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| seal-jpg | **STATE OF TENNESSEE TREASURY DEPARTMENT**  **REQUEST FOR INFORMATION # 30901-50022**  **AMENDMENT # 1**  **FOR STATE CASH MANAGEMENT BANKING SERVICES** |

**DATE: December 14, 2021**

**RFI # 30901-50022 IS AMENDED AS FOLLOWS:**

1. **This RFI Schedule of Events updates and confirms scheduled RFI dates.** Any event, time, or date containing revised or new text is highlighted.

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| **EVENT** | | | **TIME**  **(Central Time Zone)** | | **DATE**  **(all dates are State business days)** | |
|  | RFI Issued |  | | November 16, 2021 | |
|  | Notice of Intent to Respond Deadline | 2:00 p.m. | | November 19, 2021 | |
|  | Written “Questions & Comments” Deadline | 2:00 p.m. | | December 1, 2021 | |
|  | State Response to Written “Questions & Comments” |  | | December 14, 2021 | |
|  | RFI Response Deadline | 2:00 p.m. | | December 21, 2021 | |
|  | State Schedules Respondent Oral Presentation (if the State determines oral presentations to be beneficial) |  | | January 4, 2022 | |
|  | Respondent Oral Presentation (if determined beneficial to the State) | 8 a.m. - 4:30 p.m. | | January 11-13, 2022 | |

1. **State responses to questions and comments in the table below amend and clarify this RFI.**

Any restatement of RFI text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFI document.

| **QUESTION / COMMENT** | | **STATE RESPONSE** |
| --- | --- | --- |
|  | A.21.a. Representations and Covenants of the Contractor - Would the State be willing to consider a proposal from a banking institution that does not meet the minimum volume for ACH requirements? | See Item 3 below for an amendment to the RFI wherein we added Question 18 that asks banks if they have alternative volume requirements or approaches they would recommend as a minimum requirement for the State’s consideration. |
|  | In order to enter into the Contract it would need to be modified to include an agreement on the part of the State to execute the banks account opening and treasury management services agreements and to incorporate by reference said agreements. The account opening documents would be second in precedence behind the Contract (and any amendments thereto) in the event of a conflict. We also require language making it clear that the bank can immediately terminate the agreement if required by our regulators or if there is suspected fraud or abuse in connection with the accounts. Would the State be agreeable to this process? | The State will consider incorporating relevant provisions of the bank’s treasury management services agreement into the *Pro Forma* contract portion of the RFP or the operating procedures to be developed by the successful vendor and the State, as appropriate, provided the provisions are within the scope of services requested in the RFP. However, the State must be able to review and consider those provisions ahead of time for inclusion in the RFP.  Consequently, the State would appreciate your bank including in its response to Question 4 of the RFI the exact language your bank needs from those agreements so the State can consider them for inclusion in the ultimate RFP. Please do not simply attach those agreements and ask that we incorporate them by reference. The agreement’s terms and conditions will probably be broad and cover all services the bank provides, regardless of whether the State desires them such as certificates of deposit. Further, incorporating those agreements will create an inherent conflict with the bank’s State Depository Agreement and Bank Collateral Pool Agreement with the State.  The State is amenable to a bilateral termination for cause clause and may consider the following:  “Termination for Cause. If either party fails to properly perform its obligations under this Contract, or if either party materially violates any terms of this Contract, the aggrieved party shall have the right to terminate the Contract.   1. The aggrieved party will provide notification of termination for cause in writing. This notice will: (1) specify in reasonable detail the nature of the breach; (2) provide the other party with a reasonable opportunity to cure, which must be requested in writing no less than ten (10) days from the date of receipt of the Termination Notice; and (3) shall specify the effective date of termination in the event the breaching party fails to correct the breach. The Contractor must present the State with a written request detailing the efforts it will take to resolve the problem and the time period for such resolution. This opportunity to "cure" shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations. In circumstances where an opportunity to cure is not available, termination will be effective immediately. 2. Should the State exercise this provision, the State shall have the right to withhold payments in excess of fair compensation for completed services. Notwithstanding the above, neither party shall be relieved of liability to the other for damages sustained by virtue of any breach of this Contract and the non-breaching Party may seek other remedies allowed at law or in equity for breach of this Contract.   The above would seem to address situations where your bank’s regulations would require termination of the contract. If not, please explain why in your response to Question 4 of the RFI.  The State cannot agree to allow the winning vendor bank to terminate the services at any time without any notice if the bank thinks in its sole discretion that there is suspected fraud or abuse in connection with the State’s accounts. If you have alternative language, please provide it in your response to Question 4 of the RFI. |
