



**DEPARTMENT OF THE TREASURY  
DIVISION OF PENSION AND BENEFITS  
PENSION PAYROLL DISBURSEMENT SERVICES 2021  
REQUEST FOR PROPOSAL**

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**DEPARTMENT OF THE TREASURY  
DIVISION OF PENSION AND BENEFITS  
PENSION PAYROLL DISBURSEMENT SERVICES 2021**

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## I. TERMS AND CONDITIONS

### A. Applicable Rules and Regulations

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

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

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

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

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

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 State of New Jersey authorizes the Originating Depository Financial Institution, in this case the contracted bank, to receive and originate ACH entries as described in the RFP on behalf of the State of New Jersey.

The State of New Jersey agrees that it will not initiate ACH entries that violate United States law.

The State of New Jersey agrees to cure any breach of the current NACHA Operating Rules and Regulations as soon as it is feasible upon notice of the issue.

The State of New Jersey agrees to permit the Originating Depository Financial Institution the right to audit the State's compliance with NACHA Rules and Regulations.

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.**

The State of New Jersey will also not sign any documentation or setup forms that link to bank agreements.

## **B. Contract Administrator**

The Department of the Treasury, Office of Management and Budget, Cash Management Unit is charged with addressing contract related issues.

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

Kyle Morales  
State of New Jersey  
Department of the Treasury  
Office of Management and Budget  
PO Box 221

Trenton, New Jersey 08625-0221  
Phone: (609) 292-1721  
E-mail: [Kyle.Morales@treas.nj.gov](mailto:Kyle.Morales@treas.nj.gov)

### C. Project Management

This Request for Proposal (RFP) has been prepared by the New Jersey Department of the Treasury, Division of Administration, Office of Fiscal and Resources. After contract award, the Division of Pension and Benefits is charged with the responsibility for the administration of the bank accounts.

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 Pension and Benefits  
PO Box 295  
Trenton, NJ 08625  
Phone: (609) 292-5804  
E-mail: [Francis.Peterson@treas.nj.gov](mailto:Francis.Peterson@treas.nj.gov)

### D. Timetable of Events

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

<b>EVENT</b>	<b>DATE</b>
Issuance of Request	September 21, 2020
Deadline to Submit Questions	October 5, 2020
Proposal Due Date	November 23, 2020
Anticipated Award Date	January 25, 2021
Implementation & System Testing	February 1, 2021
Contract Commencement	May 1, 2021

## **E. RFP Questions from Bidders**

The Office of Fiscal and Resources will accept questions and inquiries from all qualified potential bidders electronically via e-mail. This will be the only opportunity potential bidders will have to submit questions pertaining to this RFP.

The deadline to submit written questions pertaining to this RFP ends at **4:00 p.m. E.T.** on the date indicated in the Timetable of Events. Written questions received after the deadline will **not** be recognized or addressed.

Questions must be directly tied to the RFP and asked in consecutive order, from beginning to end, following the organization of the RFP. Each question must begin by referencing the RFP page number and section number to which it relates.

The subject line of the e-mail should include the specific banking RFP name.

Respondents are not to contact the Division of Administration, Office of Fiscal and Resources directly, in person, or by telephone, concerning this RFP.

Division of Administration, Office of Fiscal and Resources will address all questions by posting an addendum on the Office of Management and Budget, Banking Services website. The addendum will include all questions submitted prior to the submission deadline, along with the State's response to each question. Questions are to be e-mailed to the following address:

[TreasuryBankingServices@treas.nj.gov](mailto:TreasuryBankingServices@treas.nj.gov)

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

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

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

## G. Proposal Requirements

The State will accept proposals in either hardcopy or via email in PDF Format.

**Proposals must arrive prior to or no later than 4:00 p.m. E.T. on November 23, 2020.**

If submitting a proposal in person or overnight delivery, address packages to:

Rochelle Wyckoff  
State of New Jersey  
Department of the Treasury  
Division of Administration  
Office of Fiscal and Resources  
50 West State Street, 8th floor  
Trenton, New Jersey 08625-0221

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

Rochelle Wyckoff  
State of New Jersey  
Department of the Treasury  
Division of Administration  
Office of Fiscal and Resources  
PO Box 211  
Trenton, New Jersey 08625-0221

Along with one proposal, clearly marked "ORIGINAL," signed by an officer who is authorized to bind the respondent contractually, **eight (8) copies of the proposal.**

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

If submitting a proposal by email, send the proposal in PDF FORMAT to:

[TreasuryBankingServices@treas.nj.gov](mailto:TreasuryBankingServices@treas.nj.gov)

Emailed bid submissions must include the entire proposal, including all exhibits, financials, attachments, and samples of required documents in PDF Format. If the attachments are too large, multiple attachments and/or emails will be accepted.

For emailed PDF bid submissions, a confirmation email will be sent notifying receipt of bid submission. IF A CONFIRMATION EMAIL IS NOT RECEIVED, PLEASE RESEND ENTIRE BID PROPOSAL.

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

Please note that faxed proposals will **not** be accepted.

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

Vendors that 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, Division of Administration, Office of Fiscal and Resources will schedule the presentations.

At the time of proposal evaluation, the State reserves the right to inspect the vendor's non-secure facilities, including any and all subcontractors' non-secure facilities, via a scheduled site visit. Any time after award, the State reserves the right to inspect the vendor's non-secure facilities, including any and all subcontractors' non-secure facilities, with prior notice by the State. Failure to comply with this request may result in disqualification or termination of the contract.

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

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

## I. Contract Award

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

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

Any statistics or values shown in the RFP are either based on past history or best estimates. The future quantities, values, or activities may be more or less than those noted herein and could change during the course of the contract term. The State will make no allowances or concessions to a bidder for any alleged misunderstanding because of quantity, character, or other conditions.

## J. Length of Contract

The contract will be for a **four (4) year 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 all accounts.

## K. Contract Extension

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

At the time of contract extension, an increase in price will be considered. The unit prices during the extension periods may be adjusted utilizing the Consumer Price Index unadjusted for All Urban Consumers, New York-Northern New Jersey Region, and Philadelphia-South Jersey Region using a 2/3 to 1/3 weight respectively, as published by the Bureau of Labor Statistics of the United States Department of Labor. For price

adjustments during the option periods, the prices may be increased by the same percentage as the percentage of increase shown in the Index for January of the extension year compared to the Index for January of the prior year or for the most recent reported twelve-month period. At the time of the extension option, the vendor must include in its response to the State the price increases, from and to, for each of the line item charges, along with supporting Labor Statistics documentation. The State will then independently verify the price adjustment.

#### **L. Vendor Right to Protest**

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

For all Office of Fiscal and Resources 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.

#### **M. Termination of Contract**

The State reserves the right to terminate any agreement entered into as a result of this RFP providing written notice has been given to the vendor at least **30 days** prior to such proposed termination date unless otherwise provided herein.

At contract termination, the vendor must cooperate with the State and the new contract vendor to effect a smooth transition, which would include transferring all information needed for the continued operation of the application.

In instances when a governing regulatory agency's rules are in conflict with any agreement entered into as a result of this RFP, the governing regulatory agency's rules and regulations would apply.

#### **N. Contract Continuity/Transitional Period**

In the event the service or services are scheduled to end by contract expiration or be terminated by the State (at the State's discretion), and if requested by the State, the bank must continue the service(s) until new services can be completely operational. The

bank is required to continue servicing the State at the same cost. During this transitional period, the State is not subject to any price changes. At no time shall this transitional period extend more than **180 days** beyond the expiration date of the existing contract. The bank will be reimbursed for this service at the rate in effect when this transitional period clause is invoked by the State.

#### **O. Unanticipated Services**

Should additional State initiated work be required, which is beyond the initial scope of this RFP, either through this State agency or another, the State of New Jersey reserves the right to negotiate with the awarded vendor reasonable fees for services unanticipated or not existing at the time of the contract award. If required, the State will request a written cost estimate and a schedule of the work plan. The State must approve the fees and/or work plan prior to initiation of the work. Upon failure to arrive at a negotiated fee schedule and work plan, the State may, at its option, contract the services through a competitive process.

If additional programming is required, the vendor must be able to provide additional programming services and make system changes to its 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 VIII. COST SCHEDULE** of this RFP.

#### **P. Prime Contractor Responsibilities**

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

The State will consider the prime contractor to be the sole point of contact with regard to contractual matters. The prime contractor is responsible for the professional quality, technical accuracy, timely completion of any and all services awarded to the vendor as a

result of the solicitation; and shall without additional compensation, correct or revise any errors, omissions, or other deficiencies in its products, services, reports, equipment, information, etc. in order to meet the requirements as specified herein.

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

**Q. Subcontracting**

The State defines a subcontractor as a third party that is specifically engaged by the vendor to provide services under this contract to the State.

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

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

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

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

## **R. Assignment**

The vendor is prohibited from assigning, transferring, conveying, subletting or otherwise disposing of this agreement or its rights, title or interest therein or its power to execute such agreement to any other person, company or corporation without the previous consent and approval, in writing, by the State. Any attempted assignment without consent shall be null and void. Unless otherwise agreed to by the State in writing, the assignee shall bear all cost incurred by the State, directly or indirectly, in connection with or as a result of such an assignment.

In instances when a governing regulatory agency's rules are in conflict with any agreement entered into as a result of this RFP, the governing regulatory agency's rules and regulations would apply.

## **S. Cost Liability**

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

## **T. Ownership of Material**

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

## **U. Data Transmission**

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

The State plans to take advantage of all advancements offered by the ACH Network. The bank must be able to demonstrate that it has 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 non-public data contained in the documents or files supplied by the State are to be considered confidential and shall be solely for the use in connection with the services provided to the State, provided that the following information will not be considered confidential: (1) information that is or becomes generally available to the public other than as a result of an unauthorized disclosure by the bank or its subcontractors; (2) information that is or becomes available to the bank or its subcontractors from a source not known to be under an obligation of confidentiality to the State; or (3) information is independently developed without the use of the State's confidential information. The chosen bank must protect State data and ensure that all State information remains confidential, except for disclosures (1) to employees or subcontractors with a need to know such information in connection with the services provided to the State and who are subject to confidentiality obligations no less protective than those set forth herein, (2) to regulatory officials (including bank examiners) having jurisdiction over bank, (3) required by law or legal process, or (4) authorized by the State in writing.

Any use, loss, sale or offering of this data in any form in violation of the terms of the preceding paragraph 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 subject to the liability provisions of this RFP.

#### **V. Promotional Use Prohibited**

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

#### **W. Accounting Records**

The vendor is required to maintain records and other contract-related documentation (e.g., any addendum's, State RFP, and bank's proposal) 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 must be made available to the State for a period of **seven (7) years from the date of transaction.**

All paid items must remain on the bank's Web-based Inquiry/Communication System for a **minimum of seven (7) years from the paid date.** State of New Jersey employees must have immediate access to paid items and outstanding checks via the bank's Web-based Inquiry/Communication System.

