

Office of the Illinois State Treasurer
Michael W. Frerichs

Request for Proposals Banking Account Processing Services
370-500-19-018

Addendum 1
March 22, 2019

Below are the questions received by the Office of the Illinois State Treasurer (“Treasurer”) prior to the deadline stated in the Request for Proposals Banking Account Processing Services (370-500-19-018) (“RFP”) published by the Treasurer on February 28, 2019, along with the Treasurer’s responses to those questions. Any capitalized terms that are not defined herein have the meaning set forth in the RFP.

1. What are the specific goals that the Treasurer wishes to accomplish as a result of the issuance of the RFP?

Refer to Sections II and III of the RFP for an explanation of the RFP and its requirements.

2. Does the Treasurer have a process improvement “wish list” around their current treasury management processes?

Refer to Sections II and III of the RFP for an explanation of the RFP and its requirements.

3. Does the Treasurer wish to obtain further information or recommendations on any specific product/enhancements to existing or future treasury services?

Refer to question IV.B.25 for a discussion of additional services.

4. What accounting software(s) or ERP system does the Treasurer utilize?

The Treasurer currently uses Microsoft Office products and an in-house developed system. These are currently under review by a treasury management system (“TMS”) consultant.

5. If the respondent is unable to accommodate or meet all or part of the outlined RFP requirements, does this automatically disqualify them? Would the Treasurer be open to alternative proposals/solutions?

The Treasurer welcomes Proposals that may not provide all Services, though any such deficiency may be reflected in the Treasurer’s evaluation

of the Proposal. Proposals should include, in the answer to Section IV.B.11 of the RFP, identification of any such Services Respondent cannot provide. Note that Section IV.B.25 of the RFP solicits any such alternative products or services, confirming however that the Treasurer ultimately will determine any implementation of such products or services.

6. Regarding Section III.B of the RFP, the Treasurer has provided the daily settlement volumes for ACH origination in Exhibit D. Are these file totals reflective of both ACH originated debits and credits? Or, are these ACH credits only? ACH debits only?

The daily volumes in Appendix D Daily ACH Transactions are a total of debits and credits initiated by the Treasurer and are balanced files.

7. Regarding Section III.B of the RFP, in reviewing Appendix D, it appears ACH settlement dollars can peak at ~ \$2.6 billion. Are these file totals reflective of both ACH originated debits and credits? Or, are these ACH credits only? ACH debits only? Is this seasonal activity?

The peak of \$2.6 billion can be attributed to a bond sale. The daily volumes in Appendix D Daily ACH Transactions are a total of debits and credits initiated by the Treasurer and are balanced files.

8. Regarding Section III.B of the RFP, can the Treasurer provide an average daily originated ACH credit amount? Debit amount?

Please refer to Appendix D Daily ACH Transactions. The daily volumes are a total of debits and credits, balanced files, initiated by the Treasurer.

9. Regarding Section III.B of the RFP, can the Treasurer provide Appendix D in an excel/.csv format or electronic format to the respondents?

An excel copy of Appendix D Daily ACH Transactions will be posted along with this Addendum.

10. Regarding Section III.B of the RFP, should the respondent not be able to fully underwrite the ACH origination exposure for the Treasurer, would the Treasurer be willing to “split” the ACH origination activity amongst the finalists?

Proposals should include, in the answer to Section IV.B.11 of the RFP, identification of any Services Respondent cannot provide. However, please include any such alternative proposals in your response to Section IV.B.25 of the RFP. The Treasurer may consider any such proposals.

11. Regarding Section III.B of the RFP, secondly, should the respondent not be able to fully underwrite the ACH origination exposure for the Treasurer, would the Treasurer be willing to “pre-fund” ACH origination activity?

Proposals should include, in the answer to Section IV.B.11 of the RFP, identification of any Services Respondent cannot provide. However, please include any such alternative proposals in your response to Section IV.B.25 of the RFP. The Treasurer may consider any such proposals.

12. Regarding Section III.J of the RFP, if the respondent cannot accept balanced ACH files, does this automatically disqualify them? Would the Treasurer be open to alternative proposals/solutions?