|  | A.6.g. ACH - Will the State provide a listing of these account numbers? Bank would be willing to sign NDA if requested. | The State will not share the list of account numbers at this time. For purposes of this discussion, the account numbers are 11 positions. However, reporting on these accounts is based on the first 3 characters. The current account numbers have the first 3 characters of 748 – 999. |
|  | D.7. - Assignment and Subcontracting – Does the State consider 3rd party vendors of the Contractor to be subcontractors? Please provide definition of subcontractor. | A subcontractor is an individual or an entity that enters into an agreement or arrangement with the winning vendor bank (in which the parties do not stand in the relationship of the employer and an employee) to perform a part of the winning bank’s obligations under the contract such as, by way of example, the investment trade monitoring services described in Section A.9.n of RFI Attachment 1 *Pro Forma* Contract. For purposes of the RFP and *Pro* *Forma* Contract, it would not include, for example, suppliers of pens, paper and the like. |
|  | A.12. Communications Link and Data Security – How do you define in transit and in flight? How do you define interactive file transmission? To clarify, does the State define the data center as the “processing environment”? | In transit and in-flight refer to movement of data between one system and another and the movement of data between one file location and another, the opposite of data at rest. Interactive would include bidirectional flow of data/information, whether it be files or between end points (systems, applications, or users). Processing environment includes data centers and any other locations where data is stored or used. |
|  | A.7. Settlement of State Checks and Warrants - Can you clarify the difference between warrants and checks? | A warrant is a check issued on the faith and credit of the State and is guaranteed upon valid presentment to any DFI. For the purposes and intent of any future RFP there is no special handling or processing difference between a warrant and a check. |
|  | Please share SOC Reporting requirements for this contract. | At a minimum, any contractor will need to provide periodic SOC 1 and SOC 2 reports resulting from those independent audits. |
|  | Does the State consider the IntraFi Network a permitted investment? | No. |
|  | Will the State share a current account analysis statement? | Yes. Please see RFI Attachment 5 Account Analysis Example. |
|  | A.4.d. Bank statements - Are the daily statements actual bank statements or reports? | We receive Daily BAI2 files and reports. We do receive monthly statements as well. |
|  | A.8.b. Image Cash Letter – Is the State requiring ICL deposit adjustments, rejects and returns to be posted to different account than the original deposit transaction account? | No. |
|  | A.17. Optional Gold and Other Precious Metal Storage Services - Has the State utilized these services at any time with the existing contractor? | The State has utilized precious metals storage one time during the current contract to temporarily store coins that were donated to the State prior to their liquidation. |
|  | A.18. Optional Check Cashing/Dispensing and Automated Teller Machine Services - Where are these other facilities located? | Currently, there are two ATMs. One is located in the State Capitol and another located in the General Assembly office building. Locating ATMs in other facilities has not been planned and facilities have not been identified, but would likely be located in the downtown Nashville area within a one-mile radius of the State Capitol. |
|  | A.5.a Communication Process - Is there an approval process for wires after the State uploads the outgoing wire files to the contractor? If so, please describe in detail. What is the format for wire files? | Yes, currently there is an approval process once the State transmits an outgoing batch of wires. After we send the file and within a few minutes, our current vendor will email to Treasury the total dollar amount and number of wires in the batch. The State will then review and confirm back to the vendor via email that we approve and agree to release. The vendor will then transmit the outgoing wires.   The State currently uses a legacy file format. However, we intend to migrate to an EDI820 format in the near term either with the current vendor bank or as a part of a transition to a new vendor bank should that be necessary. |
|  | You currently are utilizing a Next Day Settlement process on trades. Is Same Day Settlement an option? | We are capable of settling cash transactions, but some investments are settled next day. Also, investment managers have flexibility in settling trades on a forward basis, e.g., longer than T+1. |
|  | There is a provision that we have a contract with the Fed. Is there a possibility where this is not in place? | It is anticipated that in order to provide the State with its requested services, the contractor will need access to certain services provided by the Federal Reserve Bank, including Automated Clearing House, check in-clearing and related settlement services. |
|  | How much of the current set-up is automated? | The State currently delivers a form (trade ticket) to the vendor bank for the purchase and sale of securities through the Federal Reserve or DTC. However, we would explore automation of trade activity through interface with our Trade Order Management System.  Proceeds are automatically deposited and withdrawals for authorized trade activity are automatically processed from our settlement account by the vendor bank without additional direction from the State. |
