

# COMPREHENSIVE BANKING SERVICES RFP

Vermont State Treasurer's Office

July 14, 2010

## QUESTIONS & ANSWERS

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1. Who is/are the incumbent(s)?

*A. TD Bank*

2. What is the estimated value of the contracts resulting from this solicitation?

*A. We are soliciting bids from vendors for the services described in the RFP, therefore, the value of the contract would be unknown to us until a bidder is selected.*

3. May your Comprehensive Banking RFP be bid upon in components?

*A. Yes, as stated in section 1.1 Executive Summary: "A prospective bidder may submit a comprehensive bid for all Service Groups, or for any one or combination of Service Groups..." The State is not looking to break the Service Groups into sub-groups.*

4. Must a vendor be a financial institution if they are only responding to Service Group 3 – Merchant Services?

*A. No. See section 1.1.3. Service Group 3, Merchant Services for requirements.*

5. Does the State prefer to contract with one vendor for all service groups? If so, what are the advantages or objectives of the State for contracting with one vendor?

*A. See the answer to question 3.*

6. What is the State's average ticket size?

*A. See the answer to question 50.*

7. Who is/are the State's current merchant services provider(s)? According to page 18 of the RFP, service providers include Omaha and Nashville. Who are the providers in these locations?

*A. TD Bank is the State's primary merchant services provider for point of sale credit/debit card transactions, i.e. non-internet based transactions.*

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*Data is transmitted to/from several merchant services processors, including Global, TSYS, and FDMS Omaha & Nashville,*

8. What fees are currently being charged to the State for merchant services?
- A. *The services requested and related to costs in this RFP vary from those requested in prior RFPs and related contracts. The State encourages bidders to provide price proposals independent of past experience. Historical information is subject to request under the access to public records statutes. Information on the process for making such a request is available on the website for the Vermont Secretary of State at [www.sec.state.vt.us](http://www.sec.state.vt.us).*
9. Due to their size, is it permissible for vendors to submit the required documentation as listed on page 39 of the RFP (i.e. financial statements, SAS-70, etc.) via a CD-ROM?
- A. *Yes, in PDF format.*
10. What State agencies/departments are expected to participate under the merchant services agreement?
- A. *Please see page 15 of the RFP for a list of credit card transactions, by department, processed during FY '09.*
11. Is the State interested in accepting payments via a Web-based payment application and IVR system or just at the point-of-sale?
- A. *The State currently accepts Web-based payment application and IVR system payment through a separate contract. This RFP is primarily seeking bids for card-present and card-not-present point-of-sale transactions.*
12. It is mentioned (Page 8) that the "banking institution must be able to handle significant daylight overdraft capacity". Could you please give us an example of how the bank account would experience a daylight overdraft on a daily basis and what would cause a daylight overdraft in the amount of \$175 million?
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*A. Since ACH settlement occurs early in the day and maturing investments may settle later in the day, a daylight overdraft may occur. While there are multiple occasions when this may occur, they approach the \$175 million ceiling three times a year when state aid to education payments are disbursed.*

13. Would the State accept any alternatives to daylight overdraft protection?

*A. Bidders are welcomed to submit proposals for alternatives to the requirements included in the RFP.*

14. Is it expected the bank providing the deposit and disbursement services would also be the bank providing the daily investment purchases (i.e. commercial paper, treasury securities, etc.)?

*A. No. The RFP does not include daily investment purchase services.*

15. It is mentioned that State would require a line of credit. What amount is the State is looking for, and what is the usage level the state has experienced? Does the State offer any collateral for this line of credit?

*A. The line of credit amount could vary. The State would be looking for capacity of up to \$50 million for 30 to 60 days. The State has not used short-term borrowings of this type in recent years.*

16. Does the State anticipate issuing TAN's for income tax shortfalls? When the State borrowed in 2003, what was the principal amount borrowed and the term?

*A. No, the State does not anticipate TANs. The 2003 borrowing was a RAN in the amount of \$48 million for a term of 6-months. This was the last time short-term borrowing was necessary.*

17. Will the State accept a mix of collateral for its deposits?

*A. See section 2.2.1 Service Group 1, Page 27 - Collateral Agreement.*

18. It is mentioned the State requires remote deposit capture services for the Tax Department and the Treasurer's office. Could you provide the volume

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levels for both areas? Also, please indicate the number of additional areas the State expects to use this service.