The Treasurer welcomes Proposals that may not provide all Services, though any such deficiency may be reflected in the Treasurer’s evaluation of the Proposal. Proposals should include, in the answer to Section IV.B.11 of the RFP, identification of any such Services Respondent cannot provide. Note that Section IV.B.25 of the RFP solicits any such alternative products or services, confirming however that the Treasurer ultimately will determine any implementation of such products or services.

13. Regarding Section III.Z of the RFP, would the Treasurer be able to provide a sample template for both ACH and Wire to the bank respondents?

The industry standard banking information is currently utilized for all ACH and Wire transfer templates.

14. Regarding Section III.Z of the RFP, should the bank respondent not be able to accommodate this request, would this disqualify the proposal? Would the Treasurer be open to alternative proposals/solutions?

The Treasurer welcomes Proposals that may not provide all Services, though any such deficiency may be reflected in the Treasurer’s evaluation of the Proposal. Proposals should include, in the answer to Section IV.B.11 of the RFP, identification of any such Services Respondent cannot provide. Note that Section IV.B.25 of the RFP solicits any such alternative products or services, confirming however that the Treasurer ultimately will determine any implementation of such products or services.

15. Regarding Section IV.B.9 of the RFP, does the Treasurer want the respondent to provide government/public sector references ONLY or can the respondent also supply commercial/private sector references as well?

Whichever references are most similar to the services sought. Private sector references are acceptable.

16. Can the Treasurer please provide an editable electronic copy of “Appendix H” so the respondent can complete?

An excel copy of Appendix H Proposed Cost Structure will be posted along with this Addendum.

17. Regarding Section IV.C of the RFP, would the Treasurer be open to alternative contract proposals outside of a two-year period?

Any additional such proposals should be offered in addition to the specific information requested in Section IV.C of the RFP.

18. Regarding Section IV.C of the RFP, could the Treasurer please clarify the requirement that Respondent “indicate which amounts, if any, shall be paid to subcontractors”?

If Respondent intends to use subcontractors to provide the Services, please identify in your cost proposal any portions of that cost that would be ultimately paid to Respondent’s subcontractors.

19. By what date will respondents be notified if they are invited to the finalist interview?

While unable to commit to a timeframe, the Treasurer will endeavor to provide several days’ notice.

20. Regarding Section VI.A of the RFP, should a respondent choose not to or be able to respond to all requirements outlined in the RFP would they automatically be disqualified? Or, are they able to submit alternative proposals/solutions?

Proposals not meeting the requirements of Section VI.A will be disqualified. However, please note, for example, that a Respondent can meet such requirements (e.g. “answer all questions in Section IV.B of this RFP”) simply by ensuring information is provided as requested.

21. A takeaway from the Bidder’s Teleconference was to present a question regarding Appendix H Proposed Cost Structure. We are instructed to provide our pricing next to the volumes in Appendix H and if no volume is listed to still provide our price. Can Illinois State Treasurer provide Appendix H in an excel format??

An excel copy of Appendix H Proposed Cost Structure will be posted along with this Addendum.

22. What are the expected balances in the accounts?

The current provider sweeps the collected balance to zero, excluding the Estate Tax Account. The average balance in the Estate Tax account is \$135,000. Refer to Appendix E Daily Sweep Repurchase Agreement Investments FY 2018 as it provides the collected funds that were available at the close of business each day for investment purposes.

23. Will the 2 check writing accounts be controlled disbursement or regular disbursement?

Respondent should provide all available options.

24. Will both accounts have positive pay and positive payee?

Currently the Treasurer utilizes positive pay with positive payee, though Respondent should provide all available options.

25. How many stop payments per month?

There were a total of six stop payments placed between the two check writing accounts during fiscal year 2018, the period July 1, 2017 through June 30, 2018.

26. How do you prefer to access images of paid checks? Online? If so, for how long do you want to have access to the images? CD-ROM or Image Transmission?

On a monthly basis, a staff member will download and save an image of each of the paid checks, as the original paid checks are not returned, that cleared the Treasurer's two check writing accounts the prior month for reconciliation and audit purposes.

27. Will you want daily or monthly output files (data transmissions) for Account Reconciliation?

Currently the Treasurer reconciles these bank accounts on a daily basis.