|  | It appears there is high volume processing, is there a dedicated staff that works exclusively on managing this relationship and its day-to-day operations? If so, can you quantify how many people are dedicated to it? | Yes, the State has dedicated staff for all services discussed in this RFI. A total of 12 State staff members are 100% dedicated to these operations. In addition, there are several other State employees that participate in the management of this relationship.  We are not aware of the number of vendor bank employees involved in these services. Currently, there is no requirement for vendor bank employees to be 100% committed to the State. |
|  | What is the Systems Platform that this relationship is managed on? | Treasury utilizes .NET Framework and .NET Core capable Microsoft Windows application servers and SQL Server databases. |
|  | Is this an opportunity to manage money, or just Custody only? | Custody only. |
|  | For your permissible investments, what are you heaviest on with your investment choices? | US Treasury discount notes and bills. |
|  | There is mention of the State of TN requesting optional access to trade/investment compliance monitoring application. Is the State of TN willing to absorb the cost of a third-party involvement, if this application is not on our platform? | The State is amenable to adding a Cost Item in the Cost Proposal form for respondent banks to enter a cost it will charge for this service. The State would appreciate your bank describing in its response to Question 17 of the RFI the pricing units you envision for those services, e.g., flat fee per month, etc. |
|  | Requesting a copy of all Analysis statements to determine current treasury management services provided. | Please see RFI Attachment 5 Account Analysis Example. |
|  | Would this RFP be an all or nothing response? Would a bank be considered if not all services could be provided? | The RFP will be an all or nothing response. In other words, the State expects the winning vendor bank to provide all services requested in the RFP. HOWEVER, a responding bank could propose in its response that it will subcontract with a certain company to provide, by way of example, the investment trade monitoring services described in Section A.9.n of RFI Attachment 1 *Pro Forma* Contract. The respondent will nevertheless be the primary contractor to the State and responsible for all work performed under the contract, including the investment trade monitoring services. If a respondent intends to use a subcontractor, the respondent’s response to the RFP must identify the scope and portions of the work the subcontractor will perform. |
|  | What is the length of the new contract between the Bank and the State of TN? | It will be a five-year contract. |
|  | Would all deposits need to be collateralized, or could the bank invest deposits off balance sheet? | All funds remaining in either a separate deposit account, or the Settlement Account as described in Section A.10 of RFI Attachment 1 *Pro Forma* Contract at the end of each day must be invested in the collateralized interest bearing deposit account described in Section A.10 of RFI Attachment 1 *Pro Forma* Contract. All funds invested in the collateralized interest bearing Deposit Account must be collateralized in accordance with the Collateral Pool for Public Deposits Act of 1990, which is codified in Tennessee Code Annotated, Title 9, Chapter 4, Part 5. |
|  | Please provide the estimated physical capacity requirements for the storage of gold or other precious metals.  - RFI Vendor Bank Services, State of Purpose, Page 1  - Pro Forma Contract Draft, A.17, Page 12  - Attachment 2 Background, 1.3.5 Storage of Gold Reserve Optional Service, Page 6 | At this time, the State does not have an estimate of physical storage capacity requirements. The State’s intent for including these services is to have a ready and secured vehicle for storing smaller amounts of precious metals in the event they come into custody of the State. The State will include a maximum storage capacity in its procurement requirements. In the event that a formal gold and precious metals purchasing program is adopted by the State in the future, a separate procurement would be conducted to meet the specific requirements of that program. |
|  | Please provide the estimated number of authorized officials/employees who may request a check to be cashed at any time.  - RFI Vendor Bank Services, State of Purpose, Page 1  - Pro Forma Contract Draft, A.18, Pages 12 and 13  - Attachment 2 Background, 1.3.6 Check Cashing/Dispensing and Automated Teller Machine Services, Pages 6 and 7 | There are currently 144 authorized officials/employees who may request a check to be cashed. |
|  | Can you confirm the current custodian for the State of Tennessee? | The current custodian of the investment portfolios relevant to this RFI is First Horizon Bank. |
|  | Is the State currently utilizing Investment Trade Compliance services of a vendor? And if so are they provided by the custodian or an outside software vendor? | Yes, the state is currently utilizing Investment Trade Compliance from an outside vendor not the vendor bank. |
|  | Why is the State issuing this RFI, what do you hope to learn? Is the State able to award business from the RFI responses or are you required to go to RFP later in order to take advantage of new services or change providers? | The RFI Statement of Purpose answers these questions. |
|  | If an RFP is to be issued, will the State use scoring methodologies similar to those used in the past based on a combination of technical evaluations and cost/rates evaluations? | Yes. |
|  | The RFI Attachment 1 states a Special Investment Vehicle Earnings Rate for interest and ECR – does the State mandate these rates and indices to be used or can the proposer offer alternatives? | Please provide your suggested alternative to the rates and indices in response to Question 16 of the RFI for the State to consider. |
