reviewed by the payer prior to final payment submission. Upon the successful completion of a web-based payment, reversal, or warehoused payment cancellation the website must immediately provide the government employer with a confirmation number.

See **EXHIBIT R** for a sample of the **TEPS Web-based Payment Procedure Guide.**

E. Telephone Payment System and Services

The bank must have the ability to develop and maintain a secure Telephone Payment System capable of processing ACH Debit payments via a toll-free

telephone line.

The bank must provide for both a touch-tone data collection system and a back-up operator-assisted system. However, the system must encourage the use of the touch-tone system method. The government employer must be able to bypass certain prompts that are not critical to the transaction, but must be blocked from bypassing other prompts that are relevant.

The Telephone Payment System Operators must be available to assist local and State government employers via a toll-free telephone line **Monday thru Friday 8:00 a.m. E.T. to 5:00 p.m. E.T.**

The bank must process all ACH transactions received and confirmed by **8:00 p.m. E.T.**; the funds associated with these transactions must be deposited into the Division of Pensions and Benefits ACH Depository Account the next banking business day. It will be the bank's responsibility to ensure timely processing and credit to the State. Any delay on the bank's part in applying credit to the State will result in the bank compensating the State for lost earnings at the average of each month's **13-week Treasury bill** yield auction results.

The bank's Telephone Payment System must have sufficient capacity (adequate staffing and lines/communication ports) to support reasonable access to phone lines and operators especially during peak periods. The Telephone Payment System must not abandon more than three (3) call per every 100 calls received during peak periods. See **EXHIBIT J** for **Payment Types and Due Dates**.

The Telephone Payment System must verify that the government employer payer I.D. and password are correct. In addition, The Telephone Payment System must repeat back each data entry completed by the caller for verification purposes.

The Telephone Payment System must also provide the government employer with a confirmation number after each completed transaction (payment, reversal, or cancellation of a warehoused payment).

In addition to all the edits that must be performed, matrix balancing will be required for verification purposes. The sum of each contribution 'type' reported must add up to

the 'total amount to be paid' field. If they do not, an error message must occur. The system must not let the call proceed any further until the error is corrected.

The DOP&B will be responsible for reviewing the entire contents and design/function of the Telephone Payment System during the implementation process. The DOP&B will be responsible for end product review and final approval.

1. Telephone Payment Procedure Guide

The creation and distribution of the Telephone Payment Procedure Guide will be the responsibility of the bank. Upon the receipt of a successful Pre-note, the bank must email the Telephone Payment Procedure Guide to newly enrolled government employers **within two (2) banking business days**.

See **EXHIBIT S** for a sample of the **TEPS Telephone Payment Procedure Guide**. This document is subject to change prior to contract commencement and during the course of the contract term to adhere to departmental and legislative changes. The telephone script depicted in **EXHIBIT S** is a draft and will be subject to revision or modification in order to meet the system compatibility requirements of both the State and the selected bank.

2. Telephone Payment System Operators

The Telephone Payment System Operators must be available to assist local and State government employers via a toll-free telephone line **Monday thru Friday 8:00 a.m. E.T. to 5:00 p.m. E.T.**

The Telephone Payment System Operators employed to service this contract must be thoroughly trained to address the specific needs of the DOP&B clients. Therefore, the operators must be capable of processing payments and reversals, answering payment related questions and cancelling warehoused payments. After a government employer experiences two (2) failed attempts to complete a transaction correctly via the touch-tone method, an operator must automatically break in and assist the caller in completing the transaction.

The Telephone Payment System Operators must edit each transaction (if necessary) and verify that the government employer payer I.D. and password are correct. In addition, the operators must repeat back each data entry completed by a government employer for verification purposes.

In addition to all the edits that must be performed, matrix balancing will be required for verification purposes. The sum of each contribution 'type' reported must add up to the 'total amount to be paid' field. If they do not, the operator must request the government employer adjust the amounts to correct the error.

Operators must also have the ability to provide the government employer with a confirmation number for each completed transaction (payment, reversal, or cancellation of a warehoused payment).

F. Customer Service Hotline to address Government Employer Inquiries

The bank must create, maintain and provide access to a toll free Customer Service Hotline during the hours of **8:00 a.m. E.T. and 5:00 P.M. E.T.** to address government employer inquiries. In addition the bank, must respond to all inquiries (via telephone, email, fax or written) in a prompt, efficient and courteous manner. Performance standards regarding the number of rings prior to being answered and the average 'on hold' time must be consistent with current industry standards.

