

November 16, 2023

MARYLAND STATE TREASURER'S OFFICE

**Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401**

**QUESTIONS AND ANSWERS #1
FOR
REQUEST FOR PROPOSALS FOR
LOCKBOX BANKING SERVICES**

RFP #LB-10192023

Note to Proposers: In consideration of the time necessary to prepare adequate responses before the deadline, we have released this Questions and Answers #1, which is the 1st of 2 Questions and Answers that will be issued by the Office. Questions and Answers #2 will follow shortly. Please be guided accordingly.

Number	Question	Response
1	We see that you are requesting both a Wholesale and Wholetail Lockbox solution for the State Agency Accounts. Could you please provide me with the estimated volume of items that are processed through the Wholetail Lockboxes as well as the number of boxes that receive Wholetail remittances for the State?	Each lockbox setup is unique, different, and customized to meet the needs of each Agency's requirements; the Offeror awarded the contract will be given the necessary information to complete the transition.
2	As it relates to insurance, are we being asked to provide insurance information about our Bank, our Vendor or both?	Only the Offeror shall provide a copy of its current certificate of insurance showing the types and limits of insurance in effect as of the Proposal submission date. The current insurance types and limits do not

		have to be the same as described in Section 3.5 of this RFP.
3	As it relates to Collateral, will our Bank be able to provide a Letter of Credit? If so, is it acceptable for the Letter of Credit to be from the Pittsburgh Federal Home Loan Bank?	Irrevocable Letters of credit are statutorily acceptable as reflected within State Finance and Procurement. Irrevocable Letters of credits are acceptable from FHLB-Pittsburgh but must reflect the (specific) beneficiary name provided by STO in order to be valid.
4	Is the 130-mile radius for the lockbox processing facility from the Baltimore Regional Facility HUB (requirement 2.4.1.1.6) a strict requirement?	This requirement is mandatory and is non-negotiable.
5	Please provide more detailed information on requirements for sorting that is outlined on line 33 and 34 of the Financial Proposal Form.	Each lockbox setup is unique, different, and customized to meet the needs of each Agency's requirements; the Offeror awarded the contract will be given the necessary information to complete the transition.
6	Please detail which documents need to be reassociated as referenced on line 35 of the Financial Proposal Form.	See answer to Question #5.
7	Please provide samples of the payment coupons that are received in the 2 wholetail lockboxes.	The State is unable to provide this information.
8	Please provide details on the data that is being captured under line item 38 of the Financial Proposal Form, titled LBX Value Added Keying.	Keystrokes or characters are represented in the images of each piece of mail collected by the lockbox.
9	Would the State consider extending the due date, depending on the length of time it takes the State to respond to all submitted questions?	As per the RFP Section 4.5.2, Requests for extension of this date or time shall not be granted.

<p>10</p>	<p>Requirement 2 references signing the State’s Designated Depository Contract. Is there any flexibility to negotiate the Designated Depository Contract? This would increase the number of eligible bidders, increase competition and possibly improve service, pricing, risk mitigation, and more for the State of Maryland.</p>	<p>This requirement is mandatory and is non-negotiable.</p>
<p>11</p>	<p>Regarding Requirement 5, is having a Maryland caller box address a hard requirement? What is the impact in having more than two mail pick-ups a day?</p>	<p>This requirement is mandatory and is non-negotiable. More than two mail-picks ups per day would increase processing times and each State Agency business operations. Per section 2.4.1.1 of the Requirements Section #5 “All lockbox payments are for operations within Maryland and will be collected, at a minimum of one secured pick-up daily with same-day processing. <i>*Please note that the State prefers two (2) secured pick-ups daily with same-day processing and will occasionally request two daily secured pickups with same-day processing even if one pick-up is the norm.</i></p>
<p>12</p>	<p>Requirement 6 states that the lockbox processing facility must be located within 130 miles of the Baltimore Regional U.S. Mail HUB. Is there any flexibility around this very specific requirement? Increasing the distance limitation may increase competition and possibly improve service, pricing, risk mitigation, and more for the State of Maryland.</p>	<p>See answer to Question #4.</p>
<p>13</p>	<p>Requirement 7 references “approved custom letters to payees”. Can the STO provide sample custom letters that would be sent to payees?</p>	<p>We are unable to provide this information. The State will give specific information to the awarded Contractor which will enable them to fulfill this requirement.</p>
<p>14</p>	<p>Wholesale Lockbox Services Requirement 3 requires all original documents be sent to the STO via</p>	<p>Multiple agencies require, requesting and receiving original documents. This requirement is mandatory and is non-negotiable.</p>