|  | Is it a mandatory requirement to have someone in market? Is this part of the scoring? | It is a requirement that the State’s vendor bank be a state depository pursuant to Tennessee Code Annotated, Section 9-4-107. However, it is not mandatory that the relationship manager be physically located in any certain location, e.g., Nashville, Tennessee. The State might consider it as a scoring item in the upcoming RFP.  However, as will be detailed in the operating procedures referenced in RFI Attachment 1 *Pro Forma Contract* Section A.2, responsiveness to the services requested and any concerns will be required. |
|  | Are you requiring the mandates of the proforma pricing? | The State is amenable to modifying the pricing methodologies in RFI Attachment 1 *Pro Forma* Contract. Consequently, we would appreciate your bank describing what pricing units it typically utilizes for similar services in its response to Question 17 of the RFI. |
|  | What is the approximate size of daylight overdraft line the State is using today? | The current daylight overdraft limit for the State of Tennessee is $100,000,000.00. |
|  | Is the State interested in / willing to consider using real time payments (RTP) and other faster payment optional services | Yes, the State is interested in accelerated payment options and is considering including such services in its procurement. Please see Item 3 below for an amendment to the RFI wherein we modified Question 16 by asking banks to describe their real time payments (RTP) and other alternative payment services they offer. |
|  | Does the State of Tennessee expect to use multiple custodian providers or a single provider? Or has this not yet been determined? | The State has a separate contract with a custodian bank for our long-term portfolios such as the TCRS Pension Plan. Currently, the vendor bank serves as custodian for our short-term cash portfolios. We have done this primarily to minimize the risk of both parties and provide assurances to the vendor bank that significant cash reserves are available when needed. One of the objectives of this RFI is to determine if there are alternative solutions in the market to assist the State in maximizing investment return while minimizing daily and intraday cash risk. Additionally, the State seeks to enhance the custodian capabilities with regard to our short-term cash portfolios. Consequently, the State would appreciate your bank describing in its response to Questions 7 – 12 and Question 16 of the RFI (as applicable) any alternative solutions you have that could assist the State in maximizing investment return while minimizing daily and intraday cash risk, and any suggested enhancement in custodian capabilities with regard to the State’s short-term cash portfolios. |
|  | With respect to the asset types/segments cited in Attachment 3.4 – Custody Trade Activity, what type of reporting and sub-accounting services would be required for one or all of these asset pools? | The State is looking for custody services similar to that provided by the custodian bank for our long-term portfolios , which would include full accrual accounting for all investment types and multiple portfolios, as well as enhanced investment analysis and reporting. These services could include GASB reporting, work trial balance, activity reporting, revenue projection, performance analysis, trade activity, earnings projection, and potentially NAV and share reporting. |
|  | Are alternative investments held in any asset pool? If not, are there any expectations to have alternative investments held in the future? | For the investment pools applicable to this RFI, no alternative assets are in the pool. Those assets are not allowable per policy. |
|  | Is real estate held in any asset pool? If not, are there any expectations to have real estate investments held in the future? | For the investment pools applicable to this RFI, no alternative assets are in the pool. Those assets are not allowable per policy. |
|  | Are there any securities lending needs? | No. |
|  | Please provide more details regarding book entry assets/shadow accounting assets. | Book Entry assets refer to those assets purchased through the Federal Reserve's Book Entry System. Federal Book Entry Security means an obligation (i) issued by the U.S. Treasury, the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association, or any other direct obligation of, or obligation fully guaranteed as to timely payment of principal and interest by, the United States of America, that is a book-entry security held through the Federal Reserve System pursuant to federal book entry regulations, and (ii) the perfection of a security interest which is governed pursuant to federal regulations by Article 8 of the UCC. See RFI Attachment 3.4 Custody Trade Activity for the size and volume of those assets by segment. |
|  | Regarding trading activity, would you please provide the number of trades for each segment executed YTD 2021. Also, are trades placed through a broker? Or are trade requests sent directly to the custodian’s trade department? If directly, how are trade requests submitted (individual forms, excel spreadsheet, entered into online portal) ? | Please see RFI Attachment 3.4 Custody Trade Activity. Trade activity is approximately 10 trades per day for Fed Book Entry and DTCC excluding Repurchase Agreements. The 10-trade estimate does not consider large trades that are required to be broken into $50MM blocks. These trades are cleared/settled through the vendor bank custody department. Individual forms for each trade are submitted to the vendor bank custody department.  Repurchase agreements clear with the vendor bank and can be over 30 transactions per day. |