Turnaround time to research current information (up to 30 days following settlement date) must be immediate or **no more than 24 hours.**

Turnaround time to research information (beyond 30 days of settlement date) must be **no more than 48 hours,** unless granted a grace period by DOP&B.

All inquiries from a government employer must be handled **immediately** if possible. For example, "Did I initiate my payment for this month? Did I initiate a payment this month for \$XXXXX.CC?" If off-line research is required, the bank must respond **within two (2) banking business days.**

G. Customer Service Hotline to address Division of Pensions and Benefits Staff Inquiries

The bank must provide access to designated customer service contacts during normal State hours of operation, Monday thru Friday between **8:00 a.m. E.T. and 5:00 p.m. E.T.** to address Division of Pensions and Benefits staff inquiries.

The bank must respond to all Division of Pensions and Benefits staff inquiries in a prompt, efficient and courteous manner.

Performance standards regarding the number of rings prior to being answered and the average 'on hold' time must be consistent with current industry standards.

Turnaround time to research current information (up to 30 days following settlement date) must be immediate or **no more than 24 hours**.

Turnaround time to research information (beyond 30 days of settlement date) must be **no more than 48 hours**, unless granted a grace period by DOP&B.

H. Web-based Inquiry/Communication System

The bank must provide the State with web-based access to all account(s) established as a result of this RFP.

Only authorized State personnel will be permitted to initiate inquiries via the Web-based System. The authorized personnel will be identified after contract award. It is estimated that **12 State employees** will require web-based account access to the bank's system.

The bank must provide the proper security measures to prevent other bank clients from accessing the State information and conversely, to prevent State personnel from accessing other than their own information.

The bank's system must grant users the ability to enter search parameters and qualify search parameters via additional drop down menus. Search qualifiers for

numeric fields must include equals, ranges, greater than, greater than or equal to, less than, less than or equal to. Search qualifiers for alpha fields must include equals, begins with, ends with or contains. The search parameters must allow the user to drill down to view the daily details of any given month.

The State requires the bank to provide web-based reports reflecting all transaction items processed. The Web-based Inquiry/Communication System must have report generating capabilities allowing reports to be generated which include **eighteen (18) months of historical activity**. The user must be able to create queries so reports can be sorted by the following headings:

1	Government Employer (DOP&B assigned) Identification Number
2	Settlement Date
3	Transaction Type (ACH Debit, ACH Fail, NOC, Pre-note, Pre-note Failure, and ACH Return)
4	Transaction Amount

1. ACH Web-based Inquiry/Communication System

The bank's Web-based Inquiry/Communication System must provide State personnel access to all ACH activity including exception items (ACH Debits, ACH Fails, NOCs, Pre-notes, Pre-note Failures and ACH Returns) by **8:00 a.m. E.T.**

All ACH Debit transaction items must be accessible to the State via the bank's Web-based Inquiry/Communication System the same day of settlement.

All other transaction items (ACH Fails, NOCs, Pre-notes, Pre-note Failures, and ACH Returns) must be accessible to the State via the bank's Web-based Inquiry/Communication System the morning after the transaction item is received by the bank.

The ACH Web-based Inquiry/Communication System should provide users the ability to generate reports that can be downloaded into Microsoft Excel and/or PDF formats.

2. Web-based Access to Account Activity Detail and Balance Summary Information

The bank's Web-based Inquiry/Communication System must provide State personnel access to account activity detail and balance summary information by **8:00 a.m. E.T.**

The bank's Web-based Inquiry/Communication System should provide report generating capabilities with the option to print and download data into Excel and/or PDF formats.

a. Account Activity Detail

The account activity detail must be available for viewing via the bank's Web-based Inquiry/Communication System by **8:00 a.m. E.T.**

All ACH Debit transaction items must be available for viewing via the bank's Web-based Inquiry/Communication System the same day of settlement.

All other transaction items (ACH Fails, NOCs, Pre-notes, Pre-note Failures and ACH Returns) must be available for viewing via the bank's Web-based Inquiry/Communication System the morning after the transaction item is received by the bank.

All ACH transaction items posted to the account must contain the following details:

1	Bank Account Number
2	Government Employer Bank Account Number
3	Government Employer (DOP&B assigned) Identification Number
4	Original Settlement Date
5	Failure Date (if applicable)
6	Transaction Amount
7	Transaction Type (ACH Debit, ACH Failure, NOC, Pre-note, Pre-note Failure and ACH Return)
8	Transaction Code (explaining reason for failures and returns)

See **EXHIBIT T** for **Sample (Web-based) Account Activity Detail Screen Shots.**

b. Balance Summary and Detail Information

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.