*A. From December 2009 to May 2010 the tax department averaged approximately 41,900 items per month, with approximately twice the average volume in April. The average for the Treasurer's Office is less than 50 items per day. The additional areas for service are unknown at this time.*

19. Does the State require a proposal for an online payment system for fees, taxes, registrations, etc.? if so, may a financial institution outsource this function?

*A. No. The State currently accepts online payment system for fees, taxes, registrations, etc. through a separate contract.*

20. Does the State utilize armored car of couriers?

*A. The selected bidder would be responsible for providing bonded courier services, as approved by the State, at cost.*

21. Will the State require a proposal for EBT cards?

*A. Not at this time with this RFP.*

22. Does the State require a proposal for sub-accounting for any escrow accounts?

*A. No.*

23. Would the State consider positive pay deadline of 11 AM or Noon instead of 2 PM?

*A. The State requires an adequate window of time to process positive pay exceptions. The bidder may submit alternatives and timing constraints in their response.*

24. The RFP mentions that financial institutions must be capable of receiving "payment instructions" from state agencies or citizens online or IVR. Does

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this mean a financial institution must provide bill payment services? If so, may a financial institution outsource this function?

*A. No. At this time payment instructions would relate to the State providing instructions to a lockbox processor that was not the financial institution providing core banking services via electronic means.*

25. If the State requires deletion of unpaid checks in its issue file after one year, would it accept a one-year limit on the effectiveness of a stop payment?

*A. No. Stop payments should remain in effect until the payment is cancelled in the bank's systems.*

26. What format does the State utilize for uploading ACH payroll files, e.g. .txt?

*A. The payroll division of the Department of Finance and Management processes payroll for State employees. The State requires employees to accept payment of pay by direct deposit, with a few exceptions. These files are transmitted in NACHA PPD format.*

27. What accounting management program does the State utilize, e.g. MUNIS?

*A. The State of Vermont uses Oracle / PeopleSoft enterprise financial management system utilizing various modules. The system is managed by the Department of Finance and Management in conjunction with the Department of Information and Innovation's PeopleSoft Technical Unit. This system is called VISION (The Vermont Solution for Information and Organizational Needs).*

28. What Earnings Credit Rate is presently being paid by the State's primary depository institution?

*A. The Earnings Credit Rate would be negotiated with the selected bidder. Historically the State has used fees for services as opposed to compensating balances.*

29. What is the reserve requirement of the State's primary institution for the calculation of an earnings credit rate?

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A. *The reserve requirement is established by the Federal Reserve Board.*

30. Could you provide the current transaction cost the State is paying its current bank for all the services listed in the RFP?

A. *The services requested and related to costs in this RFP vary from those requested in prior RFPs and related contracts. The State encourages bidders to provide price proposals independent of past experience. Historical information is subject to request under the access to public records statutes. Information on the process for making such a request is available on the website for the Vermont Secretary of State at [www.sec.state.vt.us](http://www.sec.state.vt.us).*

31. Does the State require bidders to submit a Certificate of Insurance with the bid?

A. *No. However, if a bidder is selected to provide services, pursuant to the State Standard Contract, Attachment C #7, the vendor must submit the certificate of insurance prior to commencing work.*

32. Does the State maintain a cushion in its operating account?

A. *See 2.1.1 Part I-Current Banking Network Cash Management and Banking Systems Overview, and page 20 #12.*

33. Does the State require a financial institution's lockbox be located within the State of Vermont?

A. *The selected bidder for lockbox services is not required to be a financial institution. The State does not require the lockbox be located within Vermont. Potential impacts on service and accessibility will be considered by the State in the RFP review process.*

34. May a financial institution outsource the statement rendering function of lockbox?

A. *Please see section 2.7, Joint Ventures, and 3.1.5, Subcontracting, for details.*

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35. Can the State provide examples of lockbox documents (including the samples of the envelopes) for all lockbox areas?