	mail. Paper return of lockbox items is not the standard practice. What is the impact of accessing images through a long-term online archive?	
15	Retail Lockbox Services Requirement 3 references a scan line on documents. Can the STO provide a sample of the document and scan line definition?	We are unable to provide this information.
16	Overall lockbox – what type of items are returned to the payee?	Each Agency has unique business processes, but one example would be an agency that requires original applications for licensure e.g. nursing licenses, etc.
17	Requirement 1.b states that the Offeror will be the “Administrator” for online access. This is not the industry standard and presents a potential security risk to the STO. Would the STO consider changing this requirement to have either the STO or State Agency act as the “Administrator” for online access?	The STO has issued an amendment to address this requirement. Please see Amendment #1 posted on eMMA on 11/14/2023.
18	Requirement 4 and 5 reference monthly reports for the participating Agency and STO. Can you please clarify if this requirement is for a separate report other than the monthly account analysis statement?	Requirement 4 – Each agency must receive an individual and separate analysis statement. Requirement 5 is a separate report showing all agency lockbox activity which may include report metrics/data analytics other than analysis statements of all lockbox activity for the STO.
19	Requirement 6 states that images it copies of checks must be maintained and available for 7 years. The requirement then references that 6 weeks after processing items should be available or provided within thirteen business days. Can the STO please clarify if the requirement is to view and	If the past 6 weeks images are not available online, the image or photocopy must be provided within 13 days to the requesting agency. Subsequently, Images of all checks must be kept for no less than 7 years.

	retrieve images of documents online in these timeframes or are you requesting to have the original hard copy returned?	
20	Requirement 1 states Offeror must open, implement and execute all Agency account requests and services within ten business days. The implementation timeframe to open the lockboxes in this RFP would take more than 90 days. Does the STO expect lockbox services to be implemented in ten business days? If this does not apply to lockbox, please clarify what services need to be implemented in ten business days?	After the contract is awarded, STO and the Offeror will collaborate to outline and implement timeframes for the transition and conversion process. Once the transition and conversion period for the designated State Agencies' lockbox is deemed complete by STO, the Offeror must open, implement, and execute all State Agency lockbox account requests and services within ten business days of STO approval.
21	Can we have an example of an item that has not been received by the party or office specified in the contract? What is the STO's expectation of how these items will be handled?	The proposed question requires clarity for STO to properly answer.
22	Service description "Desktop Deposit – Deposit Credited" appears to be related to remote check deposit. Can you please confirm that the STO uses remote check deposit? If so, how many agencies use remote check deposit and how many scanners are required?	This is "virtual lockbox" whereby the agency can scan all documents to the lockbox and deposit the check remotely. The State is unable to provide specific information.
23	Service description "LBX Restrictive Processing", please clarify this service. Besides paid-in-full items, are there any other scenarios that would fall into the 'restrictive' category?	Each lockbox setup is unique, different, and customized to meet the needs of each Agency's requirements; the Offeror awarded the contract will be given the necessary information to complete the transition.