The following current day and previous day balance summary and detail information must be available for viewing via the bank's Web-based Inquiry/Communication System **8:00 a.m. E.T.** the same day as settlement:

1	Account Balance Summary
	Opening Available
	Closing Ledger
	Closing Available
2	Credit Summary
	ACH Credits
3	Debit Summary
	ACH Debit
	Wire Transfer Out
4	Credits
	Total Break Down by Fund Type (HEAL, PERS, TPAF, PFRS)
	Credit Transactions Total
5	Debits
	ACH Debits Total
	Wire Transfer Out Total
	Debit Transactions Total

See **EXHIBIT U** for **Sample (Web-based) Current Day and Previous Day Balance Summary.**

3. Web-based Wire Transfer System

The bank must provide to the State a Web-based Wire Transfer System. The system must be capable of warehousing data **for up to two (2) weeks** until the transmission execution date. The system should have the capability of maintaining repetitive wires requiring only date and amount. The wire transfer system must also provide the State the ability to complete draw-downs from State bank accounts located at other banks. 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 adequately train State personnel on the use of its Web-based Wire Transfer System and provide **a minimum of three (3) user manuals**. Additional training and updated user manuals will be required prior to the bank implementing any major Web-based Wire Transfer System changes.

The State must have access to a toll-free telephone “wire transfer help desk” during normal State working hours, **8:00 a.m. E.T. to 5:00 p.m. E.T.** The bank must provide on-going maintenance and emergency service when necessary. The bank must have a manual wire transfer backup system and procedures established in the event of an electronic failure.

The Department of the Treasury, Division of Investments will initiate **approximately seven (7) daily wire transfers** from the Division of Pensions and Benefits ACH Depository Account, based on the current day’s settlement transaction totals.

Month	Wires Out
July- 2010	132
August-2010	144
September- 2010	142
October-2010	142
November-2010	130
December-2010	142
January- 2011	131
February-2011	136
March-2011	147
April-2011	145
May-2011	141
June-2011	149

The bank must promptly respond to all State wire instructions no later than **thirty (30) minutes** after receipt of the instruction from the State. It is the intention of the State to fully fund all electronic payments on transaction date. At

any time during the day, as a result of electronic payments, if the account is placed in a temporary overdraft position, the State expects the bank to initiate all electronic payments when requested regardless of its temporary overdraft position.

The bank must explicitly state in its proposal if there are any restrictions, current or anticipated (self imposed or regulatory) that will prevent the bank from immediately complying with the State’s request to transfer funds as requested. The bank will be liable for loss of interest resulting from its error or delay in transmitting an entry when properly instructed to do so. The interest will be calculated by using the 90-day T-bill rate for the period involved.

The bank will be responsible for the following items relative to the Web-based Wire Transfer System:

1	Successful testing of the bank’s Web-based Wire Transfer System
2	Adequate training of State personnel and follow up training if warranted
3	A minimum of three (3) user manuals and updates if warranted
4	Access to a toll-free telephone “wire transfer help desk” between the hours of 8:00 a.m. E.T. to 5:00 p.m. E.T. Monday-Friday.
5	On-going maintenance and emergency service when necessary
6	A manual wire transfer back-up system and procedures in the event of an electronic or system failure
7	Prompt response to <u>all</u> wire instructions regardless of temporary overdraft position

I. Bank Statements and Reporting

1. Daily Automated Balance Reporting

All accounts established and any future accounts established will require daily automated balance reporting in unencrypted BAI2 format via the Internet without the use of a secure card random assigned personal identification number (PIN), or other means that would inhibit the automated retrieval of the bank data. Any encryption format required by the bank must be compatible with the automation

of the retrieval process of the bank report, such that a bank report can still be retrieved and unencrypted in an automated fashion.

Every working day, by **7:30 a.m. E.T.**, the bank must electronically provide access to prior day account balance information in unencrypted BAI2 format via the Internet without the use of a secure card random assigned personal identification number (PIN), or other means that would inhibit the automated retrieval of the bank data.

For each account the report must include at a minimum the following data fields:

1	Ledger balance
2	Collected balance
3	Total credits
4	Total debits
5	1-day float
6	2-day float

For all the reporting fields, there should always be data reported. Therefore, if there is no amount reported, the bank should input 00.00 in the specific amount field.

During the course of the contract term, the State may request the bank to provide summary Intra-Day Balance Reporting in addition to the previously established Daily Automated Balance Reporting requirements.

As technology improves, the State requires that the chosen vendor remain flexible, throughout the term of this contract and any extensions, as it relates to the method of balance reporting in unencrypted BAI2 format via the internet without the use of a secure card random assigned personal identification number (PIN), or other means that would inhibit the automated retrieval of the bank data.