28. How do you prefer to receive Account Reconciliation reports? CD-ROM or Transmission (reports in Word and Excel)?

Respondent should provide all available options.

29. Is check print/mail part of this RFP?

Check writing and mailing is conducted by Treasurer staff.

30. How many accounts require Check Print/Mail?

Check writing and mailing is conducted by Treasurer staff.

31. How many different check layouts will you require? For example, AP checks vs. consumer checks.

Currently the Treasurer uses a one check layout, a different stock color for each account, business size checks, with one copy.

32. Do you require an electronic check register back after checks are printed & mailed?

Due to the small volume of check writing, the Treasurer currently inputs its check information into the current provider's on-line system manually. Respondent should provide all available options.

33. Do you require any enclosures? Please describe.

Check writing and mailing is conducted by Treasurer staff.

34. Will all scanning occur within the U.S.?

The single check scanner is located at the Treasurer's office in Springfield, Illinois.

35. How many locations will be needed?

The single check scanner is located at the Treasurer's office in Springfield, Illinois.

36. How many scanners will be needed in each location?

The single check scanner is located at the Treasurer's office in Springfield, Illinois.

37. What is the monthly check volume?

The average number of checks paid in a month is 22 between the two check writing accounts.

38. Will image retention be required beyond the standard 30 days?

Respondent should provide all available options.

39. Who is the incumbent bank for these services? Has the RFP been issued because the existing contract has reached the 10-year contract limitation period?

Wells Fargo is the incumbent. The Treasurer is simply looking for a new provider at this time to ensure competitive bidding and to ensure the Services remain cost-effective.

40. What are the sources of revenues that are funding the nine accounts? Are the incoming wires coming from other agencies? Who/what are the sources of incoming Wire transactions?

As defined in Section II the scope of this RFP is for accepting receipts and disbursing payments made by the Treasurer. Incoming wire transfer are either from outside sources or Treasurer initiated transactions as noted in Appendix B Daily State Treasurer Initiated Incoming Wire Transfers Volumes Regular and Clearing Accounts FY 2018.

41. What is the purpose for each of the nine accounts?

Appendix A Current Demand Deposit Account Structure lists the required services for each account.

42. What is the average operating balance maintained in each account?

The current provider sweeps the collected balance to zero, excluding the Estate Tax Account. The average balance in the Estate Tax account is \$135,000. Refer to Appendix E Daily Sweep Repurchase Agreement Investments FY 2018 as it provides the collected funds that were available at the close of business each day for investment purposes.

43. Have any of the accounts been overdrawn over the last 2 years?

- a. If so, what was the reason for the overdraft and how long did it take to cover the overdraft?
- b. If so, what was your maximum overdraft dollar amount?

If an overdraft would occur, it would be covered the next business day. With the current provider, there is not a maximum overdraft dollar amount.

44. What is your current Daylight Overdraft limit?

Refer to Appendix B Daily State Treasurer Initiated Incoming Wire Transfer Volumes Regular and Clearing Accounts FY 2018, Appendix C

Daily State Treasurer Initiated Outgoing Wire Transfer Volumes Regular and Clearing Accounts FY 2018 and Appendix D Daily ACH transactions FY 2018.

45. What other accounts support your Daylight Overdraft limit?

Refer to Appendix A Current Demand Deposit Account Structure.

46. Please describe the process utilized by the Treasurer's Office to manage the inflow/outflow of funds in the nine accounts to minimize the risk of overdrafts.

The Treasurer monitors all accounts throughout the day based on intra-day reports provided by the current vendors on-line portal.

47. Do all of the accounts require repo sweeps/investments except for the Estate Tax Account?

All accounts, excluding the Estate Tax Account require a sweep investment for end of day collected funds.

48. For ACH Debits – does the Treasurer's Office have information on the timing of ACH debits before they occur to prevent overdrafts?

The Treasurer currently executes ACH debit and credit balanced files the afternoon prior to settlement date.

49. The RFP is requesting user level limits for initiation and confirmation of both wire transfer and ACH transaction, including a minimum threshold of \$2B for both transaction types per user. Has the Treasurer's Office historically needed a \$2B limit for a single ACH or wire transaction at this level?