*A. The State will provide examples of such documents via email, upon request to the single point of contact for this RFP. Requests for these examples should be made by e-mail, please reference "Banking Q & A" in the subject line.*

36. What methods of processing are used (website only, in person or by phone) when charging a convenience fee?

*A. The services identified in this question are provided to the Tax Department through a separate contract, and are not included in this RFP.*

37. The Department of Public Safety accepts card payments for what types of services (i.e. fines, traffic tickets etc.) Which types of payments are assessed a convenience fee?

*A. The services identified in this question are provided to the Department of Public Safety through a separate contract, and are not included in this RFP.*

38. The Vt. Dept. of Taxes charges a convenience fee for tax payments. Does this include all types of tax payments (business, property, income etc)? If not, please provide the volume and transaction count for those transactions that are assessed a convenience fee and those without

*A. See the answer to question 36.*

39. Through the work of VIC and utilizing the State's web portal to accept credit/debit card payments, do you anticipate a change in the current way department's process credit card payments?

*A. See answer to question 11. The State cannot guarantee volumes.*

40. Do you anticipate an increase in the volume? If so, what do you anticipate as increased volume. Will these payments be assessed a convenience fee?

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*A. See answer to question 39.*

41. When a cardholder provides payment on the website, are transactions processed real time? Or are they stored, accessed by a State employee and keyed through a terminal at a later date?

*A. The selected bidder will not be responsible for Web-based transactions. See also the answer to question 11.*

42. Are credit/debit card numbers stored? Are security codes stored? Electronically or on paper? Where are they stored?

*A. No, credit/debit card numbers and security codes are not stored. See also the answer to question 47.*

43. What is the name and version of the Dept. of Liquor Controls' card processing software that interfaces with Global Payments?

*A. This software is developed and maintained by staff in the Department of Liquor Control. The original code was purchased from a company named RetailTrak in 1993. All programming and maintenance of this system are performed internally, including the coding for card processing through Global Payments.*

44. Does your current processor's price structure include passing through MasterCard and Visa interchange, dues and assessments and other Card Association fees?

*A. Yes, some fees are passed through; however there is no surcharge on such fees, or processing service charge for such fees.*

45. What is the total volume and transaction count for all refunds issued in 2009? Are you currently assessed a fee when processing a refund?

*A. For fiscal year 2010 there were 4,547 refund transactions totaling approximately \$293 thousand. Network fees associated with refund/return transactions would be passed through to the merchant account at cost.*

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46. Do you currently electronically capture any cardholder signatures?
- A. *No. Bidders are encouraged to present a proposal for this as an additional service when bidding on the Merchant Services service group.*
47. Are all departments in your credit card summary pci-dss validated?
- A. *The departments accepting card payments are compliant, and internal control procedures are in place to monitor continued compliance. See also the answer to question 42.*
48. What bank do you currently use for banking?
- A. *TD Bank.*
49. What processor do you currently use for processing?
- A. *See the answer to question 7.*
50. On Pg 15 of 91 you give a Current Credit Card Accounts Summary, can you tell us the following.

How many accounts for each Department listed?

A.

<i>Department</i>	<i>Number of accounts</i>	<i>Transmission Method</i>
<i>VT Dept. of Liquor Control</i>	<i>78</i>	<i>DLC Software</i>
<i>VT Dept. of Motor Vehicles</i>	<i>3</i>	<i>Terminals</i>
<i>VT Dept. of Taxes (See Note below)</i>	<i>1</i>	<i>Terminal</i>
<i>VT Dept. of Forest, Parks &amp; Recreation</i>	<i>41</i>	<i>Terminals</i>
<i>VT Dept of Fish &amp; Wildlife (See Note below)</i>	<i>2</i>	<i>See Note below</i>
<i>VT Life Magazine (See Note below)</i>	<i>1</i>	<i>Terminal</i>
<i>VT Secretary of State</i>	<i>1</i>	<i>Authorize.net Gateway</i>
<i>VT Judicial / Courts (See Note below)</i>	<i>N/A for this RFP</i>	
<i>VT Center for Crime Victims / Restitution Unit</i>	<i>1</i>	<i>Terminal</i>
<i>VT Dept of Health</i>	<i>1</i>	<i>Authorize.net Gateway</i>