2. Monthly Bank Statements

The bank must maintain the Monthly Bank Statement for all accounts established as a result of this RFP for **seven (7) years**. The bank must deliver an electronic

and hard copy Monthly Bank Statement within **three (3) business days from the last day of the month.**

See **EXHIBIT V** for a **Sample (Hard Copy) Monthly Bank Statement.**

The Hard Copy Monthly Bank Statement must contain balance summary information and detailed break-downs of account activity as follows:

1	A single entry for all State debit initiated items
2	A separate entry for each wire transfer out (incoming wires are prohibited)
3	A separate entry for all other miscellaneous postings

J. Vendor Contact Personnel

The bank should appoint a senior officer (vice-president or above) and a qualified substitute as a representative for contact and liaison with the State. This representative will be solely responsible for insuring that the contract requirements are met, implementing State instructions and resolving problems that may arise on a day-to-day basis during the term of the contract.

The bank must provide proper lines of communication including: names and titles of contact personnel, locations of operation, office hours, telephone number(s) (office and cell), fax number, email address for immediate response to any request for information pertaining to this RFP.

The State requires that the bank must designate a **minimum of two (2) individuals** for each category noted below (not necessarily all inclusive) who will be responsible for responding to daily inquiries, resolving on-going problems and providing initial and on-going training, etc.

1	Primary contact personnel and backup
2	Customer service contact
3	Bank statements, credits and debits
4	Daily balance reporting

5	Invoice and bank analysis
6	File transfer technical contact
7	ACH contact
8	Wire transfer contact
9	Implementation and testing contacts
10	Training personnel contacts

In the event a personnel change results in a different liaison being assigned to the State, written notification will be provided **15 days prior** to the change becoming effective. The same notification requirements apply to a change in liaison at the subcontractor level.

K. Implementation and Testing

The bank must provide a detailed implementation and testing schedule starting on the date of contract award and ending **prior to July 1, 2012**.

The bank's implementation and testing schedule must clearly define a start date and end date and the estimated number of hours required to setup/program and test each critical RFP requirement depicted in **SECTION VI. SCOPE OF WORK**. The bank's implementation and testing schedule must also list the State and bank resources required to complete each critical RFP requirement.

The bank's implementation and testing schedule must highlight all critical RFP requirements including, but not limited to: the opening of accounts, establishing account administrators, providing account tokens, bank polling setup and testing, establishing State access to all required modules of the bank's Web-based Inquiry/Communication System, training State personnel, payment type setup, establishing batch headers and phone scripts, transferring and testing the existing Employer Database, establishing and testing the web-based payment system and the telephone payment system and transmitting and testing all required reports and files. The schedule must permit for State review and approval of all bank deliverables such as: bank statements, electronic files and reports, government employer forms and letters, the entire Web-based Payment System, Telephone Payment System and system instructions.

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 the Division of Pensions and Benefits at a centralized Trenton location. The implementation and testing schedule must include at least one face to face post implementation meeting.

The bank must provide all set-up form documentation required of the State and time frames for State completion [Note: the Stat will not execute separate bank agreements]. In addition, the bank must clearly define any/all areas of concern or anticipated delay it foresees in meeting the **July 1, 2012 live date**.

All costs associated with initial programming, testing, training and post implementation meetings must be bundled into the banking fees and not shown as a separate line item on the Cost Schedule.

L. Training

The bank must provide adequate training both initially and on-going to ensure that State personnel thoroughly understand all report information and can identify the codes indicated on all reports. All systems should be explained and demonstrated to representatives from the Division of Pensions and Benefits during the implementation and testing phases.

A minimum of **three (3) sets** of operating manuals must be provided to the State preferably in hard copy, with any subsequent additions, deletions or revisions to the manuals forwarded to the State promptly.

A training outline, schedule and synopsis of the major training categories and the trainer's name along with their experience, must be included in the bank's response to the State's training requirements.

The bank must be certain that the Web-based Inquiry/Communication System is operating satisfactorily and that State personnel have been properly trained on its use.

The State estimates approximately **15 State employees** will require training.

M. Contract Termination/File Transfer

At the end of the contract term, either by termination or contract expiration, **no less than thirty (30) days prior to the expiration date**, the vendor must transmit the database file(s) in a mutually agreed upon format(s) to the new vendor or, if requested, to the State.