Historically the Treasurer's largest outgoing wire transfers include, but are not limited to, refunding bond sales and monthly principal and interest payments for State of Illinois General Obligation Bonds. ACH limits are based on the total debits and credits for a single day. These files can include, but not limited to, payments made due to receipt of tax monies and agency vendor payments. Refer to Appendix B Daily State Treasurer Initiated Incoming Wire Transfer Volumes Regular and Clearing Accounts FY 2018, Appendix C Daily State Treasurer Initiated Outgoing Wire Transfer Volumes Regular and Clearing Accounts FY 2018 and Appendix D Daily ACH Transactions FY 2018.

50. Do the daily ACH volumes provided in Appendix D include both ACH debits and ACH credits?

The daily volumes in Appendix D Daily ACH transactions FY 2018 are a total of debits and credits, balanced files, initiated by the Treasurer.

51. Are the ACH and Wire volumes an aggregate amount or the volume total per day?

Appendix B Daily State Treasurer Initiated Incoming Wire Transfer Volumes Regular and Clearing Accounts FY 2018 provides the Treasurer's initiated incoming wire transfer volumes for both the Clearing and Regular accounts. Appendix C Daily State Treasurer Initiated Outgoing Wire Transfer Volumes Regular and Clearing Accounts FY 2018 provides the Treasurer's initiated outgoing wire transfer volumes for both the Clearing and Regular accounts. Appendix D Daily ACH Transactions FY 2018 are an aggregate total per day.

52. Historically, what has been the highest outgoing wire transaction?

Historically the Treasurer's largest outgoing wire transfer can include, but is not limited to, refunding bond sales and monthly principal and interest payments for State of Illinois General Obligation Bonds.

53. Are ACH debits and ACH credits originated in separate files or in a combined file?

The current provider allows for ACH debits and credits to be originated in the same file and are balanced files. Respondent should provide all available options.

54. Are ACH files originated via online banking portal or via secure file transmission?

ACH files are executed both by the current providers online system and secure file transmission in proper NACHA format received directly from the State Agencies. Respondent should provide all available options.

55. Are the accounts you are debiting via ACH also State of Illinois accounts, or are you debiting outside entities?

The NACHA files that are prepared by the State Agencies are debiting outside entities. The Treasurer's initiated files are debiting Treasurer accounts with multiple financial institutions.

56. Are the accounts you are crediting via ACH also State of Illinois accounts, or are you crediting outside entities?

The ACH initiated files are crediting Treasurer accounts with multiple financial institutions.

57. What was your ACH return frequency / percentage in recent 12-month period (2018)?

There is an average of 3 ACH return items per month.

58. What is the Treasurer's Office process internally for managing ACH and Wire activity, insuring accounts are funded before initiating an outgoing transaction? How do you know what will be debited and credited each day via ACH?

The Treasurer monitors all accounts throughout the day based on intra-day reports provided by the current vendors on-line portal. Refer to Appendix B Daily State Treasurer Initiated Incoming Wire Transfer Volumes Regular and Clearing Accounts FY 2018, Appendix C Daily State Treasurer Initiated Outgoing Wire Transfer Volumes Regular and Clearing Accounts FY 2018 and Appendix D Daily ACH Transactions FY 2018.

59. Has there been any fraud with your accounts within the last two years? If so, what was the reason and how was it resolved?

There has not been any fraud to the accounts listed in Appendix A Current Demand Deposit Account Structure during the last two years.

60. In Section VII of the RFP– Contractual Terms – section X. regarding “No Recourse”: can the last sentence be amended to state the following: “Contractor hereby agrees not to sue the Treasurer of the State of Illinois or any such employee or official in his or her personal or individual capacity to the extent that any claims, damages or losses under the Agreement are not the result of negligence, fraud or willful misconduct by the Treasurer of the State of Illinois and any such employee or official.” Or can the last sentence be deleted?

The RFP will not be amended as requested.

61. You mention ACH origination for the Agencies as well as ACH origination for the Treasurer. Where are those items reflected in the Cost Structure?

An updated Appendix H Proposed Cost Structure, in excel form, has been posted. ACH Originated Debit/Credit average volume per month is 438 transactions.