| **Treasury Management / Depository Services:** | | |
|  | On-Line  The State mentions the need for a single point of access for all information reporting in A4f. Would it be acceptable to the state to have access to the banks treasury platform for banking activity and a separate platform for the custody/ investment activity? | Yes. |
|  | Wire  The Attachment 1 Proforma details that the client would be sending us wire transmission files daily. Will there be any additional files uploaded to the banks treasury platform? | The State will transmit three ICL Deposit files, approximately 20 ACH origination files and approximately four Wire origination files to the vendor bank daily. Please see also the response to Question # 47 below.  Currently, all ACH files are transmitted via a secure VPN tunnel between the State and the Bank. Delivery method of files will be determined by mutual agreement between the State and the successful Respondent. |
|  | Wire  How many wire files will be uploaded to the banks treasury platform vs/sent via transmission, monthly. Can you please breakdown the wire details to show how many are incoming domestic wires vs incoming international wires? | The State will transmit to the vendor bank, via a secure connection, approximately four outgoing wire interface files each day which equates to approximately ninety files per month. These files constitute approximately 250 outgoing wires each month. These files are then processed by the vendor bank with appropriate confirmation and approval by both parties. Additionally, each month we key approximately ten outgoing international wires directly into the vendor bank platform via a web interface. Please see RFI Attachment 3.5 Wire Activity to understand the volume of Incoming vs Outgoing wire activity.  Note: All incoming wires will be incorporated as part of a daily activity file transmitted to the State, via a secure connection, by the vendor bank for incorporation into the State’s cash management system. The activity file is transmitted multiple times each day as the activity is posted to the State’s account.   Note: The State does not have a breakdown of incoming international wires. We believe the number received to be minimal.  Note: In the future, the State intends to incorporate outgoing international wires in the outgoing wire interface file as we migrate to an industry standard file format. |
|  | Wire  Can you please breakdown the wire detail to show how many are outgoing domestic wires vs outgoing international wires? | Please see RFI Attachment 3.5 Wire Activity as well as the response to Question # 47 above. |
|  | Wire  Are all wires originated in the same manner? | Yes. The State will originate all outgoing wires as described in the response to Question # 47 above. |
|  | Wire  “If the Contractor's attempt to execute the transfer of funds fails, the Contractor shall notify the State by telephone at the time the Contractor is made aware of such failure” – Is this negotiable? Would emails and or text messages sent to multiple individuals not suffice? | In most all cases, the State would prefer email notifications. The State is open to other communication methods and will define those necessary for specific processes in the operating procedures referenced in RFI Attachment 1 *Pro Forma Contract* Section A.2. |
|  | ACH  "The Contractor acknowledges and agrees that the state of Tennessee has over two hundred (200) specific ACH accounts and that the State intends to continue to use these accounts." Are all 200 accounts originating ACH Credit or Debit transactions? | No. The 200 accounts referred to in this section are ACH receipt accounts only. There are accounts that receive credit entries and accounts that receive debit entries. However, none of these accounts originate transactions. |
|  | ACH  The Attachment 1 Proforma details that the State would be sending us ACH transmission files daily. Will there be any additional files uploaded to the banks treasury platform? | The State will transmit three ICL Deposit files, approximately 20 ACH origination files and approximately four Wire origination files to the vendor bank daily. Please see also the response to Question # 47 above.  Currently, all ACH files are transmitted via a secure VPN tunnel between the State and the Bank. Delivery method of files will be determined by mutual agreement between the State and the successful Respondent. |
|  | ACH  How many ACH files will be uploaded to via the banks treasury platform or sent via transmission, monthly? | Currently, the State currently transmits approximately 20 origination files daily (or 400+ monthly). |
|  | ACH  Are same day ACHs included in the average origination count? If so, how many same day ACH transactions? | Yes. Currently, we only have one agency that utilizes same day ACH. These files are processed 2-3 times monthly and are normally less than 200 entries each. |
|  | ACH  Please give the breakdown of "Monthly Average Receipts/Returns/NOC Count". How many returns, NOC items, and receipts? | The State’s monthly average transactions for receipts are 213,500 and returns 4,300. The State does not have a breakdown of the NOC items. |
|  | ACH  Does “returns” include ACH Debit Block returns or ACH Positive Pay returns? If so, how many monthly? | The State does not track ACH origination returns based on return reason code. In some instances, the State has placed a debit block on certain ACH receipt accounts. |
|  | ACH  Does the state utilize ACH Positive Pay or ACH Debit Block Services on any accounts? If so, how many account for each? | The State utilizes ACH Debit Block services in certain instances upon request by the receiving State agency. |