24	When was the last time the State undertook an RFP due diligence process for lockbox processing?	Several months prior to issuing this RFP; the last Lockbox RFP was issued in December 2016.
25	What has prompted the State to put forth this RFP?	The current contract expires on 3/31/2024 and we are required to re-compete the contract.
26	Please describe any challenges that the State’s Treasurer’s Office has experienced with the current lockbox process.	Agencies raised concerns about items (from other state agencies or non-state agencies) have been deposited into their accounts erroneously. Additionally, some agency items have been deposited into other agency's or business accounts in error.
27	What are some of the goals, other than process efficiencies, that you are looking to achieve from this RFP process?	The State would like to focus on security, mitigating risk, and leveraging new technology. Additionally, implementing a strategic and tactful transition and conversion with minimal disruption to Agencies and Maryland citizens is critical.
28	2 Contractor Requirements: Scope of Work, 2.2 Order of Precedence, page 3 of 110: Will the State accept the inclusion of the financial institutions’ agreements, as an Exhibit within the Contract containing the terms and conditions that are applicable to the banking services provided, if they can be mutually negotiated?	Yes. this can be allowed, however if there are any conflicts between documents our contract terms take precedence.
29	Attachment E, 10. Indemnification, 10.2 Contractor shall hold harmless and indemnify the State: Please provide the statutory reference regarding indemnification.	This is an STO requirement and not a statutory requirement.
30	Understanding the need for STO to have mail facilitated through the Baltimore Hub, would the state be amenable to an alternative mailing location to reduce time, costs and	See answer to Question #4.

	improve processing efficiencies related to lockbox?	
31	<p>P. 9 Section 2.4.1.3 Depository Service 1. For the funds transferred from lockbox accounts via standing transfer order/drawdown wire, what is the “itemized/detailed information to identify each box” information needed?</p> <ul style="list-style-type: none"> • Is it just the information needed to identify the lockbox the funds are related to? i.e. – DHS LBX #123456, for example? Or some additional itemized/detailed information? • Or is it specifically related to these details provided in section 1.2.5: “...up to 45 characters in the Originator to Beneficiary Information (OBI) field of each outgoing wire transfer. This unique data information and addendum within the OBI outgoing wire field will include the name of the Agency, "LBOX ID" (Space), and then the State Agency Lock Box Account. For Example: "OBI= State Treasurer Office MD LBOX ID 0123456789 ".” 	<p>Please refer to Section 1.2.5 of the RFP for detailed information.</p> <p>MD PUBLIC TV LBOX ID followed by the account number. All identifying information must be captured and inputted into the OBI field of each individual outgoing templated wire.</p>
32	<p>The state prefers two daily pick-ups from the Baltimore Regional Facility HUB. What pick up times are preferred? Or is it the bank’s discretion to determine the optimal pickup times that will enable receipt and same day processing at the lockbox site?</p>	<p>STO will work with the Awarded vendor to determine and set the pick-up times. Designation of pickup times may change per tax season or agency high-volume seasons.</p>

<p>33</p>	<p>For custom letters on State Agency letterhead, how is that being facilitated today for the agencies?</p> <ul style="list-style-type: none"> • For what instances are these letters needed? • Could you provide a sample letter from one or more agencies? • How often are these letters needed? • How many letters are needed on a monthly basis in total across all agencies? 	<p>Each lockbox set up is unique and each agency's requirements are different.</p> <p>Some examples of when a letter would be necessary: if a check was made payable to someone other than the agency; routing and/or account number are missing from bottom of check; check amount in numeric and written fields do not match; and stale or post-dated checks. This is not an all-inclusive list.</p>
<p>34</p>	<p>Can the state provide any/all coupon samples utilized today by the agencies?</p>	<p>The utilization of coupons is dependent upon Agency's unique business operations. The State is unable to provide coupon samples.</p>
<p>35</p>	<p>Can the state provide a sample of the daily lockbox data and image file transmissions that STO is receiving today and/or any custom files received?</p>	<p>The State is unable to provide samples.</p>
<p>36</p>	<p>For clarity, the boxes that the state agencies own, are these boxes caller boxes with PO box addresses all with addresses in Maryland?</p>	<p>Yes, these are caller boxes all located in Maryland and the PO box addresses must remain in Maryland.</p>
<p>37</p>	<p>How often do the agencies need original work returned in regard to making a request for original documents to be sent back to the agency?</p> <ul style="list-style-type: none"> • What are typical reasons why originals would be requested? 	<p>See answer to Question #16.</p>
<p>38</p>	<p>For the 1. Wholesale and 3b. Retail request to make one <u>deposit</u> per day, preferably two, please clarify that the state means</p>	<p>The Offeror must make at least one deposit per day of all collected/picked-up items within guidelines established for each agency lock box per collection/pick-up. Collections/pick-ups at minimum</p>