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 RFP. The State reserves the right to obtain any information from an independent source to evaluate bid proposals in accordance with the stated 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 Section VIII., Vendor Response.
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 sample reports and web-based screen shots.
Web-based Inquiry/Communication System reliability, capabilities and 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.
ACH receiving and reporting capabilities.
The State's overall assessment of client references.
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 METHODS AND TERMS** will be considered materially non-responsive and therefore rejected.

Vendors are instructed to clearly identify any requirement(s) 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. Briefly acknowledge your understanding and acceptance of all the **TERMS AND CONDITIONS, OTHER MANDATORY PROVISIONS** and **PAYMENT METHOD AND TERMS** as stated in the RFP.
2. 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.

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

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

The bank must define the file protocols and methods of file transmission it plans to utilize to deliver services as requested in the Pension ACH Collection Services RFP and include sample file layouts.

It is the State's preference is to use Connect Direct with an option of Secure+ over IP. A bank's ability to support this data transmission option will be rated favorably during the evaluation process.

5. Confirm that all bank-generated transaction records, including but not limited to: transaction detail, bank generated reports, bank statements and invoices will be made available to the State for a period of **seven (7) years from the date of transaction.**

6. 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. **Collateralization of Deposits:** Confirm the bank's ability to adhere to the Department of the Treasury Collateralization Policy, refer to EXHIBIT C **Policy Statement: Department of the Treasury Collateralization Requirements** for State Held Deposits.

 - e. **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.

 - f. **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 D **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.

- g. **Public Law 2005, Chapter 51 / Executive Order 117 (2008) Dual Certification:** Vendors must complete and submit EXHIBIT F 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.
 - h. **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 system would be completely functional within **24 hours** of a major disaster.
 - i. **Image Processing of Public Records and Certification of Image Processing Systems:** Please confirm the bank has reviewed the DARM certification elements and possesses the technical capabilities to become certified as requested by the State.
7. 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. daily operations, contract issues, balance reporting, bank statements, invoice and analysis, ACH issues (web-based and telephone payment issues), database issues, file transfer issues, wire transfer issues, account reconciliation, Web-based Inquiry/Communication System, technology issues, disaster and recovery, implementation, 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

8. 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; depository accounts, ACH collection services, database establishment and maintenance, web-based and telephone payment systems, wire transfer services and Web-based Inquiry/Communication services. 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.
9. Confirm that all accounts established as a result of this RFP will be protected against unauthorized ACH debit activity. Confirm the bank will notify the DOP&B immediately via email if unauthorized attempts are made to access State funds. Confirm the bank will cooperate with the DOP&B personnel and other State officials to identify violators and to protect the integrity of all State bank accounts.
10. Confirm the bank is a member of the National Automated Clearing House Association (NACHA) and will follow the rules and regulations as outlined in the latest published ACH operating manual. Confirm the bank's ability and willingness to support advancements offered by the ACH Network. Confirm the bank has electronic transmission sending and receiving capabilities.
11. Confirm the bank will increase or decrease the number of EFT payment types processed through the Division of Pensions and Benefits ACH Depository Account (along with the related programming adjustments to the Web-based Payment System and Telephone Payment System) within a reasonable timeframe; **not to exceed one (1) month, at no cost to the State.**

12. Confirm the bank will take all the necessary security procedures to ensure the protection of the data and the integrity of the ACH system when data is received or transmitted electronically to the bank or by the bank. Include a brief description or outline of the security procedures the bank will implement to protect the data transmitted to the bank or by the bank as a result of this RFP. Define how often these security procedures will be reviewed and tested.
13. Confirm the bank has a documented contingency plan in place, either manual or other, as a backup to send and receive ACH data as it relates to the services requested in this RFP. Confirm the contingency plan documentation is available for the State to review upon request.
14. Confirm the bank will process all ACH transactions received and confirmed by **8:00 p.m. E.T.** and the funds associated with the transactions will be deposited into the Division of Pensions and Benefits ACH Depository Account the next banking business day.
15. Confirm the bank's ability to electronically provide the DOP&B with all files and reports **no later than 7:30 a.m. E.T.**, the morning of settlement except for holidays of the Federal Reserve Banking System. Confirm the bank will make multiple attempts to electronically transmit all files and reports if there are transmission failures. Confirm the bank will call DOP&B and provide the corresponding totals for each category if the transmissions continue to fail.
16. Confirm the bank will electronically transmit the detail requested in the **EXHIBIT L EFT File Layout no later than 7:30 a.m. E.T.**, the morning of settlement. The bank must include a sample of the file layout for evaluation purposes.