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 accommodations for the State auditors to use when they perform their regular and scheduled audits at non-secure locations.

#### **X. Severability Clause**

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

#### **Y. Indemnification**

The Vendor's liability to the State for actual, direct damages resulting from the Vendor's performance or non-performance, or in any manner related to the contract, for any and all claims, shall be limited in the aggregate to 500% of the value of the contract, except that such limitation of liability shall not apply to the following:

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

The State defines the value of the contract as the estimated annual fees multiplied by the contract term. Contract extensions are excluded from this calculation.

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

The Vendor shall not be liable for special, consequential, incidental, indirect, and punitive damages.

## **Z. Insurance**

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

For all coverage and renewals, the documents must contain the 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.

**AA. Conflict of Interest**

No award will be made to a vendor that, 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.

**BB. Public Records**

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

Bidders are responsible for clearly defining the sections and pages of their bid proposal considered to be confidential and/or proprietary. The designated sections/materials must be listed on the cover letter and clearly marked at the bottom of each page in the footer section. The State reserves the right to make the determination and will advise the bidder accordingly.

The State will not honor any attempt by a bidder either to designate its entire bid proposal as proprietary and/or to claim copyright protection for its entire proposal. In the event of any challenge to the bidder's designation of confidential and/or proprietary

materials, the bidder shall be solely responsible for defending its designation, and the State shall have no responsibility 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.

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

**CC. Single Response**

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

## II. OTHER MANDATORY REQUIREMENTS

### 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, for the most current year.

The Original Proposal and proposal copies should include a working link to the bank's most recent audited financial statements. If the bank cannot provide a working link to the State, the bank must include a hard copy of the bank's audited financial statements for the Original Proposal.

The Original Proposal and proposal copies should include a working link to a subcontractor's audited financial statements or financial comments if a privately held company. If the bank cannot provide a working link to the State, the bank must include a hard copy of the subcontractor's audited financial statements or financial comments if a privately held company.

### B. Ownership Disclosure Form

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

### C. Non-Discrimination Law

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

#### **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 and Enterprise Services.

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

Pursuant to an amendment to N.J.S.A. 52:32-44, State and local entities are prohibited from entering into a contract with an entity unless the contractor has provided a copy of its Business Registration Certificate prior to the time of contract award.

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 the time of contract award. The law prohibits contractors from entering into a contract with a subcontractor that has not provided the contractor a copy of its Business Registration Certificate.

The registration process involves filing Form NJ-REG. An overview of the filing requirements can be found by visiting the DORES website at

<https://www.nj.gov/treasury/revenue/busregcert.shtml>. To file a Form NJ-REG online, visit <https://www.njportal.com/DOR/BusinessRegistration/>.

Any questions in regard to business registration requirements can be directed to the Division of Revenue and Enterprise Services 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.

Bidder may perform certain general information technology and other "back-office" support activities and ancillary processes for its own general benefit in support of its obligations to its customers from non-U.S. locations. These functions and processes include, but are not limited to, database maintenance on the Bidder's database applications and servers, technology infrastructure support for Bidder's technology hardware and system components, programmatic operations information processing on digital data (such as interest calculations) for the Bidder's general benefit, IT services' asset management, programmatic transaction processing, systematic account maintenance and servicing functions, and information analytics for the Bidder's general benefit.

## 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 Source Disclosure Certification Form***, completed with the sourcing information required for the vendor 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, which 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 Certification & Disclosure of Political Contributions

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

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

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

## **1. Vendor Certification and Disclosure**

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

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

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 Division of Administration, Office of Fiscal and Resources.

## **2. State Treasurer Review and Approval**

The State Treasurer or his/her 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.nj.gov/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, 2020, the certification expiration date would be December 31, 2021.

### **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 Division of Administration, Office of Fiscal and Resources 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**

## 1. Disaster Recovery

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. An overview of the bank's disaster recovery plan, contingency, and backup procedures should be provided in the bank's bid proposal.

The bank must be able to demonstrate within their overview that State operations will be minimally affected and State records recovered intact. Given the worst-case scenario, the vendor must be completely functional **within 48 hours of a major disaster**.

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

## 2. Disaster Recovery Test Requirements

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

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

Currently, the State's Disaster Recovery center is evolving. Connect:Direct Secure+ will become available at this site in the future; however, an exact date has yet to be determined. Therefore an alternative method must be established to transfer data

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

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

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

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

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

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

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

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

**I. Destruction Requirements for State Records and, if applicable, Canceled Checks**

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

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

Physical destruction of State records should comply with the existing (applicable) State standards. These standards will apply to any sub-contracted vendors the bank may utilize for destruction services.

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

### III. PAYMENT METHOD AND PROVISIONS

A cost analysis will be required each month detailing the costs associated with the required banking services. The State will pay for vendor-banking services with compensating balances when they exist.

#### 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 will be applied each month against the average daily net collected balance of each account 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

The bank must 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. The standard State of New Jersey payment voucher and instructions for preparation of the form will be provided to the bank after contract award.

#### C. Monthly Analysis

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

Monthly Analysis and Invoices are to be sent to:

Attn: Leslie Notor  
State of New Jersey  
Office of Management and Budget  
Cash Management Unit, 6<sup>th</sup> floor  
PO Box 221  
Trenton, New Jersey 08625

See ***EXHIBIT H Monthly Analysis Sample Format***.

#### IV. PURPOSE AND INTENT

The purpose of this request is to solicit proposals from qualified New Jersey banks for the placement of **ten (10) State Accounts** and the accurate and timely processing of all banking services associated with these accounts. The accounts are as follows:

1	Pension Payroll, Master Account
2	Teachers' Pension and Annuity Fund, ZBA Account
3	Public Employees Retirement System, ZBA Account
4	Police and Firemen's Retirement System, ZBA Account
5	Prison Officers' Pension Fund, ZBA Account
6	Consolidated Police and Firemen's Pension Fund, ZBA Account
7	Judicial Retirement System, ZBA Account
8	Central Pension Fund, ZBA Account
9	State Police Retirement System, ZBA Account
10	Supplemental Annuity and Collective Trust, ZBA Account

All of the accounts listed above will require full ARP and payee positive pay services.

The State reserves the right to increase, decrease or consolidate disbursement accounts as needed, during the course of this contract term.

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

1	Controlled disbursement, ZBA, payee positive pay account capability and reporting
2	Electronic file sending and receiving capability
3	Strong branch presence throughout the State
4	"No fee" check cashing services to pension payees at all member bank locations
5	Access to the bank's Web-based Inquiry Communication System: to generate customized reports, decision payee positive pay items, view paid check images, ACH transaction items and to initiate stop payments and wire transfers.
6	Full account reconciliation services
7	Electronic bank statements (detail and summary)
8	Electronic reconciliation reports (detail and summary)
9	ACH sending capabilities (PPD format)
10	ACH reclamation, reversal and reject transactions
11	ACH exposure line up to \$900 million for electronic payments
12	Wire transfer with daylight overdraft coverage capabilities
13	Daylight overdraft coverage up to \$900 million
14	Daily automated balance reporting (prior day and intra day) in unencrypted BAI2 format without the use of a secure card PIN.
14	Detailed intra-day reporting capabilities
15	Timely reports per RFP specifications
16	Timely, reliable customer service, including technical support and training
17	Paid check imaging, document destruction and data confidentiality
18	Contingency plan and reliable backup in case of system failure

For Calendar Year 2019, on a monthly basis, the Division of Pensions and Benefits paid over **\$965 million** in pension and survivor benefits to nearly **347,000 retirees** through its pension payroll accounts. Out of the all of the retirees, over **93%** of the retirees were paid via ACH/Direct Deposit while nearly **24,000 retirees** received checks each month.

As a result of a recent departmental retiree outreach, encouraging electronic payments, there has been an upward trend in the number of retirees converting to receiving ACH payments vs. receiving paper checks. For the month of July 2020, nearly **94%** of the retirees were paid via ACH/Direct Deposit.

A unique characteristic of the pension payroll is, upon death, a retiree will cease to be eligible for payment. Frequently, the State is not notified of the death of the retiree for several months and must reclaim funds remitted via ACH from the decedents account. This requires the Division of Pensions and Benefits to have critical requirements for detailed ACH reclamation, reversal, and reject transactions.

## V. SCOPE OF WORK

### A. General Accounts Requirements

The State's requirements include the establishment and maintenance of **ten (10) State accounts**, and the accurate and timely processing of all banking services related to the accounts including, but not limited to; controlled disbursement, payee positive pay, zero balance accounts, earnings credit rate, bank reconciliation for all disbursement accounts, ACH debit blocks, ACH Pre-note processing, ACH sending capabilities, access to the bank's Web-based Inquiry Communication System to complete inquiries (i.e. account detail/summary look ups, pre-note failures, paid check images and transaction detail information) and the ability to process transactions (i.e. stops, cancels, issues, wires and fund transfers) along with a variety of electronic reporting and communication needs.

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

The Division of Pensions and Benefits will oversee the day-to-day operations related to these accounts.

Due to the nature of the funds being disbursed from these accounts, the chosen bank must maintain a strong branch presence throughout the State and commit to providing **"no fee" check cashing services to State payees at all member bank locations**.

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.

### B. Accounts to be Established

The State will establish **ten (10) accounts** in the vendor bank as follows:

1	Pension Payroll, Master Account
2	Teachers' Pension and Annuity Fund, ZBA Account
3	Public Employees Retirement System, ZBA Account
4	Police and Firemen's Retirement System, ZBA Account
5	Prison Officers' Pension Fund, ZBA Account
6	Consolidated Police and Firemen's Pension Fund, ZBA Account
7	Judicial Retirement System, ZBA Account
8	Central Pension Fund, ZBA Account
9	State Police Retirement System, ZBA Account
10	Supplemental Annuity and Collective Trust, ZBA Account

The State's initial requirements will include the establishment and maintenance of the above accounts and the accurate and timely processing of all banking services and reports related to these accounts.

See **EXHIBIT I** for a detailed description of the **Pension Payroll Services Accounts Structure and Funds Flow** related to this RFP.

All accounts must be established as "Preferred Status" accounts; that is, to establish a credit line that will be sufficient to cover all daylight overdrafts without penalty or additional charge to the State, and honor all checks presented for payment regardless of the current balance in the accounts. In the rare situation that an overnight overdraft occurs, the State requests that the bank honor all checks and wires without penalty or additional charge to the State. In particular, the bank must cover overdrafts on those occasions when there is a non-bank holiday. Some of the State holidays listed below are not bank holidays.

- |                              |
|------------------------------|
| ➤ New Year's Day             |
| ➤ Martin Luther King Jr. Day |
| ➤ President's Day            |
| ➤ Good Friday                |
| ➤ Memorial Day               |

➤ Independence Day
➤ Labor Day
➤ Columbus Day
➤ Election Day
➤ Veterans Day
➤ Thanksgiving Day
➤ Christmas Day

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

All the check disbursement accounts will be established as controlled disbursement, payee positive pay, zero balance accounts to be funded daily through the Pension Payroll Master Account.