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<i>VT Dept. of Environmental Conservation</i>	<i>1</i>	<i>Authorize.net Gateway</i>
<i>VT Dept. of Historic Preservation / Historic Sites</i>	<i>1</i>	
<i>VT Dept. of Children &amp; Family Services</i>	<i>1</i>	<i>PC Charge</i>
<i>VT Dept. of Public Safety (See Note below)</i>	<i>N/A for this RFP</i>	
<i>VT Agency of Transportation / Contract Administration</i>	<i>1</i>	<i>Authorize.net Gateway</i>

**Note:** All or substantially all of the card transactions for the Department of Taxes, Judicial / Courts, and the Dept. of Public Safety are processed via web-based payment systems that are provided under separate contract and are not included in the scope of this request for proposal. The Department of Motor Vehicles also processes the majority of its card transactions through a web-based payment system provided under separate contract. Most of the transactions for the Dept of Fish & Wildlife are processed at license agent stores using POS equipment owned by the agent. The transactions are processed individually for credit to the State of Vermont merchant accounts at those locations. The Vermont Life account will be closed as the processing of orders for Vermont Life has been separately contracted, along with the payment processing.

- The number for transactions for each department and or the average sale amount for each department?
- A. *The average monthly transactions and average sale for the State of Vermont for card transactions included in the scope of this RFP are approximately 74,900 and \$33.52. The departmental detail is as follows:*

<i>Department</i>	<i>Average Monthly Sales</i>	<i>Average Monthly Transactions</i>	<i>Average Sale</i>
<i>VT Dept. of Liquor Control</i>	<i>\$1,661,716.46</i>	<i>59,731</i>	<i>\$27.82</i>
<i>VT Dept. of Motor Vehicles</i>	<i>\$145,296.24</i>	<i>1,176</i>	<i>\$123.55</i>
<i>VT Dept. of Taxes</i>	<i>\$2,552.93</i>	<i>5</i>	<i>\$510.59</i>
<i>VT Dept. of Forest, Parks &amp; Recreation</i>	<i>\$283,903.53</i>	<i>5,282</i>	<i>\$53.75</i>
<i>VT Dept. of Fish &amp; Wildlife</i>	<i>\$131,252.50</i>	<i>5,078</i>	<i>\$25.85</i>
<i>VT Life Magazine</i>	<i>\$2,368.05</i>	<i>2</i>	<i>\$184.03</i>
<i>VT Secretary of State</i>	<i>\$172,064.00</i>	<i>1,768</i>	<i>\$96.34</i>
<i>VT Center for Crime Victims Services</i>	<i>\$18,191.18</i>	<i>245</i>	<i>\$74.25</i>
<i>VT Dept. of Health</i>	<i>\$15,790.00</i>	<i>247</i>	<i>\$63.93</i>

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<i>VT Dept. of Environmental Conservation</i>	<i>Not available</i>	<i>Not Available</i>	<i>Not Available</i>
<i>VT Dept of Historic Preservation</i>	<i>Not available</i>	<i>Not available</i>	<i>Not available</i>
<i>VT Dept for Children &amp; Family Services</i>	<i>\$77,606.00</i>	<i>1,346</i>	<i>\$57.66</i>
<i>VT Agency of Transportation</i>	<i>\$346.00</i>	<i>10</i>	<i>\$34.60</i>

*Note: Some departments experience seasonal sales volume changes. The averages calculated here are for fiscal year 2010.*

Which accounts use High Speed Internet to transmit their transactions?

*A. See the answer to the second bullet in this question*

Which accounts use phone line dial up to transmit their transactions?

*A. See the answer to the second bullet in this question*

Which accounts are using Pin Based Debit?

*A. The Department of Motor Vehicles mobile units are currently the only state locations accepting pin-based debits.*

51. It is stated that the Liquor Stores are using a POS system that is configured to – communicate to Global and that it will work with Nashville, Omaha and BME.

Can it be configured to communicate to Vital / Tsysys?