|  | ACH  Please give the breakdown of "Monthly Average Origination Count". How many debits originated versus credits originated? | The State’s monthly average transactions for originations credits are 1,200,000.00 and origination debits 175,000. |
|  | ACH  Can you define Manual receipt returns in the Goods and Services Description? | The State and the successful Respondent will need to mutually agree on a process for the State to request return of ACH receipt items. This will be part of the operating procedures referenced in RFI Attachment 1 *Pro Forma Contract* Section A.2. |
|  | ACH  Can you define expanded ACH Processing Services in the Goods and Services Description | This item is not applicable and will be removed from the *Pro Forma* Contract upon issuance of the RFP. |
|  | Reporting  How many accounts will need previous day reporting? How many will need current day reporting? | All accounts with the bank will need Prior and Current day reporting. |
|  | Demand Deposit  Are there any accounts that have no check disbursement activity? | Yes. All check disbursement activity by the State will clear against the main settlement account at the vendor bank through the tri-party arrangement with the Federal Reserve Bank. No other accounts will have check disbursement activity. |
|  | Demand Deposit  Does the State currently utilize a check block on accounts that do not initiate check payments? | Yes. Our main vendor bank account has a check block. Our other depository accounts have debit blocks, not limited to checks. |
|  | General Questions  What is your current ERP system and are there any plans for future enhancements? | The State’s current ERP system is Oracle/PeopleSoft. Enhancement to this system is under the purview of the Tennessee Department of Finance and Administration. The system is updated at least annually, and we are involved in each of those as a core agency user. The current vendor bank does not directly interface with the ERP system beyond providing a daily BAI2 interface file. |
|  | General Questions  Is the State willing to consider alternatives to the calculation of the negative balance service charges listed in A4b? | Yes. Please provide your suggested alternative approach in response to Question 16 of the RFI for the State to consider. |
|  | General Questions  Not all banks can provide a Corporate Analysis statement within 5 days of month end. Is this negotiable? | This item is also addressed as part of our operating procedures as described in RFI Attachment 1 *Pro Forma* Contract in Section A.2. Please provide your suggested alternative deadline in response to Question 16 of the RFI for the State to consider. |
|  | General Questions  Is the contractor required to provide gold and precious metal storage services | Yes. The State expects to require gold and precious metals storage as part of the upcoming procurement. Also see response to Question #27 above. |
|  | General Questions  Is the contractor required to be able to provide a way to cash checks, issued by the state, to non-bank account holders, via an automated teller machine service or is this negotiable? Is the state willing to discuss the details of the necessity of this service and explore alternatives that are inherently more risk averse? | The contractor is required to provide a check cashing solution. The State is willing to consider other alternatives. Consequently, please include your suggested alternatives in your response to Question 16 of the RFI. |
|  | Image Cash Letter  Does your company currently transmit image cash letters using the X9.37 file format? If so, what version is used? | We are using X9.37 version 6.2.8.60 that being the version of the AMP library. (AMP=All My Papers https://allmypapers.com/). |
|  | Image Cash Letter  What hardware and software does your company use to create images and X9.37 files? | The hardware we use to record images are the Canon scanners in cashier stations but any image in our cashiering system (iNovah) can be used. This means other equipment can capture images and utilize custom imports to the cashiering system. AMP is used to create the X9.37 file. |
|  | Image Cash Letter  Does your company’s software perform Courtesy Amount Recognition, Legal Amount Recognition or Image Quality Analysis? | There is Image Quality Analysis built into the AMP library. We are not aware of Courtesy Amount or Legal Amount recognition controls being performed by the cashiering vendor applications. |
|  | Image Cash Letter  What bank will be processing your returned items? Do you have any special instructions for your returns processing? | The vendor bank will process all ICL returns. Any item over $10,000.00 is represented upon return for NSF. |
|  | Image Cash Letter  Are there any deposit services that will need to be terminated when Image Cash Letter is implemented? If yes, what services? | No. |
|  | Image Cash Letter  Will you include a credit record (25-7 or 61) in the X9.37 file? | In the main ICL file from the State, the credit record will be in record 61. However, there are two agencies that transmit ICL files directly to the vendor bank for deposit into separate depository accounts for that purpose. Those files may have slight variations in their ICL process. Those agencies are the Tennessee Department of Revenue and the Tennessee Department of Human Services. |
|  | Image Cash Letter  Do you anticipate any temporary increase in volume through a typical month? (Example: end of month processing) | No. However, the Tennessee Department of Revenue's ICL process does see a significant increase in volume for the month of April. |
|  | Image Cash Letter  Do you anticipate receiving any foreign items? | To the best of our ability, foreign items are rejected as NCI and not processed into any ICL files. |