	<u>collections/pick-ups</u> rather than deposit.	are once per day; however, STO prefers two daily collections/pick-ups.
39	What written approval will STO provide, and to whom, so the agencies are able to 1. receive incoming ACH payments, 2. receive debit transactions, 3. Change designated lockbox accounts, modify incoming lockbox payments, 4. New wire standing transfer instructions?	The Director of Treasury Management or STO Executive Senior Leadership will issue written approval for the referenced items. The approval will outline the approved items or requests of the designated State Agency and reference the specific state agency lockbox account. Please refer to section 2.4.1.3 (2) for process instructions.
40	Please clarify the preferred wiring order/structure/timing from agency lockbox account to STO. Is it a wire sent daily from agency lockbox account to agency deposit account then to STO concentration account the next day?	A daily, recurring, scheduled standing order wire transfer for execution at 7 am. This transfer will encompass the total/entire collected balance from the preceding ending day for each state agency's lockbox account, wire transferring the funds to the specified and designated Agency State Main Depository account. This standing order wire transfer is subject to approval by the STO for each respective state agency lockbox account.
41	P. 10 Section 2.4.1.5 Daily reporting – regarding the State’s option for “...the financial institution to act as administrator for online access and reporting,” will each agency be able to implement and administer their own online portal in conjunction with their lockbox and other banking services under this contract?	See answer to Question #17.
42	P. 11 #3. Can you provide an example of the previous day overdraft excel report requested?	This notification refers to overdrafts of the lockbox accounts. The State is unable to provide an example.
43	P. 11 #6. Can you provide an example of the semi-annual rating report requested?	Please refer to Section 1.2.1 of the RFP.

44	P. 12 #1. Describe the types of requests agencies would make that need to be completed within 10 or 13 business days based on the requirements. Are file transmissions and testing included in this time frame?	Yes, file transmissions and testing are included within the time. Each Agency has different documents and would have different research requests.
45	Please confirm, if adequate security measures can be provided, are you willing to consider other alternatives in lieu of a separate and secure room for processing the state of Maryland payments?	No. This requirement is mandatory and is non-negotiable.
46	P. 12 #7 Can you provide an example of the daily report required to be sent to the agency and STO with any corrected and resolved items processed?	The State is unable to provide this information.
47	When one bank is awarded this bid and agencies can decide if they want to utilize the contract or not, if they choose not to, how will they process their lockbox items?	Each Agency determines their agency needs and will decide whether they require lockbox services through this contract.
48	Are there any seasonality increases in volumes that can be shared?	Yes, Each Agency has a different cycle of activity.
49	Are you able to provide an example of the daily detailed itemized lockbox reporting activity that STO receives online as well as daily and monthly online summary reports?	The State is unable to provide this information.
50	P. 15 c. Please send a redacted copy of an invoice showing the state's required fields of information.	Please refer to Attachment A-1 for financial information.
51	RFP Section 2.4.1.1. Question 4. The Offeror (and/or) "Partnered Financial Institution" must be able	Processing encompasses handling, inputting, reviewing, screening, verifying, and settling transactions. It involves the entry of data relevant

	<p>to process incoming documents of highly sensitive data, including documents that include HIPPA information or business and personal tax return filing information. Additionally, The Offeror (and/or) “Partnered Financial Institution” must be able to process funds without any restrictions on dollar amounts, State revenue or tax type, or volume/quantity of paper and documents enclosed with Lockbox payment.</p> <p>Can the state define “processing” and “without any restrictions in the context of this requirement?”</p>	<p>and facilitation of collected documents or monetary negotiables for each agency's business operations, and agency lockbox banking requirements. Examples of non-negotiable restrictions are listed in section 2.4.1.1 question #4.</p>
<p>52</p>	<p>RFP Section 2.4.1.1. Question 5. The Offeror (and/or) “Partnered Financial Institution” are able to collect/pick-up lockbox payments from the USPS Baltimore Regional Facility HUB in Maryland (or) operate secured lockbox services for clients in Maryland and receive lockbox payments through Baltimore (and/or) Annapolis USPS Regional Facility HUB. All lockbox payments are for operations within Maryland and will be collected, at a minimum of one secured pick-up daily with same-day processing. <i>*Please note that the State prefers two (2) secured pick-ups daily with same-day processing and will occasionally request two daily secured pickups with same-day processing even if one pick-up is the norm.</i></p>	<p>No. Please refer to Section 2.4.1.1 Question #6.</p>