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

**C. ACH Requirements and Services**

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.

Pensions will transmit files to the bank in the PPD format. The State reserves the right to change, add or delete the type of NACHA approved format used to transmit files to the bank. The State will provide **sixty (60) days written notice** to the bank before making such a change.

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.

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.

All ACH transaction items must be accessible to the State via the bank's Web-based Inquiry Communication System **by 8:00 a.m. E.T. the same day of settlement.**

All other ACH transaction items (i.e. Pre-notes, Pre-note Failures, NOCs and ACH Fails) must be accessible to the State via the bank's Web-based Inquiry Communication System **by 8:00 a.m. E.T. the morning after the transaction item is received by the bank.** Users must have the ability to search for ACH Fail items by selecting an account number and return date.

#### **1. ACH Security Procedures – ACH Debit Block Requirements**

The bank must use reasonable care to protect all State data contained on/in (i.e. bank statements, internal documents, file transmissions, emails and on the bank's Web-based Inquiry Communication System). All State data must be considered confidential and shall be solely for the use of the State of New Jersey.

Any use, loss, sale or offering of this data in any form by the bank, its employees, subcontractors, or assignees may be considered cause for contract termination and legal action to be taken by the State of New Jersey, with all cost of 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'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 Pensions immediately via email (contacts will be established after contract award).

The bank will be responsible for cooperating with Pension's personnel and other State officials to identify violators and to protect the integrity of all State bank accounts.

## 2. ACH Transmission File Requirements

The State will electronically transmit the ACH Transmission File to the bank at **9:00 a.m. E.T.** in the PPD format, according to an established ACH Payroll Calendar. Pensions will update the ACH Payroll Calendar each October for the upcoming calendar year.

See **EXHIBIT J** for a **Sample ACH File Layout**.

See **EXHIBIT K** for the **Anticipated ACH Payroll Schedule for 2021**. *\*Please note this schedule is subject to change and may be updated or finalized prior to contract commencement.*

The ACH Transmission File will be sent no less than two (2) days prior to settlement/pay date. The State will make every effort to transmit on the scheduled dates. However, on the *very rare occasion*, a transmission is sent to the bank one (1) day prior to settlement date, the bank must process the transmission to meet the scheduled payroll settlement date.

The bank must process the direct deposit information timely to ensure credit to all payees' accounts by the opening of business on pay date (the 1<sup>st</sup> of the month, unless the 1<sup>st</sup> falls on a Saturday, Sunday or holiday). In the event that the first business day of a month does not fall on the 1<sup>st</sup> day of the month, the State will electronically transmit the ACH Transmission File for settlement on the last business day of the prior month.

Bank personnel must telephone the State of New Jersey Office of Information Technology (OIT) Operations personnel **by 10:30 a.m. E.T.** if a file scheduled for

transmission, based on Pensions' processing calendar, has not been received **by 10:00 a.m. E.T.**

In the event of a faulty ACH Transmission File, the State will initiate subsequent transfers until a successful transmission is completed. The bank will be notified immediately in the event of a file transfer failure; likewise, the bank must email and telephone Pension's personnel if a scheduled file is not received.

If it is determined, by the State, that both parties have exhausted all acceptable electronic file transmission options available, a CD-ROM, DVD-ROM or other suitable medium agreed upon by both parties will replace the electronic transmission file. Pension personnel will call the bank to instruct the bank to make courier arrangements for pickup of the media.

### **3. ACH Pre-note Transmission File and ACH Pre-note Failures Requirements**

Before any pension payee enters the *ACH Payment System*, an ACH Pre-Notification (ACH Pre-note) record will be generated. The State will initiate pre-notes for all accounts, except for the Pension Payroll Master Account.

The pre-notification process will follow all current NACHA guidelines. The State of New Jersey Division of Pensions and Benefits will maintain the individual ACH authorization agreements throughout the life of the payments and for a minimum of two (2) years after the termination or revocation of such authorization.

On the day Pensions generate the ACH Pre-note Transmission File, Pension's personnel will email the bank to confirm the transmission. All ACH Pre-note information must be processed by the originating bank **on the day of transmission receipt**. The ACH Pre-note will contain relevant information pertaining to the payee's ACH transaction except for the actual dollar amount, which will be zero.

See **EXHIBIT L** for a **Sample ACH Pre-Note File Layout**

All successful ACH Pre-notes and ACH 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 ACH Pre-notes and ACH Pre-note Failures. The following ACH Pre-note and ACH Pre-note Failure details must be accessible via the bank’s Web-based Inquiry Communication System.

1	Pension bank account number
2	Payee name
3	Payee Id number (assigned by Pensions)
4	Payee ABA and bank account number
5	ACH issuance date
6	ACH return date
7	ACH return reason code
8	ACH return tracer ID number

**4. ACH Transaction Deletion Requirements**

During the timeframe in between when the State issues the ACH Transmission File to the bank and when the bank actually releases the file to the ACH Clearinghouse, the State may need to delete/strip ACH transaction items from the live transmission file. Pension employees must have ability to enter ACH Transaction Deletions and confirm receipt of the ACH Transaction Deletions via the bank’s Web-based Inquiry Communication System.

The bank must delete the individual ACH Transaction Items from the ACH Transmission File if the information/instruction is received by the bank prior to the bank releasing the ACH Transmission File to the ACH Clearinghouse.

**5. ACH Transaction Reversal Requirements**

In the event that Pensions need to delete/strip ACH Transaction Items from the live transmission file and the bank has already sent the ACH Transmission File to the ACH Clearinghouse, Pension employees must have the ability to enter ACH Reversals via the bank’s Web-based Inquiry Communication System.

Upon receipt of a successful ACH Reversal, Pension employees must have the ability to view the following information via the bank's Web-based Inquiry Communication System **by 8:00 a.m. E.T. the next business day:**

- Payee name
- Payee Id number (assigned by Pensions)
- Payee ABA and bank account number
- Origination date of reversed item
- Dollar Amount

A corresponding credit must be reflected as a separate line item on the Monthly Bank Statement for each individual account fund.

## **6. ACH Reclaim Transmission File Requirements**

From time to time the Division of Pensions and Benefits will need to reclaim funds that were issued to a retiree (five (5) or more days after settlement). There are a number of reasons why the Division of Pensions may need to reclaim the funds such as: the retiree passed away, the retiree closed their bank account or payment was issued to an incorrect payee account.

There are also instances when the Division of Pensions is not notified of a retirees' passing until several months after their demise.

In Calendar Year 2019, the Division of Pensions and Benefits issued **zero (0) ACH Reclaim Transmission Files** to the bank.

The Division of Pensions and Benefits will send an ACH Reclaim Transmission File to the bank on an as needed basis.

See **EXHIBIT M** for a **Sample ACH Reclaim File Layout.**

## 7. ACH Transmission File – Acknowledgment Email

**Within one (1) hour of file receipt** of the ACH Transmission File, the bank must send an acknowledging email to Pensions indicating that the file was received. The confirmation email must indicate the total number of records and the total dollar amount included on the transmission file, broken down by account type.

See **EXHIBIT N** for a sample **ACH Transmission File Acknowledgement Email**. Upon receipt and review of the ACH Transmission File Acknowledgment Email, Pensions will verify the file contents and notify the bank via email to process the ACH Transmission File.

## 8. ACH Notifications of Change (NOCs) Requirements

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 by the bank**. The bank's website must permit users the ability to search, view, print and download/save all NOCs. The following ACH NOC details must be accessible via the bank's Web-based Inquiry Communication System.

1	ACH settlement date
2	Transaction description
3	ACH change reason code
4	ACH change reason description
5	ACH changed data
6	Original company tracer number
7	Payee name
8	Payee Id number (assigned by Pensions)
9	Payee ABA and bank account number
10	Payee's bank tracer number

## 9. ACH Fail (Return) Requirements

ACH transactions are returned at the request of the RDFI for various reasons including but not limited to:

- Payee deceased
- Beneficiary deceased
- Representative payee deceased
- Account number not found
- Non-transaction account
- Invalid bank account number
- Account closed
- No account/unable to locate account

All ACH Fails must be accessible via the bank's Web-based Inquiry Communication System by **8:00 a.m. E.T. the morning after the fail is received by the bank**. The bank's website must permit users the ability to search, view, print and download/save all ACH Fails. Users must have the ability to search for ACH Fail items by selecting an account number and return date.

These items must appear on the bank's Web-based Inquiry Communication System with the following detail for each individual item:

1	Payee's bank tracer number
2	Payee name
3	Payee Id number ( assigned by Pensions)
4	Payee ABA and bank account number
5	Origination date of reversed item
6	Debit/Credit dollar amount
7	Return/Fail reason
8	Return correcting information

In response to an ACH Fail a credit memo must post to the originating Pension bank account. Depending upon the circumstances of the ACH Fail, Pensions may issue a replacement check to the payee.

In Calendar Year 2019, there were approximately **3,875 ACH Fails** experienced across all Pension Accounts.

**D. Check Disbursement Requirements and Services**

All the payroll disbursement accounts will be established as controlled disbursement, zero balance and payee positive pay accounts to be funded daily from the Pension Payroll Master Account.

The nine (9) accounts listed below will issue checks and require a variety of check disbursement services:

1	Teachers' Pension and Annuity Fund, ZBA Account
2	Public Employees Retirement System, ZBA Account
3	Police and Firemen's Retirement System, ZBA Account
4	Prison Officers' Pension Fund, ZBA Account
5	Consolidated Police and Firemen's Pension Fund, ZBA Account
6	Judicial Retirement System, ZBA Account
7	Central Pension Fund, ZBA Account
8	State Police Retirement System, ZBA Account
9	Supplemental Annuity and Collective Trust, ZBA Account

In Calendar Year 2019, there were five (5) checks disbursed from the Central Pension Fund, however, the ability to issue checks from this account is still a requirement.

**Please Note:** The check disbursement requirements detailed will be applicable to all the check disbursement accounts identified in this RFP and will not be repeated under each account information section.

## 1. (Standard) Check Payroll Issuance File Transmission Requirements

The State will electronically transmit the Standard Check Payroll Issuance File to the bank according to an established Standard Check Payroll Calendar **by 12:00 p.m. (noon) E.T.**, no later than the check mailing date for all the accounts.

Standard checks are mailed **no less than two (2) days prior to pay date** and are dated the first day of the month.

See **EXHIBIT O** for a **Sample Standard & Non-Standard Check Payroll File Layout.**

See **EXHIBIT P** for the **Anticipated (Standard) Check Payroll Schedule for 2021.**

*\*Please note this schedule is subject to change and may be updated or finalized prior to contract commencement.*

The State Office of Information Technology (OIT) will notify the bank immediately in the event of a Check Payroll File Transmission failure; likewise, the bank must notify the OIT if a transmission is not received in the timeframe established between the State and the bank.