Confirm the bank will electronically transmit the **Daily Debit/Return Report** as depicted in **EXHIBIT M** on a daily basis **no later than 7:30 a.m. E.T.**, the morning of settlement. Confirm this report will include a detailed account of every transaction (credit and debit) received for a given day. The bank must include a sample of the Daily Debit/Return Report for evaluation purposes.

Confirm the bank will electronically transmit the **Daily Debit/Return Summary Report** as depicted in **EXHIBIT N** on a daily basis **no later than 7:30 a.m. E.T.**, the morning of settlement. Confirm this report will include a detailed summary break down for each

payment type including the transaction types (credit or debit); along with the total net amount for each payment type and the grand totals for all transactions. The bank must include a sample of the Daily Debit/Return Summary Report for evaluation purposes.

17. Confirm the bank will maintain all original ACH Debit Authorization Agreements for the course of the contract term and any extension options utilized. Confirm the bank will transfer all original ACH Debit Authorization Agreements, within **thirty (30) days** of the State's request to the successor vendor; **at no cost to the State.**
18. Confirm the bank will process a Pre-note upon receipt of a *New TEPS Employer Authorization Form* or *TEPS Employer Change Request Form*. Confirm that all NACHA rules and procedures governing pre-notifications will be followed.

Confirm the bank will contact the government employer **within two (2) banking business days** upon the receipt of an ACH Pre-note Failure and resubmit the Pre-note with the corrected information.

Confirm that all Pre-notes and Pre-note Failures will be accessible via the bank's Web-based Inquiry/Communication System by **8:00 a.m. E.T.** the morning after they are received by the bank. Confirm the bank will promptly notify the DOP&B via email upon the receipt of a successful Pre-note.

19. Confirm the bank will immediately apply the appropriate changes to the TEPS Government Employer Database upon the receipt of a NOC from the ACH system and promptly notify the DOP&B via email.

Confirm all NOCs will be accessible via the bank's Web-based Inquiry/Communication System by **8:00 a.m. E.T.** the morning after the NOC is received.

20. Confirm all ACH Returns will be reported each morning on the **Daily Debit/Return Report** **no later than 7:30 a.m. E.T.** The bank must include a sample of the Daily Debit/Return Report for evaluation purposes.
21. Confirm the bank has database creation and maintenance capabilities and the ability to work with data stored in the existing TEPS Government Employer Database. Define the bank's preferred method of transmission to receive the existing database transfer.

Confirm the new Government Employer Database will be thoroughly tested and completely functional prior to the established **July 1, 2012 contract live date**. The bank **must** indicate a start date and end date for database receipt/creation and testing in its implementation and testing plan.

22. Confirm the bank understands that **all** standard database forms and letters will be the responsibility of the bank and that these documents are subject to change prior to contract commencement and during the course of the contract term to adhere to departmental and legislative changes.

Confirm that document updates will be completed within a reasonable timeframe; **not to exceed one (1) month, at no cost to the State** and that the DOP&B will be responsible for reviewing edited documents and for supplying departmental approval.

23. Confirm the bank understands that it will be responsible for the entire enrollment (new enrollments and existing enrollment changes) and pre-notification process. Confirm the bank will accurately process new enrollments and existing enrollment changes immediately.

Upon the receipt of a successful Pre-note, confirm the bank will email the appropriate access pin, welcome letter and procedure guides to newly enrolled government employers **within two (2) banking business days**.

Upon the receipt of a successful Pre-note, resulting from a government employer change request, confirm the bank will email a confirmation letter to the government employer **within two (2) banking business days**.

24. Confirm the bank has the ability to develop and maintain a secure Web-based Payment System capable of: warehousing and processing ACH Debit payments, processing payment cancellations and providing government employer account history **24 hours/day, 7 days/week**.

Confirm the bank will process all ACH transactions processed via the Web-based Payment System that are received and confirmed by **8:00 p.m. E.T.** and the funds associated with these transactions will be deposited into the Division of Pensions and Benefits ACH Depository Account the next banking business day.

Confirm the Web-based Payment System will be compatible with the existing Pensions and Benefits website and appear to the user as a State of New Jersey website.

Confirm the Web-based Payment System will offer the same level of functionality, including payment warehousing, payment verification and confirmation number as provided by the Telephone Payment System, and will capture and verify the same employer information obtained by the Telephone Payment System.

The bank must include a sample screen shots of the proposed Web-based Payment System for evaluation purposes.

25. Confirm the bank has the ability to develop and maintain a secure Telephone Payment System capable of warehousing ACH payments and processing ACH Debit payments, ACH returns, and warehoused payment cancellations via a toll-free telephone line.

Confirm the Telephone Payment System will provide for both a touch-tone data collection system and a back-up operator-assisted system and that the system will encourage the use of the touch-tone system method.