	Can the lockbox payments be collected at a USPS PO Box other than within the state of Maryland?	
53	<p>RFP Section 2.4.1.1. Question 6. The Offeror (and/or) “Partnered Financial Institution” lockbox processing facility must be within 130 miles (fastest route) of the Baltimore Regional Facility HUB United States Post Office, Zip Code 21233.</p> <p>Is this requirement a “must have”?</p>	Yes, this is mandatory. See answer to Question 4.
54	<p>RFP Section 2.4.1.1. Question 7. The Offeror (and/or) “Partnered Financial Institution” must occasionally generate approved custom letters to payees using State Agency letterhead. Custom letters will appear to be distributed and mailed from the respective Agency when returning items to the payees but will be executed and shipped by the Offeror (and/or) “Offeror Partnered Financial Institution”.</p> <p>Is this requirement a “must have”?</p>	Yes – This is a mandatory requirement and is non-negotiable
55	<p>RFP Section 2.4.1.1. Question 10. The Offeror (and/or) “Partnered Financial Institution” agrees to provide direct assistance related to issues with the Baltimore, Annapolis or Washington main Postal facilities, or any other postal facility in order to improve deposits, funds availability or problem resolution.</p> <p>Is this requirement a “must have”?</p>	Yes – This is a mandatory requirement and is non-negotiable.
56	<p>RFP Section 2.4.1.2. Wholesale Lockbox Services - Question 3(c).</p>	Yes – This is a mandatory requirement and is non-negotiable.

	<p>Verify that the check is no more than 3 days postdated and that the date is within 180 days.</p> <p>Is this requirement a “must have”?</p>	
57	<p>RFP Section 2.4.1.2. Wholesale Lockbox Services - Question 3(d). Verify that the check is signed.</p> <p>Is this requirement a “must have”?</p>	Yes – This is a mandatory requirement and is non-negotiable.
58	<p>RFP Section 2.4.1.2. Wholesale Lockbox Services - Question 3(e). Provide a photocopy or electronic image of individual processed checks upon request (within 3 business days).</p> <p>Is this requirement a “must have”?</p>	Yes – This is a mandatory requirement and is non-negotiable.
59	<p>RFP Section 2.4.1.2. Retail Lockbox Services – Question 3(d). Verify that the payee is in acceptable format (based upon the Agency’s acceptable formatting variations).</p> <p>Is this requirement a “must have”?</p>	Yes – This is a mandatory requirement and is non-negotiable.
60	<p>RFP Section 2.4.1.2. Retail Lockbox Services – Question 3(e). Verify that the check is not more than 3 days postdated and that the date is within 180 days.</p> <p>Is this requirement a “must have”?</p>	Yes –See answer to Question #56.
61	<p>RFP Section 2.4.1.2. Retail Lockbox Services – Question 3(e). Verify that the check is signed.</p> <p>Is this requirement a “must have”?</p>	Yes - See answer to Question #57.

62	What other liquidity management solutions do you require? E.g., Earnings Credit, Interest Bearing?	We require Earnings Income Credit.
63	Would municipal letter of credit (MULOC) through Federal Home Loan Bank be an acceptable form of collateral?	Yes - See answer to Question #3.
64	Noticed on the requirements that State of Maryland requires 102% collateral, if using a municipal letter of credit (MULOC), what percentage of collateral is required?	State statute mandates 102% collateralization for all public funds.

END OF FORM