|  | Image Cash Letter  How many transmissions do you anticipated sending per day? | For all three ICL accounts, the average number of file transmissions per day is 13, but can be as high as 22. |
|  | Image Cash Letter  Do you send transmissions 7 days a week? If not, how many days of the week? | The State operates five days per week, excluding bank holidays. |
|  | Image Cash Letter  How many different physical locations will utilize Image Cash Letter? | On most days, the State consolidates files from 73 locations. However, on certain days there are as many as 97 locations active. |
|  | Image Cash Letter  What is the transaction volume of deposits for ICL, monthly? | Please see RFI Attachment 3.3 ICL Deposit Activity. The average number of files in a month is 272. |
|  | Image Cash Letter  How many items/checks will be included in each file/deposit sent each month? | Please see RFI Attachment 3.3 ICL Deposit Activity. The average number of items deposited in a month is 94,000 or 345 items per file on average. |
|  | Image Cash Letter  How many files/deposits will be sent each month? | Please see RFI Attachment 3.3 ICL Deposit Activity. The average number of files in a month is 272. |
|  | Image Cash Letter  What is your breakdown of checks versus money orders versus other deposit instruments for Image Cash Letter? | The State does receive money orders. However, we do not have a breakdown on the number of money orders versus the number of check items. |
|  | Image Cash Letter  How many return deposited items do you have on average in a month? | Please see RFI Attachment 3.31 ICL Deposit Return Activity. We approximate there are 96 returns per month. |
|  | Special Investment Vehicle  \*“Interest on the balance of up to $100,000,000 in the interest bearing account shall be payable by the Contractor on a daily basis, calculated by multiplying that day’s applicable rate by the invested balance amount that day, divided by 365, unless the State and the Contractor mutually agree to apply balances for any day or period of days within the contract term that exceed $100,000,000 to the same interest rate and provisions”.  \*“The aggregate of each day’s interest for a month shall be credited to the Settlement Account on a monthly basis, on the first day of the following month.”  Does the State propose that they would be paid and or credited on a daily basis or is the expectation that interest would be accrued daily, however it would be paid monthly? | The expectation is to have interest accrued on a daily basis and paid monthly.  If you have an alternative, please provide your suggested alternative to the rates and indices in response to Question 16 of the RFI for the State to consider. |
|  | Special Investment Vehicle  \*“The Contractor represents and warrants that all funds remaining in either a separate Deposit Account, or the Settlement Account at the end of each day shall be invested in the collateralized interest bearing deposit account and shall not be subject to any reserve requirements imposed by the Federal Reserve”  Does the Federal Reserve Bank imposes reserve requirements on collateralized accounts in the State today? If these fees are imposed by the FRB and not the contractor how would this work? | No. The Federal Reserve Bank does not impose reserve requirements on the State’s collateralized account with the current vendor bank. |

1. **Delete RFI Section** **5 in its entirety and insert the following in its place** (any sentence or paragraph containing revised or new text is highlighted)**:**

**5. INFORMATIONAL FORM~~S~~:**

The State is requesting the following information from all interested parties. Please fill out the following form~~s~~:

|  |
| --- |
| **RFI #30901-50022**  **TECHNICAL INFORMATIONAL FORM** |
| 1. RESPONDENT LEGAL ENTITY NAME: |
| 1. RESPONDENT CONTACT PERSON:   Name, Title:  Address:  Phone Number:  Email: |
| 1. In the event the State issues an RFP for the acquisition of the services described in this RFI, would your financial institution be interested in submitting a proposal to provide the services? If not, please explain. Please include in your response how you address similar concerns with other large government or corporate clients? |
| 1. What features or provisions of the contract contained in RFI Attachment 1 would prevent your firm from entering into the contract? How would you propose to resolve those issues if any?  Please keep in mind that after the vendor bank contract has been signed by both parties, the State and the vendor bank will mutually agree to operating procedures. These procedures will not constitute a negotiation of or change to the Pro Forma Contract. It will simply be the set of instructions under which all the services in the Pro Forma Contract will be rendered, including, but not limited to, responsible parties, contact information, proper forms, time frames, etc. |
| 1. How do your large government or corporate clients manage remote cash deposit processes in various physical locations, and address cash concentration with other client banks? What options are there when local banks are no longer available?  As an example, a client has several remote operations that collect cash. They deposit daily collections into a local bank each night. What solutions are available for cash concentration? What can be done when these locations have no local bank with which to make deposits, i.e., banking deserts, bank closures, etc.? In responding to this question, please keep in mind the nature of fluctuations in account balances and the need to minimize manual intervention. Please see attachment of depository bank accounts in RFI Attachment 4. |