Confirm the bank will process all ACH transactions processed via the Telephone Payment System that are received and confirmed by **8:00 p.m. E.T.** and the funds associated with these transactions will be deposited into the Division of Pensions and Benefits ACH Depository Account the next banking business day.

Confirm the Telephone Payment System Operators will be available to assist local and State government employers via a toll-free telephone line **Monday thru Friday 8:00 a.m. E.T. to 5:00 p.m. E.T.**

Confirm the bank's Telephone Payment System will have sufficient capacity (adequate staffing and lines/communication ports) to support reasonable access to phone lines and operators especially during peak periods. Based on the volume of calls depicted in the RFP indicate how many operators will be assigned to address State of New Jersey government employer inquiries?

Confirm the Telephone Payment System will verify that the government employer payer I.D. and password are correct and repeat back each data entry completed by the caller

for verification purposes, as well as, provide the government employer with a confirmation number.

26. Confirm the bank's ability to provide a toll free Customer Service Hotline to address government employer inquiries during the hours of **8:00 a.m. E.T. and 5:00 P.M. E.T.**

Confirm the operators will be thoroughly trained to address the specifics needs of the DOP&B clients and that the bank will respond to all inquiries (via telephone, email, fax or written) in a prompt, efficient and courteous manner.

Confirm the turnaround time to research current information (up to 30 days following settlement date) will be immediate or **no more than 24 hours**. Confirm the turnaround time to research information (beyond 30 days of settlement date) will be **no more than 48 hours**, unless granted a grace period by DOP&B.

27. Confirm the bank will provide access to designated customer service contacts during normal State hours of operation, Monday thru Friday between **8:00 a.m. E.T. and 5:00 p.m. E.T.** to address Division of Pensions and Benefits staff inquiries.

Confirm the turnaround time to research current information (up to 30 days following settlement date) will be immediate or **no more than 24 hours**. Confirm the turnaround time to research information (beyond 30 days of settlement date) will be **no more than 48 hours**, unless granted a grace period by DOP&B.

28. Confirm the bank's Web-based Inquiry/Communication System provides report generating capabilities reflecting all transactions processed for a **minimum of eighteen (18) months**. Confirm the bank's system will permit users the ability to search, view, print and download/save reports.

The bank must provide a detailed description of the bank's Web-based Inquiry/Communication System and include sample reports and screen shots of the requested modules. For evaluation purposes, it is the State's preference to receive a CD ROM or web-based tutorial that highlights the capabilities and functionality of the bank's Web-based Inquiry/Communication System.

29. Confirm the account activity detail will be available for viewing the on the bank's Web-based Inquiry/Communication System by **8:00 a.m. E.T.** Confirm that multiple users will be able to access this information simultaneously.

Confirm that all ACH Credit and ACH Debit transaction items will be reported by **8:00 a.m. E.T.** the same day of settlement and all other ACH transaction items (ACH Fails, NOC, Pre-Notes, Pre-Note Failures and ACH Returns) will be reported by **8:00 a.m. E.T.** the morning after the transaction item is received by the bank.

Confirm the account activity detail will contain the following information for all credits and debits posted to the Division of Pensions and Benefits ACH Depository Account.

1	Bank Account Number
2	Government Employer Bank Account Number
3	Government Employer (DOP&B assigned) Identification Number
4	Original Settlement Date
5	Failure Date (if applicable)
6	Transaction Amount
7	Transaction Type (ACH Debit, ACH Failure, NOC, Pre-note, Pre-note Failure and ACH Return)
8	Transaction Code (explaining reason for failures and returns)

30. Confirm the balance summary and detail information will contain the following information for current day and previous day balances:

1	Account Balance Summary
	Opening Available
	Closing Ledger
	Closing Available
2	Credit Summary
	ACH Credits
3	Debit Summary
	ACH Debit
	Wire Transfer Out
4	Credits
	Total Break Down by Fund Type (HEAL, PERS, TPAF, PFRS)
	Credit Transactions Total
5	Debits
	ACH Debits Total
	Wire Transfer Out Total
	Debit Transactions Total

31. Provide a detailed description of the bank's Web-based Wire Transfer System and include sample screen shots. Confirm the must promptly respond to all State wire instructions no later than **thirty (30) minutes** after receipt of the instruction from the State.

Confirm the bank can comply with the requirement to wire transfer funds upon request without regard to the balance in the account? Explain any restrictions that will prevent the bank from immediately complying with the State's request to wire transfer funds.

Describe the bank's manual wire transfer backup procedures. Define the security features of the bank's Web-based Wire Transfer System.