OIT will continue attempting electronic transmission until successfully completed. In the event of a faulty transmission, and only as a last resort, the bank must be able to receive the check issue information via its Web-based Inquiry Communication System which will include the following information:

- Number of checks issued
- Beginning and ending check numbers
- Total dollar amount of transmission
- Check issue date
- Date of file upload

When data is received or transmitted electronically to the bank or by the bank, the bank must utilize adequate security techniques in order to insure the protection of the data and the integrity of the system. The bank must have the appropriate contingency plan, either manual or other, as a back-up procedure to receive and process the data.

## 2. (Non-Standard) Check Payroll Issuance File Transmission Requirements

A small number of non-standard payments (checks only) are issued up to four times a month and are based on a predetermined schedule, but not necessarily on the same dates every month. The non-standard payment information will be transmitted to the bank **no later than the check issuance date**. Any check reversal information will be included on the non-standard check issuance transmission.

See **EXHIBIT O** for a **Sample Standard & Non-Standard Check Payroll File Layout**.

See **EXHIBIT Q** for the **Anticipated (Non-Standard) Check Payroll Schedule Calendar Year 2021**. *\*Please note this schedule is subject to change and may be updated or finalized prior to contract commencement.*

## 3. “No fee” Check Cashing Services

Given the nature of the funds being disbursed from these accounts, State of New Jersey retirees must have access to **“no fee” check cashing services** at all member bank locations within New Jersey as well as in other States.

It is the State's requirement that the contracted bank maintain locations with check cashing capabilities in or in close proximity to each county of the State. All bid submissions must include a list of the bank's check cashing facilities located within New Jersey and broken down by county. All bid submissions must also include a map of the State which depicts the bank's check cashing facilities in New Jersey. The bank's ability and commitment to provide state-wide **“no fee” check cashing services** over the life of this contract will be a factor considered during the technical analysis of each bid submission.

All bid submissions must include a list of the bank's check cashing facilities located throughout the United States. The bank's ability and commitment to provide **“no fee” check cashing services** throughout the United States and over the life of this contract will be a factor considered during the technical analysis of each bid submission.

Upon presentation of acceptable identification (to be identified by each bidding bank) the bank must cash all checks presented for payment at all member bank locations in the United States as contracted by the bank **at no cost to the recipient.**

At the current time, the State of New Jersey is not in the position to explore alternatives to the check cashing requirements (i.e. pay card) alternatives. However, every year new legislation is introduced therefore it is possible that during the course of this contract term the State may invoke the *unanticipated services clause* to add either bank accounts or pay card services for non-direct deposit employees.

A check may not be cashed if any one or more of the following conditions exist:

- Improperly endorsed check
- Endorsement missing
- Incorrect or missing "Authorized Signature"
- Check amount altered
- Payee name altered

#### **4. Payee Positive Pay Services**

All checks presented for payment must be processed through the bank's payee positive pay system. With payee positive pay service, duplicate paid items, paid-no issue, debit/credit items or rejects should not exist on the bank reconciliation. These conditions should be researched by the bank, and if they are then found to be valid items, they are to be stripped and reentered into the system or corrected as required.

Once a check is processed through the bank's payee positive pay system and a decision/determination is made by Pensions the item/check must not be resubmitted.

Checks that are not bank errors and do not exactly match to the State's issue file are to be considered exception items. If the exception item(s) cannot be corrected by the bank, the item(s) must be electronically presented to Pensions for review and "pay/no pay" instructions. The Edit/Pay feature must be available to correct serial numbers and amounts.

Once the item is corrected, the bank must pay the item(s) according to corrections. If a check is being returned, the bank must allow the State to choose a return reason for the item (i.e. Stale date, Altered, Duplicate Paid, Refer to Maker). The default for all check disbursement accounts must be for the bank to return all exception items unless the State indicates otherwise.

## **5. Improperly Endorsed Checks**

Improperly endorsed checks returned to the bank by Pensions are not to be considered forged checks. A credit to the proper Pensions account and a credit memorandum must be provided by the bank and received by Pensions within **ten (10) working days** from the date sent. For all the Pension payroll accounts, there were no improperly endorsed check claims in Calendar Year 2019.

If an improperly endorsed check is not corrected within **60 days** after notification by the State, the State reserves the option to withhold the total check amount under investigation from the bank's monthly invoice submitted to the State.

## **6. Daily Outstanding Check File**

The bank must create an outstanding check file from the data contained in the check issuance file transmissions sent to the bank. Each day as the checks are cleared by the bank, a computer match must be made against the outstanding file by, check number and dollar amount. The bank will be required to reconcile each check disbursement account and maintain a daily outstanding check file for each account.

## **7. Outstanding Items and Fund Transfers**

It will be the State's policy to routinely cancel all outstanding checks that are over one (1) year old and transfer the funds back to the original check disbursement account.

Once a year, the bank will be responsible for transmitting an electronic file, containing all outstanding check items for all other accounts, in the required format to Pensions.

See **EXHIBIT R** for the **Incoming Outstanding Check File Layout**.

Pensions must have immediate access to paid items and outstanding checks via the bank's Web-based Inquiry Communication System.

Outstanding checks are required to remain on the bank's Web-based Inquiry Communication System until the bank is officially notified by the project manager to remove these items.

## 8. Paid Check Imaging, Storage and Retrieval Services

All paid items must be accessible to the State for **a minimum of seven (7) years from the paid date.**

State of New Jersey employees must have immediate access to paid items and outstanding checks via the bank's Web-based Inquiry Communication System that span back **eighteen (18) months from the issuance/paid date.**

The bank's Web-based Check Image Search System must provide drop down menus that allow the user to enter the following search parameters:

- Account number
- Check serial number
- Check paid date

The bank's web-based system must treat and present the front and back of the check as one single image.

In Calendar Year 2019, there were approximately **296,835 paid checks imaged** and **2,170 check image inquires** conducted via the bank's Web-based Inquiry Communication System.

The bank must include sample screen shots of paid check images retrieved from its Web-based Inquiry Communication System in its proposal.

## 9. Check Status Inquiry Requirements

The State must have the ability to electronically look up the status of a check via the bank's Web-based Inquiry Communication System

Under a tab titled "Check Status Inquiry" the bank must provide drop down menu where the user can select the account number and enter either a single check serial number or a range of check serial numbers.

A *check status search* must clearly result in the check's status being displayed as either:

- Outstanding –the check issue date must be displayed.
- Paid – the check paid date must be displayed with a link to view, print and save the paid check image. Note: All paid check images must include the front and back of the check.
- Stop – the *stop payment* date must be displayed.
- Not Found
- Cancel
- No information on file

The bank's Web-based Inquiry Communication System must be designed so that the user is not required to navigate through several applications in order to establish the status of a given check.

## 10. Stop Payments Requirements

The State must have the ability to issue electronic stop payments and remove stop payments via the bank's Web-based Inquiry Communication System. Users must have the ability to select the account number and enter either a single check serial number or a range of check serial numbers without the need to sign in for each individual stop payment request or stop payment range request.

The bank must provide a stop payment contingency plan that functions the same as an electronically issued stop payment. State personnel must have the ability to issue manual stop payments via email and telephone and have the ability to include a single check serial number or a range of check serial numbers.

In the event of a manual stop payment order, the bank must record the date, the time, the name of the bank representative receiving the order, and the name of the State representative placing the stop order. The bank must confirm all electronic and manual stop payments orders **no later than 8:00 a.m. E.T. the following day** either via email or via the bank's Web-based Inquiry Communication System.

All electronic and manual stop payments must be considered effective for that day's clearances and must remain in effect until the bank is officially notified by the project manager to remove the "stop payment".

Checks that have stop payment placed on them must be clearly identified on the bank's Web-based Inquiry Communication System and on bank statements as "outstanding" and having a "stop payment" in place. Stop payments must not be used to reduce the outstanding check totals on the bank's Web-based Inquiry Communication System or bank reports.

An original check on which a stop payment has been placed must be clearly identified on the bank's Web-based Inquiry Communication System and on bank statements as a "stopped item" indefinitely until the bank is officially notified by the project manager to remove the "stop payment".

In Calendar Year 2019, the State placed approximately **2,186 stop payments** via the bank's Web-based Inquiry Communication System and **zero (0) manual stop payments** were issued.

## **11. Replacement Checks Requirements**

The replacement check information may be part of the electronic check issue transmission file. In the event the replacement check issue information cannot be included on the check issue transmission file, the bank should be able to receive the replacement check and cancellation data via its Web-based Inquiry Communication System.

The bank's Web-based Inquiry Communication System must include a feature that will allow Pensions to upload a file (containing replacement check issue data and check cancel data of the "original" check) to the bank's ARP System. The State must receive

a *Confirmation Report* by **8:00 a.m. E.T the morning after** the file has been successfully uploaded and received by the bank.

The bank's ARP System must be capable of matching the check cancel data that is uploaded to the "original" check issue data on file. The bank's ARP System must perform a match against the "original" check number, account number and dollar amount. All accepted items and exception items (items that the bank's ARP System cannot match) must be provided on a *Confirmation Report* by **8:00 a.m. E.T the morning after** the file is uploaded to the bank's ARP system.

The *Confirmation Report* must include the following data:

- Transaction type
- Account number
- Check serial number
- Date of file upload
- Check amount
- Check status

The bank's web-based system must be able to accept multiple check issues and multiple check cancellations on a single screen without requiring the user to log-in after each transmission. The bank must provide a replacement check contingency plan that functions the same as the check issuance transmission. The bank must provide a detailed description of its replacement check contingency plan in its proposal.

When the State issues a replacement check, it will assign a new/unique check number to the replacement check. Only after the stop payment order for the original check is confirmed will the State issue a cancellation order for the original check to be removed from the *outstanding check file*.

All stop payment and check cancel orders will be initiated by authorized personnel from Pensions. The bank must not permit or accept stop payments or check cancels from unauthorized bank or State personnel.

In Calendar Year 2019, there were approximately **480 replacement checks** were issued by Pensions.

## 12. Check Forgery Investigation Requirements

The vendor bank will be responsible for the prompt investigation of all forgery claims and subsequent payment(s) to the State for all resolved claims.

The State will initiate all forgery investigations by forwarding an original notarized forgery affidavit and an imaged copy of the original check to the vendor bank. Note: The State will not provide a bank issued "Affidavit of Forgery" document unless one is demanded by the cashing bank responsible for conducting the forgery investigation.

Upon the receipt of a forgery claim, the vendor bank must immediately begin its investigation and assign each forgery claim with a unique case/reference number. The bank must acknowledge the receipt of each forgery claim by sending an email to Pensions containing the unique case/reference number, the name of the payee and the check number.

The vendor bank must complete each forgery investigation **within sixty (60) calendar days of receipt of the forgery affidavit unless the vendor bank is the cashing bank in which case the forgery investigation must be resolved within 21 days of the receipt of the affidavit.** If it is found that a thorough investigation cannot be completed within the aforementioned time frame (e.g. the cashing bank fails to make restitution or provide a "Letter of Denial") the vendor bank must issue a credit memo to the appropriate Pensions account.