*A. The Department of Liquor Control (DLC) software is currently only certified to connect to Global Payments. All DLC locations use this software for communications.*

Are all the liquor stores using the POS system to run their credit cards?

*A. Yes. See also the answer to the first bullet point in this question.*

What is the name of the POS System and the engine or gateway it uses to transmit the card data thru the internet?

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*A. The POS system is part of the DLC's proprietary, internal application. The transaction data is captured at the point of sale and transmitted via phone lines from each POS location. There is no intermediate gateway system being used.*

*Note: See also the answer to question 43.*

52. Page 28, LBX Operations, Bullet 2: "Payments must be captured by manual entry, OCR, CAR/LAR, EFT..." Please clarify what EFT means in this case (why electronic funds transfer is equated to OCR and CAR/LAR)?

*A. Some lockbox payments are made via EFT. The selected bidder must be able to receive such payment.*

53. Page 29, Bullet 9: "The vendor must be able to transmit receipts to the State via Fed Wire, ACH, ZBA, or book transfer." Please provide clarification—Does this mean report activity or transmit data for such receipts?

*A. "Receipts" in this instance means funds received in the lockbox.*

54. Page 29, Bullet 19: Please provide detailed specifications outlining the input files and reports that must be provided, and the image file format for the Department of Motor Vehicles lockbox.

*A. This information may be obtained by contacting the single point of contact for this RFP. Requests for this information should be made by e-mail, please reference "Banking Q & A" in the subject line.*

55. Attachment B: We provide an online image solution for items which cannot be processed according to the lockbox processing rules. Would the State be amendable to same-day online images with next-day Fed Ex delivery of paper items as an alternative to a daily courier?

*A. Yes, provided this alternative meets all regulatory, statutory, and security requirements of the department using lockbox services.*

56. Attachment E—Which State of Vermont locations make deposits? Which locations make cash deposits?

*A. All locations listed may potentially make check deposits. Montpelier, Burlington, and Waterbury have the highest volumes. The State has*

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*minimal cash deposits, Montpelier, and Burlington receive most of these deposits.*

57. Is there a defined distance that an employee would be authorized to travel to make a cash deposit at a branch?

A. *We are unaware of any such requirement in Vermont, however, distance and accessibility to branches are considerations in the evaluation of proposals for this RFP.*

58. Attachment B- Statement Rendering:

For the lockboxes for which statement rendering is provided, please provide samples of each statement and the coupon format required. Please provide volumes for each statement type.

A. *See the answer to question 35.*

How many different types of outgoing statements/ invoices are there for each agency that requires this service?

A. *For the Department for Children and Families lockbox there is a single statement format, which is printed duplex on 8-1/2" by 11" stock. For the Office of Child Support lockbox there are two statement/coupon formats, which are printed three coupons to a sheet of perforated 8-1/2" by 11" stock and one envelope format.*

Please provide the print and mail schedule for the lockboxes requiring this service (i.e. how many times per month, year, etc...).

A. *The OCS lockbox sends data files each Monday for employer statements and on the first business day of each month for the non-custodial parents. The Department for Children and Families sends data to the bank daily for its statements, and sends a high volume file a few days prior to the end of each month for statements to be mailed at the beginning of the month.*

Do you anticipate any foreseeable change in volumes?

A. *There are no significant changes in volume expected at this time, however the Vermont Legislature could enact new legislation or amend*

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*existing legislation at any time that could impact volumes. The State cannot guarantee volumes.*

- Please confirm whether the State is seeking single payment statements or coupon books.

*A. All of the lockbox statements covered in this RFP are single statements.*

59. Attachment C.1- Please provide a copy of the required daily and monthly cleared check file format.

*A. This information may be obtained by contacting the single point of contact for this RFP. Requests for this information should be made by e-mail, please reference "Banking Q & A" in the subject line.*

60. Can you provide additional information on the business need for physical check retention for 90 days to 3 years?

*A. The minimum is 90 days. Certain federal programs may require retention for up-to three years. We are unable to provide additional detail at this time.*

61. Page 32- Stored Value Cards: Please provide more details on current programs using Electronic Benefit Transfer (EBT) and any programs identified to move to a card.