62. What is the nature of the EDI originated items? Are they ACH items?

An updated Appendix H Proposed Cost Structure, in excel form, has been posted. The volume has been corrected on this line item.

63. What is the nature of the EDI received items?

An updated Appendix H Proposed Cost Structure, in excel form, has been posted. EDI received items is the detail provided on ACH and Wire transfer transactions.

64. What comprises EDI Remittance Advising?

An updated Appendix H Proposed Cost Structure, in excel form, has been posted. The volume has been corrected on this line item.

65. How long is your required data storage?

Respondent should provide all available options.

66. You show daily dollar totals for ACH file origination. Do you also have daily transaction volume totals?

An updated Appendix H Proposed Cost Structure, in excel form, has been posted. ACH average monthly volumes are provided.

67. Your Cost Structure shows 9,959 ACH items originated yet shows more than that number of returns (total) and 464,496 Notifications of Change. How do those numbers reconcile?

An updated Appendix H Proposed Cost Structure, in excel form, has been posted. The volume has been corrected on these line items.

68. Regarding Section III.B of the RFP, how many different sending points are there for ACH files? How are the files typically sent to the bank? Who is confirming file totals with each file transmitted?

Currently ACH files are initiated through the vendors on-line portal and received from state agencies through a secure file transmission. The files are confirmed visually of the on-line portal when the files are released, or for secure file transmissions an electronic notification is received via email. Respondent should provide all available options.

69. Regarding Section III.B of the RFP, are all ACH origination files processed through the ACH Settlement account only? Will any of the other 9 accounts need to originate ACH files?

All files initiated by the Treasurer or State Agencies, are processed through the ACH Settlement Account.

70. Regarding Section III.D of the RFP, will the State allow a Check Block for any account not designated for check-writing/ or setup with Check Positive Pay?

Respondent should provide all available options.

71. Regarding Section III.F of the RFP, are outgoing wires initiated to recurring recipients using a template or will these be free-form and entered manually each time? What type of notifications are desired for incoming wires? For outgoing wires?

Currently all outgoing wire transfers are executed with recurring templates. After an outgoing wire transfer has been executed a report is required to include the details of the transaction including who initiated and confirmed the transaction. All incoming and outgoing wire transfer transactions should be included in an inter-day report that can be accessed at any time during the day.

72. Regarding Section III.U of the RFP, describe what is meant by the “Agency Identifier.”

That would be a number that is assigned by the Treasurer for the purpose of importing bank information into internal systems. This function is not currently being utilized.

73. Outgoing Fedwire Transfer manual Repetitive, Semi-repetitive and manual freeform – please confirm if these wires are initiated with a phone-in back up procedure?

A telephone back-up is only utilized in the case of a financial institution’s on-line system being unavailable. All initiators and confirmers are required to have telephonic capabilities.

74. What is the Positive Pay Maintenance/ Module Fee? Do you also have a per account Check Positive Pay fee for the 2 accounts with check-writing activity?

Respondent should provide all available options.

75. Does the State initiate 456,318 EDI transactions per month?

An updated Appendix H Proposed Cost Structure, in excel form, has been posted. The volume has been corrected on this line item.

76. Please describe what is “Domestic Reporting -Electronic File (received 51 times per month).

An updated Appendix H Proposed Cost Structure, in excel form, has been posted. The volume has been corrected on this line item. This is a charge by the current vendor for desk top scanner reports.

77. Please explain ACH Input-Automated – are these batch uploads via online banking or via transmission?

This volume is the average number of ACH batches created on a monthly basis.

78. ACH Notification of Change- please clarify the State’s practice to rectify NOCs received in a timely manner per NACHA guidelines.

An updated Appendix H Proposed Cost Structure, in excel form, has been posted. The volume has been corrected on this line item.

79. Can you contrast this RFP with the Treasurer’s Agency Deposit Processing Services RFP 370-500-19-016, particularly in light of certain accounts appearing on both RFPs?

The Agency Deposit Processing Services RFP was for the purpose of providing a clearing system. The Banking Account Processing Services RFP is for the purpose of accepting receipts and disbursing payments made by the Treasurer. These are both outlined in Section II of the respective RFPs.