If the vendor bank neglects to complete a forgery investigation **within sixty (60) calendar days of receipt of the forgery affidavit,** the State of New Jersey reserves the right to withhold the total check amount under investigation from the bank's monthly invoice.

If a forgery claim is found to be legitimate, the bank must credit the proper Pensions account. The forgery affidavit and canceled check will not be returned to the State.

If a forgery claim is found to be not legitimate, the vendor bank must notify Pensions via email and forward the original forgery affidavit, image copy of the canceled check and "Letter of Denial" along with a detailed explanation of the bank's findings. The

cause for denial of the forgery claim must be consistent with the general law of negotiable instruments and accepted by the State of New Jersey.

If the bank accepts/cashes an improperly endorsed check (i.e. not endorsed as drawn) or altered check (i.e. changed payee name or address) the bank must not treat the *improperly endorsed check(s)* as a forged item. Instead, the bank must issue the State a credit for the entire amount within **ten (10) banking business days**.

On a monthly basis, by the first week of the month, the bank must provide Pensions with a *Forgery Investigation Status Report* via email. The bank must provide a sample *Forgery Investigation Status Report* with its proposal for evaluation purposes. The forgery claims must be listed in account number order and contain the following details:

1	Payee name
2	State bank account number
3	Check issue date
4	Check number
5	Check amount
6	Date check was cashed
7	Receipt date of forgery affidavit
8	Status of forgery claim
9	Name of cashing bank
10	Response of cashing bank
11	Vendor bank assigned case number

The bank must not charge the State of New Jersey or the payee/claimant a fee for issuing or replacing a previously issued cashier's check.

In Calendar Year 2019, there were **zero (0) forgeries investigations** initiated for all accounts contained in this RFP.

### 13. Check Specifications

The State will order all laser check stock and print the checks with specifications as follows:

28 lb. Paper MICR/OCR Bond

7 ½" long, 2 ¾" high

The checks will have a ten (10) digit check number printed on the upper right hand corner of the check which will be MICR encoded on the bottom of the check. The State retains the right to change the check specification requirements upon **90 days** prior written notice to the bank.

### 14. Check Testing

For testing purposes, initially the State will provide the bank between 10 and 25 checks per account for testing purposes. If the bank requires more than 25 checks, please stipulate the quantity required in your proposal submission. Test checks will be made available to the bank when requested.

The State will make every effort to keep reject rates reasonable, i.e., within the standards set by the banking community.

### 15. ARP Requirements

The following check disbursement and ARP information will not be repeated under the individual check disbursement account write-ups. The following accounts will issue check disbursements and require Full ARP Reporting.

1	Teachers' Pension and Annuity Fund, ZBA Account
2	Public Employees Retirement System, ZBA Account
3	Police and Firemen's Retirement System, ZBA Account
4	Prison Officers' Pension Fund, ZBA Account
5	Consolidated Police and Firemen's Pension Fund, ZBA Account

6	Judicial Retirement System, ZBA Account
7	Central Pension Fund, ZBA Account
8	State Police Retirement System, ZBA Account
9	Supplemental Annuity and Collective Trust, ZBA Account

On a monthly basis the bank must provide Division of Pensions and Benefits with an electronic *Full ARP Report* for each account, to be received by **3:00 p.m. E.T. three (3) business days after the end of the calendar month.**

A *Summary Reconciliation Balance Sheet* must be included as part of the *Full ARP Report* and contain the following report elements for each account:

<b>Elements Needed on the Summary Reconciliation Balance Sheet:</b>	
1	Account title
2	Account number
3	Date the report is prepared
4	Cut-off date of transaction items
5	Previous outstanding balance
6	New issues received
7	New stops received
8	Total issues this cycle
9	Reject issues
10	Cancel issued
11	Additional adjustments
12	Checks paid no issue
13	Checks paid this period
14	Previous paid no issue received
15	Total paid checks matched to issues
16	New outstanding balance

On a monthly basis, the bank must supply an electronic *Full Reconciliation Report* containing detail backup information for all (checks paid, miscellaneous debits, credit adjustments, miscellaneous adjustments, debit adjustments, outstanding deletions, new issues received, manual issues, rejected issues, canceled issues, stopped issues, checks paid no issues, checks paid current period and checks received for previous periods) for all accounts.

All accounting items on *Summary Reconciliation Balance Sheet* report must be supported by detail backup information contained in the *Full Reconciliation Report*. The “new issues” monthly total figure must be supported by daily issue total summary reports; the paid checks’ total dollar amount must be supported by a detailed check paid information report; and all cancellations and adjustments must be supported by full detail explanations which include check numbers, amounts and issue dates for all items.

The *Full Reconciliation Report* must also include an *Unpaid Checks Details* which is a listing of outstanding checks as of the fund statement date. Stop payments must not be used to reduce the outstanding check totals. The report must contain the following information:

- Check Number
- Amount Paid or Outstanding
- Date Paid
- Date Issued
- Sequence Number
- Payee I.D. Number
- Explanation Field

The *Full Reconciliation Report* must also include a *Recap of Posted Items* for each account broken down by day and contain the posted items in the aggregate the number of transactions and the amounts posted with grand totals for the month. The report must contain the following information:

- Date
- Items
- Paid Checks
- Issues
- Stops Placed
- Stops Removed
- Issues Canceled

See **EXHIBIT S** for a **Sample Monthly ARP Report with Detail.**

On a daily basis, the bank must run a *Daily Issue Report* containing new issues and new cancels for each day. At the end of the month, this report must reconcile to the new issues and new cancels reported on the *Full Reconciliation Balance Sheet*. This report must be supplied to the Division of Pensions and Benefits through the bank's Web-based Inquiry Communication System on a monthly basis along with the *Full Reconciliation Balance Sheet* and corresponding backup detail listed above.

## **E. Description of Accounts**

### **1. Pension Payroll, Master Account**

This account will be established as the Master Account which will fund all the payroll disbursement accounts. There will be no checks written against the Master Account.

The State will fund the Master Account by a daily wire (**approximately 250 annually – In Calendar Year 2019, there were 237**) from the State's Cash Management Fund. The total amount wired-in will be based upon the aggregate of the intra-day controlled disbursement and ACH reporting provided by the selected bank. That aggregate amount will be wired to the bank that same day.

### **2. Teachers' Pension and Annuity Fund, ZBA Account**

In Calendar Year 2019, there were **62,365 checks cleared** totaling approximately **\$171 million** and **1,243,519 ACH disbursed** totaling approximately **\$3.9 billion** from this account.

See **EXHIBIT T** for the **Calendar Year 2019 - Check Clearance and ACH Disbursement Volumes and Dollar Amounts.**

**3. Public Employees Retirement System, ZBA Account**

In Calendar Year 2019, there were **183,432 checks cleared** totaling approximately **\$234 million** and **2,032,478 disbursed** totaling approximately **\$3.4 billion** from this account.

See **EXHIBIT T** for the **Calendar Year 2019 - Check Clearance and ACH Disbursement Volumes and Dollar Amounts.**

**4. Police and Firemen's Retirement System, ZBA Account**

In Calendar Year 2019, there were **50,838 checks cleared** totaling approximately **\$141 million** and **532,822 ACH disbursed** totaling approximately **\$2.1 billion** from this account.

See **EXHIBIT T** for the **Calendar Year 2019 - Check Clearance and ACH Disbursement Volumes and Dollar Amounts.**

**5. Prison Officers' Pension Fund, ZBA Account**

In Calendar Year 2019, there were **92 checks cleared** totaling approximately **\$72,000** and **646 ACH disbursed** totaling approximately **\$596,000** from this account.

See **EXHIBIT T** for the **Calendar Year 2019 - Check Clearance and ACH Disbursement Volumes and Dollar Amounts.**

**6. Consolidated Police and Firemen's Pension Fund, ZBA Account**

In Calendar Year 2019, there were **46 checks cleared** totaling approximately **\$47,000** and **583 ACH disbursed** totaling approximately **\$889,000** from this account.

See **EXHIBIT T** for the **Calendar Year 2019 - Check Clearance and ACH Disbursement Volumes and Dollar Amounts.**

**7. Judicial Retirement System, ZBA Account**

In Calendar Year 2019, there were **242 checks cleared** totaling approximately **\$1.1 million** and **8,154 ACH disbursed** totaling approximately **\$48 million** from this account.

See **EXHIBIT T** for the **Calendar Year 2019 - Check Clearance and ACH Disbursement Volumes and Dollar Amounts.**

**8. Central Pension Fund, ZBA Account**

In Calendar Year 2019, there were **five (5) checks cleared totaling approximately \$16,000** and **178 ACH disbursed** totaling approximately **\$239,000** from this account.

See **EXHIBIT T** for the **Calendar Year 2019 - Check Clearance and ACH Disbursement Volumes and Dollar Amounts.**

**9. State Police Retirement System, ZBA Account**

In Calendar Year 2019, there were **3,442 checks cleared** totaling approximately **\$10.3 million** and **40,715 ACH disbursed** totaling approximately **\$185 million** from this account.

See **EXHIBIT T** for the **Calendar Year 2019 - Check Clearance and ACH Disbursement Volumes and Dollar Amounts.**

**10. Supplemental Annuity and Collective Trust, ZBA Account**

In Calendar Year 2019, there were **692 checks cleared** totaling approximately **\$476,000** and **4,005 ACH disbursed** totaling approximately **\$2.5 million** from this account.

See **EXHIBIT T** for the **Calendar Year 2019 - Check Clearance and ACH Disbursement Volumes and Dollar Amounts.**

**F. Web-based Inquiry Communication System**

The bank must provide the State with web access to account information. The proposed web based system must be menu driven. All accounts must be accessible from the web.

Only authorized State personnel will be permitted to initiate inquiries via the Web-based System. The authorized personnel will be identified after contract award.

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.**

During the implementation and testing phases, all systems and modules must be explained and demonstrated to representatives from the Division of Pensions and Benefits. The bank must provide adequate training to ensure that State personnel thoroughly understand all web-based system applications, security features, report functions and can identify the codes indicated on all web-based report.

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.

The bank must have a viable disaster and recovery plan in place to back up all account data. Given the worst case scenario, the vendor must be completely functional **within (24) twenty-four hours of a major disaster**.

### 1. Web-based ACH Inquiry System

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

All ACH Credit and 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 (i.e. NOCs, Pre-Notes, Pre-Note Failures and ACH Fails) 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.

ACH Fail transactions items (i.e. ACH Pre-note Failures and ACH Fails) must contain the following transaction details:

1	Account number
2	Incorrect account number
3	Effective date (Settlement Date)
4	Amount
5	Reason for fail
6	Individual ID
7	Individual name
8	ACH trace number

The bank's Web-based ACH Inquiry System must provide users the ability to generate reports that can be downloaded into Microsoft Excel or PDF formats. Users must have the ability to search for ACH Fail items by selecting an account number and return date.