*A. We have no current plans in this area; however the State is interested in bidder proposals in this area.*

62. Page 59- References: How many total references are required?

*A. The bidder should provide a minimum of three (3) total references. If a bid is submitted for multiple Service Groups references may be combined.*

63. Page 25 - Daylight Overdraft Capacity: What is the ability of the Office of State Treasurer to provide notice of pending daylight overdraft needs in excess of \$50MM?

*A. The State's current cash management projection processes permit several days notice on average. We would, however, expect the bank to be able to respond with 24-hour notice.*

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64. Page 26 – Line of Credit: What is the dollar amount of the requested short term credit facility?

*A. See the answer to question 15.*

What is the desired tenor of the committed credit facility? (i.e. up to 2 years to match the contract?)

*A. See the answer to question 15.*

Are there any preferred short term borrowing options (including pricing options) that the State of VT has historically used or preferred? (i.e. Overnight LIBOR pricing option; 30, 60, 90 Day LIBOR pricing options; or Fed Funds pricing options, etc.)

*A. See the answer to question 15.*

65. Page 27 – Collateral Agreement: RFP states that deposits must be collateralized in a manner acceptable to the Office of the State Treasurer. Please confirm whether Fannie/Freddie MBSs (mortgage backed securities) and CMOs (collateralized mortgage obligations) would be considered as acceptable collateral.

*A. The State would consider all of the above. For securities with longer maturity periods and/or those carrying high degree of market risk, higher collateral ratios would be required. These requirements would be subject to negotiation with the selected bidder.*

66. Page 8, #4 - Collateral: Would the State of Vermont consider utilizing a Third Party Collateral Administrator other than the Federal Reserve Bank for collateral purposes? For example: the Bank of New York? Would this be acceptable?

*A. Yes, the State would consider such an alternative.*

67. Would the State of Vermont accept an alternative type of checking account as opposed to a Sweep Account utilizing Repurchase Agreements as long as collateral can be provided via a Third Party Administrator and all other requirements relevant to the structure of accounts are satisfied? (i.e. Collection, Concentration, Disbursement, Information Management, Reconciliation and Risk Management.)

*A. Yes, the State would consider such an alternative.*

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68. Section 2.1 General Information: What should we expect for average balances regarding cash inflows/outflows – General Fund, Money Market Funds, Short Term Funds Overnight Repos?
- A. *For fiscal year 2009 the average daily available cash and investment position was \$198.9 million. Ranging from a low of approximately \$70 million, and a high of \$425 million. The use of money market funds, short-term overnight repos and other money market products has changed in response to recent economic conditions, and is anticipated to continue to do so.*
69. Please provide a 12 month average balance for Cash and Cash Equivalents as stated in the Comprehensive Annual Financial Report?
- A. *The CAFR financial statements include funds outside the scope of this RFP, including money managed separately by various authorities. The State's "low" cash periods generally correspond to the inherent timing mismatch between revenues and expenditures. These are typically related to the timing of state aid to education payments which are mid-September, mid-December, and late-May. See also the answer to question 68.*
70. Please provide Analysis Statements?
- A. *The services requested and related to costs in this RFP vary from those requested in prior RFPs and related contracts. The State encourages bidders to provide price proposals independent of past experience. Historical information is subject to request under the access to public records statutes. Information on the process for making such a request is available on the website for the Vermont Secretary of State at [www.sec.state.vt.us](http://www.sec.state.vt.us).*
71. Please provide a month to month Consolidated Balance Sheet beginning with July 1, 2009 through June 30<sup>th</sup> 2010?
- A. *This information is not available in the requested format.*
72. Regarding the Collections Diagram on Pg. 11 of 91, Exhibit 1, it shows the following methods Cash, Check, ACH, EFT/Wire Transfer. Please define if there is an expectation of ACH EFT/Wire being combined or concentrated with the Retail lockbox files.

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*A. Lockbox deposits are transferred daily to the concentration account by a variety of means that may include ACH and wire transfer. The State would work with the selected bidder to do a cost benefit analysis to determine the appropriate methods.*

73. Do any of the boxes have stop processing dates, after which special handling is required of items that are received after that date. Will the scan-line contain the date to allow for automatically skipping this payment out?