32. Confirm the bank's ability to electronically provide the daily required automated balance reporting (prior day) as defined in the RFP **by 7:30 a.m. E.T.** in the unencrypted BAI2 format via the internet without the use of a secure card random assigned personal identification number (PIN). Confirm the bank's ability and willingness to provide (intra day) automated balance reporting, in the same manner, if requested by the State in the future.
33. Confirm the bank will maintain the Monthly Bank Statement for all accounts established as a result of this RFP for **seven (7) years**. Confirm the bank's ability to deliver an electronic and hard copy Monthly Bank Statement within **three (3) business days from the last day of the month**. The bank must include a sample of the hard copy Monthly Bank Statement for evaluation purposes.
34. Provide a **minimum of two (2) individuals** for each category noted below who will be responsible for responding to daily inquiries, resolving on-going problems and providing initial and on-going training, etc.

1	Primary contact personnel and backup
2	Customer service contact
3	Bank statements, credits and debits
4	Daily balance reporting
5	Invoice and bank analysis
6	File transfer technical contact
7	ACH contact
8	Wire transfer contact
9	Implementation and testing contacts
10	Training personnel contacts

35. Provide a detailed implementation and testing schedule starting on the date of contract award and ending **prior to July 1, 2012** including the estimated number of hours required to setup/program and test each critical RFP requirement including, but not limited to:
- Opening of bank accounts
 - Establishing account administrators
 - Providing account tokens

- Set up and testing of daily automated bank polling
- Establishing State access to all required modules of the bank's Web-based Inquiry/Communication System
- Training State personnel
- Payment type setup
- Establishing batch headers and phone scripts
- Transferring and testing the existing Employer Database
- Establishing and testing the Web-based Payment System and the Telephone Payment System
- Transmitting and testing all required reports and files
- State review and approval of all bank deliverables such as: bank statements, electronic files and reports, government employer forms and letters, Web-based Payment System, Telephone Payment System and Web-based and Telephone Payment Systems instructions.

Confirm bank personnel will be available for weekly status conference calls and indicate the State and bank resources required to complete each critical RFP requirement.

Include all set-up form documentation required of the State and time frames for State completion [Note: the State will not execute separate bank agreements]. In addition, the bank must clearly define any/all areas of concern or anticipated delay it foresees in meeting the **July 1, 2012 live date**.

36. Confirm the bank will provide adequate training both initially and on-going to ensure that State personnel thoroughly understand all report information and can identify the codes indicated on all bank reports. Confirm all systems will be explained and demonstrated to representatives from the Division of Pensions and Benefits during the implementation and testing phases.

Include a training outline, schedule and synopsis of the major training categories and the trainer's name along with their experience with the bank's response to the State's training requirements.

37. Confirm the bank will transmit the database file(s) in a mutually agreed upon format(s) to the new vendor or if requested, to the state **no less than thirty (30) days prior to the expiration date**.

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, FDIC charges, 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.

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.

The bank is not permitted to initiate debits against the State’s account for any services.

Account Services and Maintenance			
1	Account Maintenance Fee	\$	/Account/Month
2	Daily Balance Reporting (Prior Day) (Automated to Treasury Workstation via Web in BAI2)	\$	/Month
3	Daily Balance Reporting (Intra Day) (If Applicable) (Automated to Treasury Workstation via Web in BAI2)	\$	/Month
ACH Services			
4	ACH File Transmission	\$	/Per Item

5	ACH Debit (Originated by Government Employers)	\$	/Per Item
6	ACH Returns	\$	/Per Item
7	ACH Debit Block	\$	/Account/Month
	Web-Based Services		
8	Web-based Product Maintenance (If Applicable)	\$	/Month
9	Web-based Account Inquiry	\$	/Per Inquiry
10	Web-based ACH Inquiry	\$	/Per Inquiry
11	Web-based Wire Transfer (Wires Out)	\$	/Per Transfer
	Payment Services		
12	IVR Payment	\$	/Per Item
13	Web-based Payment	\$	/Per Item
14	Operator Assisted Payment	\$	/Per Item
15	Web-based Payment Cancellation	\$	/Per Item
16	Operator Assisted Payment Cancellation	\$	/Per Item
	Customer Service & Database Maintenance		
17	Customer Service Calls	\$	/Per Item
18	New Enrollment Setup	\$	/Per Item
19	New Enrollment Welcome Package	\$	/Per Item
20	Enrollment Changes/Updates	\$	/Per Item
	Programming Fees		
21	Programming Fees (If Applicable)	\$	/Per Hour