## **2. Web-based Check Inquiry System**

The bank's Web-based Check Inquiry System must provide State personnel access to all Check activity detail by **8:00 a.m. E.T.** The bank's Web-based Check Inquiry System must contain a **minimum of eighteen (18) months of the most recent outstanding items**, and a minimum of **eighteen (18) months of paid activity**.

The bank's Web-based Check Inquiry System must be updated daily to reflect new issues, paid items, canceled items and stop payments. The system must also grant authorized users the ability to enter check cancellation information of the original check. The bank's Web-based Check Inquiry System must have the ability to receive and process replacement check information.

Only authorized personnel from the State will be permitted to initiate inquiries. Authorized personnel will be identified for each account after contract award.

### **a. Check Status Inquiry**

The State must have the ability to electronically look up the status of a check via the bank's Web-based Inquiry Communication System

Under a tab titled "Check Status Inquiry" the bank must provide drop down menu where the user can select the account number and enter either a single check serial number or a range of check serial numbers.

*A check status search* must clearly result in the check's status being displayed as either:

- Outstanding –the check issue date must be displayed.
- Paid – the check paid date must be displayed with a link to view, print and save the paid check image. Note: All paid check images must include the front and back of the check.
- Stop – the *stop payment* date must be displayed.
- Not Found
- Cancel
- No information on file

The bank's Web-based Inquiry Communication System must be designed so that the user is not required to navigate through several applications in order to establish the status of a given check.

#### **b. Paid Check Imaging**

The bank must provide the State with web-based access to all paid check images. The bank's Web-based Check Image Search System must provide drop down menus that allow the user to enter the following search parameters:

- Account number
- Check serial number
- Check paid date

The bank's Web-based Check Image Search System must provide immediate access to check images that span back **seven (7) years from the check paid date**. The bank's web-based system must treat and present the front and back of the check as one single image.

The bank must include sample screen shots of paid check images retrieved from its Web-based Inquiry Communication System.

### **3. Web-based 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 Microsoft Excel 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 Credit and 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 (i.e. NOCs, Pre-Notes, Pre-Note Failures and ACH Fails) 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	Account Number
2	Settlement Date
3	Transaction Amount
4	Transaction Type (i.e. ACH Credit, ACH Debit, NOC, Pre-Note, Pre-Note Failure, ACH Fail)

**b. Balance Summary 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 balance summary 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	Beginning balance
2	Deposits and other adjustments
3	Deductions
4	Ending balance

#### 4. 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 the date and amount to be entered.

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 ensure 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 4:30 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 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 4:30 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

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.

Pensions must be able to view the status of a wire immediately after the wire is approved. A daily final *Confirmation Report* must be available to the State via the web-based system **no later than 3:00 p.m. E.T.** The State must be able to download this report into the Excel format and it must include the following details:

- Settlement date
- Type of wire
- Wire amount
- Account number debited
- Account number credited
- Status of the wire
- Federal reference number, if applicable

The bank must immediately notify the Division of Pensions and Benefits via email and telephone if a wire fails or is rejected. Division of Pensions and Benefits contacts will be established after contract award.

## **G. Bank Statements and Reporting**

Along with the reports listed below, the bank must include a list and samples of all major system full ARP and payee positive pay reports for Pension's review. At Pension's discretion, after reviewing the submitted reports, Pensions will determine which reports will be beneficial to them for reconciliation purposes and consequently which reports will ultimately be required. One bank report containing multiple data fields may eliminate the need for multiple reports.

As part of processing the checks and ACH transactions, the State requires that the bank provide reports to the State. The types of reports include, but are not limited to the following:

### **1. Daily Automated Balance Reporting**

All accounts identified in **EXHIBIT I Pension Payroll Services Account Structure and Funds Flow** and any future accounts established will require daily prior day balance reporting. The bank must deliver the file containing data in unencrypted BAI2 format directly to the State's vendor, Fidelity National Information Services, Inc., using Secure File Transfer Protocol (SFTP).

The bank must provide the account balance information in unencrypted BAI2 format every working day by **7:30 a.m. ET.**

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.

As technology improves and balance retrieval methods change, the State requires that the chosen bank remain flexible throughout the term of this contract as it relates to the method of securing balance reporting in unencrypted BAI2 format.

## 2. Daily Controlled Disbursement Reporting

All accounts identified in **EXHIBIT I Pension Payroll Services Account Structure and Funds Flow** and any future accounts established will require daily controlled disbursement balance reporting. The bank must deliver the file containing data in unencrypted BAI2 format directly to the State's vendor, Fidelity National Information Services, Inc., using Secure File Transfer Protocol (SFTP).

The bank must provide the account balance information in unencrypted BAI2 format via the State's vendor, Fidelity National Information Services, Inc., no later **than 10:15 a.m. E.T.**

The State requires electronic final notification of same day aggregate ACH and check clearance/settlement totals by account in unencrypted BAI2 format, no later **than 10:15 a.m. E.T.**

## 3. Monthly ARP Reports

The bank must provide Pensions the following reports to be received no later than **3:00 p.m. E.T. three (3) business days after the end of the calendar month** for the

preceding month's activity for the Master Account and all the ZBA accounts. These reports are to be available via the Web-based Inquiry System or provided via electronic transmission. These reports show the detail check issue information for the reconciliation period and all outstanding items for the past **18 months**.

- **Detail Credit Report** - reports all credit transactions.
- **Reconcilement Detail Report** - reports all stops, cancels, voids and exception check activity.
- **Detail Checks Report**- reports all posted checks, reversed checks, outstanding checks, cancelled checks and stop payments.
- **Detail Other Debits Report**- reports all debit transactions.
- **Balance By Date Report** - summarizes posted transactions and balances by day.
- **Issue By Date Report** - summarizes register transactions by processing day.
- **Input Not Accepted Report** - summarizes register transactions not accepted in the month.
- **Reconcilement Report** - summarizes register activity for the month
- **Recap Report** - summarizes posted transactions for the month.
- **Outstanding Items Report** - reports all outstanding issued registers in sequential order. The following fields of information must be included on the report:
  - Retirement Number (I.D. Number)
  - Account Name
  - Check Issue Date
  - Check Number

- Check Amount
- **Issue Notices Not Received Report** - reports all checks paid without issues for the month.
- **Stop Payments Report**- reports all stop payments.
- **Issues This Cycle Report** - reports all issues received in the month.
- **Unpaid Checks Report**- reports all outstanding, stops, voids, & cancelled checks.

See **EXHIBIT S** for a **Sample Monthly ARP Report with Detail.**

#### **4. Status of Forgery Investigations**

See **SECTION V., Letter D. Check Disbursement Requirements and Services, Number 12. Check Forgery Investigation Requirements** for the detail forgery information. The forgery investigation status report is to be provided to Pensions no later than **3:00 p.m. E.T. three (3) business days after the end of the calendar month** for the preceding month's activity for the Master Account and all the ZBA accounts.

#### **5. MICR Rejection Analysis Report**

This report must be produced monthly and be available in an email or secure web page format, at the State's discretion. The report should contain the total number of checks processed and the total number of failures including the reason for the failure (signal strength, extraneous ink, waveform, character formation, character spacing, character placement, skewing).

#### **6. Outstanding Checks Report (Purged Outstanding Items)**

This report is a sequential listing of all outstanding items on the bank system as of a certain period requested by the State. This information is used by Pensions to update

Pensions' records. See **EXHIBIT U** for the **Outstanding Checks Report - Purged Outstanding Items**.

Once a year, the State will request an outstanding checks report. Pensions require this report to be provided via electronic transmission.

## **H. Bank Statements**

A monthly bank statement is required for the Master Account and all the ZBA accounts. Pensions must have the capability to access and print all the bank statements online as of the end of the month. The appropriate detailed debit and credit memos, bank reconciliation reports, and the bank statement, must be provided and received by Pensions by the **3<sup>rd</sup> business day of the calendar month** for the preceding month's activity.

See **EXHIBIT V** for a **Sample Bank Statement**

## **I. Paid Check Image Retrieval and Retrieval Performance**

The State requires that the vendor provide the following services: imaging, storage, retrieval, and destruction services for canceled check as it offers efficient use of state and bank resources. Checks are required to be scanned, converted to electronic images, stored on computer media, and retrieved via the Internet. The bank will also be responsible for the storage of canceled checks until authorized for destruction by the State.

Under no circumstances shall the bank release any state record including copies and images of checks, bank statements, logs, etc., to anyone except authorized individuals of the State. All requests for State records should be referred to the Office of Management and Budget (OMB). Images should be stored in a manner that allows immediate retrieval via the Internet for checks imaged within one (1) year of cancellation and 24 hours for older records.

### **1. Paid Check Image Retrieval**

In Calendar Year 2019, the State retrieved approximately **296,835 paid check images online**. The front and back of a check must constitute one (1) image. The majority of

image retrieval activity usually occurs within nine (9) months from check issue date; however, the State occasionally needs to retrieve images dating back seven (7) years from date of issue.

Only authorized state or bank personnel should be permitted to initiate inquiries. In order to adequately protect state records the following security features should be built into the application:

- a. Vendor's system should include password access to the bank's web site;
- b. Vendor's system should offer client access control that allows Division of Pensions and Benefits to internally establish State users and user access; and,
- c. Vendor's system should provide the ability for OMB to limit State user's access to designated bank accounts.

Images retrieved must display both front and back of check, print locally as a single document, and include a certification of authenticity statement on the print out.

The bank's web-based *Check Inquiry System* must provide the State the ability to perform successful searches based on the following criteria:

Individual and multiple check searches;
Information contained in MICR line including;
a. Account Number
b. Amount
c. Check Number and Data Range
Data Range searches enable users to define a period of time during which a check may have been cashed as the state has the potential to re-cycle check serial numbers every 3-5 years.

## 2. Image Retrieval Performance

The State recognizes that Internet usage and bandwidth between the State and Bank impact response times; however, the State expects the following processing time performance once an inquiry has been received by the bank system:

1.	For search inquiries of checks(s) imaged (paid) within
	180 days of the inquiry date, the bank system should
	return the first image within 20 seconds of receiving
	the request.
2.	For search inquiries of check(s) imaged (paid) greater than
	180 days from the inquiry date, the bank system should return
	the image within 40 seconds of receiving the request.

If during the course of retrieval, the bank is unable to produce a legible copy of the image, the bank, **at no additional cost to the state**, should obtain a copy of the check from the bank of first deposit **within three (3) business days**.

#### **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 vendor 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 ongoing training, etc.

1	ARP reconciliation
2	ACH transmissions
3	ACH inquiries, fails, pre-notes
4	Check status inquiry problems
5	Controlled disbursement reporting
6	Wire room
7	Daily balance reporting
8	Check testing
9	Bank Statements, credits and debits
10	Invoice and bank analysis
11	Courier pickup and delivery service
12	Forgeries
13	Training

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. Training**

The bank must provide adequate training both initially and ongoing 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.