| 1. How do your large government or corporate clients manage their withdrawal or cash concentration process? What restrictions do you have in place for them and what safeguards are available for this process?   As an example, a personal checking account might allow the user to create various types of withdrawal transactions via an online login. How would this change for large government or corporate clients with multiple users for a single account? Do you have alternative suggestions for providing quick and easy online access to accounts without allowing all users access to withdrawal mechanisms and/or by placing restrictions on withdrawal mechanisms? |
| 1. What services do you have to offer regarding large investment, custodian, or trust department clients? Please see attachment for custody and trade activity in RFI Attachment 3.4.  If you do not offer these services in-house, please describe how your large government or corporate clients manage their daily cash investing? What role does your institution have in this instance if any? Do you currently interface with many other custodians in the event of a third-party custodian relationship? You may skip to Question 11 at your option if you do not offer these services in-house. |
| 1. Do your custody services include reporting services such as earnings reports, weighted average yield, or performance reporting? Please provide sample reports. Can you provide for file interface or data feeds from your custody systems on a daily basis? |
| 1. How do your custody services integrate with Trade Order Management systems? |
| 1. Can you describe how your banking services integrate with your custody services? |
| 1. If you do not have custodian or trust services in-house, how do your large government or corporate clients manage daily cash risk for their volume bank and investment activities? Please include within your response intra-day cash demand and expand your response if there are other concerns to be considered.   Please see attachments for volume and activity specifically regarding ACH and Investment activity in RFI Attachment 3.1 to 3.5 as we believe these to be significantly large and expect them to become larger over time. |
| 1. How do you handle intra-day cash demand with large clients, and specifically do you have a means to deal with clients in a contractual versus actual settlement basis? |
| 1. The current vendor bank maintains an ABA Routing number associated with the State of Tennessee as UPIC participant. In the event of a transition, the current vendor bank will, by contract, pass control of this ABA Routing number to the new vendor bank. Subsequently, the new vendor bank will likewise agree, by contract, to pass control of the ABA Routing number to any subsequent State of Tennessee vendor bank at the end of its term. The purpose of this routing number is for ACH receipts only and helps to maintain the continuity of our current ACH depositor accounts and limits the number of banking information changes necessary in a transition. The State maintains its own unique list of account numbers under this ABA.   What issues or concerns would your institution have with this arrangement and how would you propose to overcome them? |
| 1. The current vendor bank operates our State routing number in a tri-party arrangement with the Federal Reserve Bank for State issued check clearing. This is a separate ABA Routing number associated with the State Trust of Tennessee. The State maintains a minimum number of check issue accounts and works with the vendor bank to clear the daily activity at the Fed against its settlement account with the vendor bank. The State prefers to continue to maintain its tri-party arrangement with the Federal Reserve for these purposes.  What issues or concerns would your institution have with this arrangement and how would you propose to overcome them? |
| 1. Describe in general terms the disaster recovery plan of your financial institution specifically in relation to payment processing.   Please note the State issues a high volume of critical ACH payments to participants, citizens, businesses, and vendors. These payments must go out on time every time. What mechanisms and structures are in place to ensure these payments can be made consistently? What redundancies are available? What alternatives should be considered? |
| 1. Please provide input on alternative approaches or additional things to consider that might benefit the State in preparing an RFP for the services mentioned in this RFI. Please include in your response a description of your real time payments (RTP) and other alternative payment services you offer. |
| 1. Describe what pricing units you typically utilize for similar services, i.e., per transaction or flat fee per month. Does it vary by service? Volume? |
| 1. The State requires the services of a bank that can accommodate its volume activity for the requested services. Please see RFI Attachments 3.1 through 3.5 that were previously provided to you to understand the significant volumes involved. Currently, the State utilizes volume to determine the capabilities of the bank and these are addressed in Section A.21, Representations and Covenants of the Contractor, of RFI Attachment 1 *Pro Forma* Contract for items such as A.21.a “…(4) it is a member of the National Automated Clearing House Association (NACHA) and is Originating Depository Financial Institution (ODFI) with ACH transaction volumes exceeding one million (1,000,000) origination entries per month, and is a Receiving Depository Financial Institution (RDFI) with ACH transaction volumes exceeding one million (1,000,000) receipts entries per month…”  What alternative volume requirement or approach would you recommend to be considered as a mandatory requirement. |

1. **RFI Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFI not expressly amended herein shall remain in full force and effect.