Approximately **40 employees** (including system administrators) in Pensions will require system training.

#### **L. Implementation and Testing**

The bank must provide a detailed implementation and testing schedule starting on the date of contract award and ending prior to **May 1, 2021**.

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

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

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

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

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.

The bank must provide an implementation schedule (to include training and testing) starting with the anticipated award date through contract commencement, and beyond if applicable (for any possible follow-up issues). Provide details where relevant. Include both the bank and State personnel resources that will be required to fulfill the tasks or milestones as proposed and achieve the contract commencement date.

**VI. 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 VII., 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.

## VII. 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 I. TERMS AND CONDITIONS, SECTION II. OTHER MANDATORY PROVISIONS** and **SECTION III. PAYMENT METHOD AND TERMS** will be considered materially non-responsive and therefore rejected.

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

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

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

1. Confirm the bank maintains a strong branch presence throughout the State of New Jersey. Include a detailed list of all bank locations throughout the State; broken down by county. In addition all bid submissions must also include a map of the State which depicts the bank's check cashing facilities in New Jersey. Also, all bid submissions must include a list of the bank's check cashing facilities throughout the United States.

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

2. Confirm the bank understands and accepts all the **TERMS AND CONDITIONS, OTHER MANDATORY PROVISIONS** and **PAYMENT METHOD AND TERMS** of this Request for Proposal (RFP).
3. Identify any and all subcontractors, its officers, the contractual arrangements made therewith and state what services will be subcontracted. Confirm the bank will provide the State with **90 days** written notice prior to employing or replacing a subcontractor. Confirm that no replacement firm will begin work without prior State approval.

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

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

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

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

5. The Bidder must state whether it has had a contract terminated for default in the last **five (5) years**. Termination for default is defined for these purposes as notice to stop performance delivery due to non-performance or poor performance and non-performance was either: not litigated due to inaction of the Bidder; or, litigated and determined that the Bidder was in default.
  - a. If the Bidder has had such a contract termination, the proposal should contain full details including the party's name, address and telephone number. The Bidder should explain the action taken to correct the problems involved prior to contract termination.
  - b. If the Bidder has not had a contract terminated for default in the last five (5) years state this fact clearly.
6. Confirm the bank's understanding of the State's file protocol and methods of file transmission depicted in **EXHIBIT A State of New Jersey OIT File Transfer Guide**. The bank must clearly identify any/all methods of file transmission depicted in **EXHIBIT A State of New Jersey OIT File Transfer Guide** that it can support.

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

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

7. Confirm that bank will maintain all records and other documentation needed for the execution of this contract. Confirm the records will be made available to the State during the contract term and for a period of **seven (7) years from the date of final payment**.

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

8. Respond to **SECTION II. 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) prior to the time of the contract award.
- 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 bank’s system will be completely functional within **48 hours** of a major disaster.
  - i. **Destruction Requirements:** Confirm the bank will destroy all public documents in accordance with State regulations and follow the retention schedule promulgated by NJDORES.
9. Confirm the compensating balance will 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. Confirm the earnings rate will be determined from the average of each month’s 13-week Treasury bill yield auction results.
10. Provide the names and contact information for the officers and management personnel (including any subcontractors’ personnel, if applicable) who will be responsible for the fulfillment of the services requested herein; e.g. daily operations, electronic reports, file transmission issues, daily balance reporting, invoices/analysis, bank statements, earnings credit rate, controlled disbursement, payee positive pay, zero balance accounts, ACH services (i.e. debit blocks, pre-note processing and pre-note failure reporting), Web-based Inquiry Communication System to perform account detail/summary look ups (i.e. pre-note failures, NOCs, paid check images and transaction detail information) and to initiate transactions (i.e. stop payments, payment cancels, payment issues, wires and fund transfers), disaster and recovery, technology issues, customer services, implementation and testing, and training.

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

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

11. 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; ACH and Check disbursement services, controlled disbursement, payee positive pay, zero balance accounts, earnings credit rate, bank reconciliation, daily balance reporting, ACH debit blocks, ACH Pre-note processing, ACH sending capabilities, access to the bank's Web-based Inquiry Communication System to complete inquires and to perform/initiate transactions. If possible, provide references with activity volumes equal to or greater than those depicted in this RFP. Include any other information concerning the bank's experience that would assist the State in evaluating the bank's capabilities.
  
12. Describe in detail the bank's customer service operation, procedures, turnaround/response times, and staffing levels. Complete customer service capabilities and resources may be reviewed at an oral presentation or viewed and critiqued by the committee if a site visit is requested by the State.
  
13. Confirm that all accounts established as a result of this RFP will be established as "Preferred Status" accounts. Confirm that all accounts will be established with a credit line sufficient to cover all daylight overdrafts without penalty or additional charge to the State, and all checks and wires will be honored regardless of the current balance in the account(s). Confirm the bank will cover overdrafts on those occasions when there is a non-bank holiday.
  
14. Confirm that the bank is a member of the Federal Reserve Direct Wire System. Provide a detailed description of the bank's Web-based Wire Transfer System and include sample screen shots. Confirm Pensions will be able to view the status of a wire immediately after the wire is approved. Confirm a daily final *Confirmation Report* will be available to the State via the bank's web-based system **no later than 3:00 p.m. E.T.**

Confirm the bank can comply with the State's requirement to wire transfer funds upon request without regard to the balance in the account. Define and 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.

Confirm the State will have access to a toll-free "wire transfer help desk" during normal State working hours, **8:00 a.m. E.T. to 4:30 p.m. E.T.**

Confirm the bank will promptly respond to all State wire instructions no later **than thirty (30) minutes** after receipt of the instruction from the State

Confirm the bank will provide a prompt response to all wire instructions regardless of temporary overdraft position.

15. 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 PPD file transfer sending and receiving capabilities.

16. Confirm the bank can support ACH File Transmissions in the PPD format. Confirm the bank can process an ACH file received only (1) day prior to the schedule payroll settlement date.

Confirm bank personnel will call the State of Office of Information and Technology Operations personnel **by 10:30 a.m. E.T.** if a scheduled file is not received by 10:00 a.m. E.T. If it is determined by the State, that both parties have exhausted all acceptable electronic file transmission options available, confirm the bank will make courier arrangements to pick up a CD-ROM or DVD-ROM.

17. Confirm that all ACH transaction items will be accessible to the State via the bank's Web-based Inquiry Communication System **by 8:00 a.m. E.T. the same day of settlement.** Confirm that all other ACH transaction items (i.e. Pre-notes, Pre-note Fails, NOCs and ACH

Fails) will be accessible to the State via the bank's Web-based Inquiry Communication System by **8:00 a.m. E.T. the morning after the transaction item is received by the bank.**

Confirm the bank's Web-based Inquiry Communication System will supply the details/elements requested in the RFP text for (i.e. Pre-notes, Pre-note Fails, NOCs and ACH Fails). Confirm that users will have the ability to search for ACH Fail items by selecting an account number and return date.

18. Confirm the bank has the ability to delete individual ACH Transaction Items from the ACH Transmission File prior to the bank releasing the ACH Transmission File to the ACH Clearinghouse.

Confirm Pension's personnel will have the ability to enter ACH Reversals via the bank's Web-based Inquiry Communication System after the bank has released the ACH Transmission File to the ACH Clearinghouse.

Confirm the bank's ability to honor the State's request to reclaim funds that were issued to a retiree (five (5) or more days after settlement). Confirm the bank's ability to accept and honor the State's ACH Reclaim Transmission File as depicted in **EXHIBIT M.**

19. Will the bank require the State to repeat pre-note testing for pre-authorized direct deposit recipients? Will the bank charge the State a fee to repeat the pre-note testing for pre-authorized direct deposit recipients? If so, the bank must include the per item fee for repeat pre-note testing on its cost schedule sheet.
20. Confirm that all accounts established as a result of this RFP will be protected against unauthorized ACH debit activity. Confirm the bank will notify Pensions immediately via email if unauthorized attempts are made to access State funds. Confirm the bank will cooperate with Pensions personnel and other State officials to identify violators and to protect the integrity of all State bank accounts.
21. Acknowledge the bank understands the State reserves the right to increase or decrease the number of accounts and change the payment types issued from these accounts during the course of the contract term. Acknowledge the bank understands the State will require prior day and intra-day reporting for all accounts established as a result of this RFP.

22. Describe the bank's zero balance account (ZBA) procedures/capabilities. How will the bank ensure the accounts reflect a \$0.00 opening balance?
23. Confirm the bank will cash all checks presented for payment at all member bank locations in New Jersey as well as other states, **at “no cost” to the recipient**. The bank must provide a current list of all its check cashing facilities in the State of New Jersey. The list should be organized by county. The bank should also include a map of the State with locations of all available check cashing facilities depicted.

The bank must include a list of check cashing facilities located throughout the United States.

Provide specific demographics pertaining to these locations; e.g., maximum number of tellers, lobby size, ATM presence, hours of operation, etc. If the bank maintains extended hours of operation on particular days please detail the timeframes.

Confirm the bank's commitment to providing **“no fee” check cashing services** at all member bank locations over the life of this contract.

Define what forms of identification will be considered “acceptable forms of identification” by all member bank locations.

24. Confirm the bank will not cash a check if any one or more of the following conditions exist: improperly endorsed check, endorsement missing, incorrect or missing authorized signature, check amount altered or payee name altered. Confirm that improperly endorsed checks will not be considered forged items on the bank's Web-based Inquiry Communication System or bank reports.
25. Describe the bank's Payee Positive Pay services and procedures. Detail the bank's procedures and turnaround times, given the State's requirements as outlined in this RFP, concerning exception items. Confirm the default for all check disbursement accounts will be for the bank to return all exception items unless the State indicates otherwise.

Confirm checks that do not exactly match the State's issue file will be electronically presented to Pensions for review and “pay/no pay” instructions. Confirm the bank's Web-based Inquiry

Communication System has an edit feature available to correct check serial numbers and check amounts.

Confirm the bank will not permit checks to be resubmitted after a determination/decision has been reached by the State.

26. Confirm the bank's ability to create an outstanding check file from the data contained in the check issuance file transmissions sent to the bank. Confirm that as the checks are cleared by the bank, a computer match will be made against the outstanding file by, check number and dollar amount. Confirm the bank will reconcile each check disbursement account and maintain a daily outstanding check file for each account.
27. Confirm the bank's ability to transmit an electronic file to the Division of Pensions and Benefits containing all outstanding check items for all accounts in the format depicted in **EXHIBIT R Incoming Outstanding Check File Layout**. The bank must indicate in its proposal if it requires a certain amount of time to produce the file.
28. Confirm that State of New Jersey employees will have immediate access to paid check images and all paid items that span back **eighteen (18) months from the paid date** via the bank's Web-based Inquiry Communication System.

Confirm that all paid items will be accessible to the State for a **minimum of seven (7) years from the paid date**.

Confirm the bank's Web-based Inquiry Communication System contains a *Check Status Inquiry Module* and a *Paid Check Imaging Module*. Confirm these modules will permit users the ability to search by check status, check stops, range stops, paid items and check image. Confirm the bank's web-based system will treat and present the front and back of a paid check as one single image.

Confirm the Web-based Inquiry System will provide all the functionality without the user navigating through different screens to establish status. The bank must provide sample screen shots of paid check images retrieved from the bank's *Paid Check Imaging Module*.

29. Confirm the bank's Web-based Inquiry Communication System permits users the ability to search, view, print and download/save transaction items. The bank must provide sample screen shots for each of the web-based reporting modules required by the State.

The sample screen shots will serve as confirmation that the bank's web-based system is capable of providing the transaction detail and reporting elements required by the State. Failure to provide the required sample screen shots will result in an unfavorable score during the evaluation process.

30. Confirm the bank's Web-based Inquiry Communication System contains a *Stop Payment Module* that permits authorized State employees to electronically issue stop payments and remove stop payments via the bank's Web-based Inquiry Communication System. Confirm users will have the ability to select an account number and enter either a single check serial number or a range of check serial numbers without the need to sign in for each individual stop payment request.

Confirm the bank has a stop payment contingency plan in place that functions the same as electronic stop payments. Confirm the bank will acknowledge all electronic and manual stop payments orders **no later than 8:00 a.m. E.T. the following day**.

Confirm that all electronic and manual stop payments will be clearly identified on the bank's Web-based Inquiry Communication System and on bank statements as "outstanding" and having a "stop payment" in place.

Confirm the stop payments will become effective for that day's clearance and will remain in effect until instructed by the project manager to remove the "stop payment". Confirm the bank will not use stop payments to reduce outstanding checks balance.

31. Confirm the bank's ability to receive and process replacement check information via the electronic check issue transmission file.

Confirm the bank's Web-based Inquiry Communication System includes a feature that will allow Pensions to upload a file (containing replacement check issue data and check cancel data of the "original" check) to the bank's ARP System. The State must receive a *Confirmation Report* by **8:00 a.m. E.T. the morning after** the file has been successfully uploaded and received by the bank.

32. Confirm the bank can meet the *Check Forgery Investigation and Improperly Endorsed Check* requirements as stipulated in the RFP text including the stipulated **sixty (60) day** turnaround time for payment to the State? Confirm the bank will not charge the State of New Jersey or the payee/claimant a fee for issuing or replacing a previously issued cashier's check. What assurances can the bank provide the State that your bank will be proactive/aggressive regarding forgery investigations?

Confirm the bank's ability to email Pensions a monthly *Forgery Investigation Status Report* containing the details required in this RFP. The bank must provide a sample *Forgery Investigation Status Report* for evaluation purposes.

33. Confirm the bank's ability to deliver an electronic *Full ARP Reports* for each account to be received by **3:00 p.m. E.T. three (3) business days after the end of the calendar month.**

The bank must provide sample electronic copies of its *Full ARP Report* including: *Summary Reconciliation Balance Sheet, Full Reconciliation Report, Unpaid Checks Details* and *Recap of Posted Items*. The sample reports will be evaluated to confirm the bank's ability to deliver data according to **EXHIBIT S Sample Monthly ARP Report with Detail.** Failure to provide the sample reports will result in an unfavorable score during the evaluation process.

Confirm the bank's ability to deliver an electronic *Full Reconciliation Report* containing detail backup information (i.e. checks paid, miscellaneous debits, credit adjustments, miscellaneous adjustments, debit adjustments, outstanding deletions, new issues received, manual issues, rejected issues, canceled issues, stopped issues, checks paid no issues, checks paid current period and checks received for previous periods) as The bank must provide a sample of its *Full Reconciliation Balance Sheet* and backup detail information for evaluation purposes.

Confirm the bank's ability to deliver a *Daily Issue Report* containing new issues and new cancels for each day at the end of each month as depicted in the RFP via the bank's Web-based Inquiry Communication System. The bank must provide sample screen shots of its *Daily Issue Report* for evaluation purposes.

34. The bank must describe its *Automated Reconciliation Services* and include in its proposal a sample report or mockup of all the *ARP Reports* as requested in the RFP with explanations

for codes, abbreviations, etc. The bank must indicate the bank's ability to provide the reports on the specified media (i.e. email, web-based, hard copy and CD-ROM).

35. Confirm the bank's ability to accept transmission files **five (5) days a week** as discrete files and **not** as corrections/rewrites of previously sent files.

Confirm the bank's ability to email and telephone OIT personnel if a transmission is **not** received within the timeframe established between the State and the bank.

Confirm the bank's ability to send OIT Production Services an *ACH Transmission File Acknowledgment Email* containing the total number of records and the total dollar amount of the State's transmission file within **one (1) hour of file receipt**.

36. In the event that the bank cannot successfully transmit a file to the State, confirm the bank will email and telephone OIT Production Services **within 1 hour after the scheduled time**.

37. Confirm the bank's ability to electronically provide the daily required automated balance reporting (prior and intra-day) as defined in the RFP **by 7:30 a.m. & 10:15 a.m. E.T. respectively** in the unencrypted BAI2 format directly to the State's vendor, Fidelity National Information Services, Inc., using Secure File Transfer Protocol (SFTP).

Describe the bank's controlled disbursement capabilities. For the month of August 2019, what was the earliest and latest time that final presentment was provided to the bank's controlled disbursement clients?

Confirm the bank will accommodate the State's **10:15 a.m. E.T.** final presentment requirement, as defined in the RFP. On occasion when the bank is unable to meet the **10:15 a.m. E.T.** deadline, what alternative will be used to supply the State with the required data/totals?

38. Confirm the bank's ability to provide aggregate ACH and check clearance/settlement totals by account for both 1<sup>st</sup> and 2<sup>nd</sup> presentments via the bank's Web-based Inquiry Communication System. The bank must provide sample screen shots of both the web-based 1<sup>st</sup> and 2<sup>nd</sup> presentments for evaluation purposes.

39. Confirm the bank's ability to deliver a monthly *MICR Rejection Analysis Report*. Indicate which format the bank will deliver this report in (hardcopy, email or secure web page format).

Indicate the number of checks required for initial testing purposes and how often testing will be required?

Confirm the State will not incur a fee for MICR testing services (both initially and ongoing). Confirm the bank will deliver initial MICR testing results to the State within **five (5) business days**.

Define the bank's MICR Rejection Standards and what penalties will be incurred by the State if these standards are met.

40. Confirm the bank's ability to supply a sequential listing of all outstanding items on the bank system as of a certain period requested by the State. Confirm this report will adhere to **EXHIBIT U Outstanding Checks Report - Purged Outstanding Items**.

41. Confirm the bank's ability to provide a monthly bank statement for the Master Account and all the ZBA accounts as depicted in the RFP. Please provide sample copies for evaluation purposes.

42. Confirm the bank's ability to meet ALL the requirements outlined in this RFP, including but not limited to: account services and maintenance, daily automated balance reporting, required bank reports/files, monthly invoice and analysis, ACH and Check disbursement services (including debit block), ACH reporting, ACH file transfers, access to the bank's Web-based Inquiry Communication System (including: account data information, ACH detail information and wire transfer functionality). The bank must reveal all services defined in the RFP that it cannot provide according to the specifications. The bank should indicate why the bank cannot deliver the service or standard as requested.

43. Confirm the bank will supply a minimum of **three (3) sets** of operating manuals with any subsequent additions, deletions or revisions to the manuals forwarded to the State promptly.

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

44. Provide a detailed implementation schedule to achieve the **May 1, 2021** contract commencement requirement. Provide beginning and end dates for each of the critical RFP requirements: opening of bank accounts, establishing account administrators, training State personnel, providing access to the bank's Web-based Inquiry Communication System (including: account data information, ACH detail information, stop payments, and wire transfer functionality). The implementation and testing schedule must include a least one face to face post implementation meeting.

Provide a detailed breakdown of the timeframes and resources required to establish and test the information exchange communications between the State and the bank pertaining to file transfer testing, automated balance reporting testing, Pre-note testing, MICR/check testing. Define both State and bank personnel commitment requirements during the conversion process. Disclose any factors that may impact the proposed deliverable schedule.

## VIII. 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 must 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 are appropriate for this RFP. It is not necessary to provide pricing for each category. When completing the pricing schedule, place an "NA" in each category for which a charge is not applicable. Banks, however, must bundle their pricing categories to best accommodate the pricing categories contained on the current Cost Schedule. If a bank must add a new pricing category, the bank must clearly define the new category of service, explain any association the new category has with existing pricing categories on the Cost Schedule and provide a clear method of measurement for the additional pricing element.

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

	<b>Account Services and Maintenance</b>		
1	Account Maintenance Fee	\$	/Account/Month
2	Daily Balance Reporting (Automated Prior Day BAI2)	\$	/Month
3	Daily Balance Reporting (Automated Intra Day BAI2)	\$	/Month
4	ZBA Monthly Account Maintenance	\$	/Account/Month
5	Controlled Disbursement	\$	/Account/Month
6	Wires-Out	\$	/Per Wire
7	Wires-In	\$	/Per Wire
8	Book to Book Transfers (Not ZBA transfers)		/Per Transfer
	<b>Check Disbursement Services</b>		
9	Checks Paid (Payee Positive Pay)	\$	/Per Check
10	Forgery Investigation	\$	/Per Investigation
11	Stop Payment (Manual)	\$	/Per Stop
12	Stop Payment (Web-based)	\$	/Per Stop
13	Stop Payment (Range)	\$	/Per Range
	<b>ACH Services</b>		
14	ACH Item Received (In)	\$	/Per Item
15	ACH File Transmission	\$	/Per Transmission
16	ACH Pre-note	\$	/Per Item
17	ACH Credits (Payments Out)	\$	/Per Credit
18	ACH Debit Block	\$	/Account/Month
19	ACH Returns	\$	/Per Item
20	ACH Transaction Deletion (prior to file delivery to ACH Clearinghouse)	\$	/Per Item

21	ACH Transaction Reversal (after file delivery to ACH Clearinghouse)	\$	/Per Item
22	ACH Reclaim (5 + more days after settlement)	\$	/Per Item
	<b>Web-based Services</b>		
23	Web-based Product Maintenance (if applicable)	\$	/Month
24	Web-based Check Status Inquiry	\$	/Per Inquiry
25	Web-based ACH Inquiry	\$	/Per Inquiry
26	Web-based Paid Check Image Maintenance	\$	/Month
27	Web-based Paid Check Image (All Items Imaged)	\$	Per Item
	<b>(or)</b>		
	Web-based Paid Check Image (Per Image Viewed)	\$	Per Item Imaged
	<b>Programming Fees</b>		
28	Programming Fees (If Applicable)	\$	/Per Hour