*A. We are not aware of any state lockbox that currently have specific stop processing dates. The state may request multiple pickups and requires complete processing and deposit of all items received on the last business day of the State's fiscal year.*

74. Who is the current lockbox processor?

*A. TD Bank*

75. Are there any boxes that would be awarded that are required to be open in a separate room?

*A. The facility for opening all lockboxes is expected to be a secured location. See also pages 17-18, Lockbox Operations in the RFP.*

76. Does the bank offering lockbox services need to be IVR capable in order to win the bid?

*A. The selected bidder for lockbox services is not required to be a bank. Currently no IVR services are required. The respondent should, however, describe its abilities in this area.*

77. Page 19 - # 5 - Keyed Secured Bins or Specialized Bags (Also referenced on Pg 40 of 91 #: Please describe the Keyed Secured Bins.

*A. The secured bin would be a plastic bin with a padlock.*

78. Please clarify the description of the "two-keyed bags/bins" for deposits.

*A. The two-keyed bags are standard, lockable, bank bags. See answer to question 77 regarding bins.*

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79. Please provide a list of State Departments that utilize the Keyed Secured Bins
- A. The list would be limited to departments with high-volume check deposits.*
80. Please describe the Specialized Bags.
- A. See the answer to question 78.*
81. Please provide a list of State Departments that utilize the Specialized Bags.
- A. Any or all departments may utilize specialized bags as needed. The state and the selected bidder would define the type of any such bag, and these would be provided to the State by the selected bidder at cost.*
82. Please provide list of State Departments that would require Night Deposit Services.
- A. Information not available at the time of completion of the Q&A document.*
83. Please provide quantity/volume of coin being deposited to include Canadian dollar/coin.
- A. The State of Vermont does not have any high-volume coin deposits, and receives a small amount of Canadian money. The State does not have specific volume data available at this time.*
84. Page 22 - # 21: Are check images acceptable instead of physical checks?
- A. The selected bidder will be required to retain physical checks, as required by State or federal statute or regulations.*
85. Page 49 - #8: What are the CMIA reporting requirements?
- A. The Cash Management Improvement Act of 1990 (CMIA) governs the transfer of funds between federal agencies and states for federal grants. The CMIA requires the timely transfer of funds from the federal agencies to the state. The definition of timely transfer depends on the float associated with disbursements made by the state. The transfer date*
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*for federal funds is determined by calculating the dollar weighted average day of clearance issued checks. The State must certify its clearance patterns at least every five years, more often if there are material changes in services that would impact check float. The State would expect the selected bidder to provide an annual float analysis that would provide this information both for the State's review of check float trends and to meet this federal requirement.*

86. Page 28 of 91 #2 – Lockbox Operations: Payments must be able to be captured by manual entry, OCR, CAR/LAR EFT or a combination of these methods. Please define EFT in this context.
- A. See the answer to question 52.*
87. Additional Lockbox Questions: Please define how the bar code technology is used on the envelopes, what information is carried in it, and why is it being used in lieu of OCR A?
- A. The bar code information referenced referred to postal bar codes.*
88. Please further define the interface to VT Drives. Why does this require separate updating versus updating through a transmission? What are the output documents that are created and what does the Bank do with them?
- A. See the answer to question 54. Requests for this information should be made by e-mail, please reference "Banking Q & A" in the subject line.*
89. Please define the files that are required for exception transactions?
- A. This information may be obtained by contacting the single point of contact for this RFP. Requests for this information should be made by e-mail, please reference "Banking Q & A" in the subject line.*
90. Can you provide the formats for merging images with the DMV image system?
- A. This information may be obtained by contacting the single point of contact for this RFP. Requests for this information should be made by e-mail, please reference "Banking Q & A" in the subject line.*
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91. Does the validation number on the check have to be the same as the validation number on the coupon? Do other supporting documents also need a validation number?
- A. Unique validation numbers for each item processed are acceptable. The State prefers date specific, sequential numbering if available. Please fully describe available validation numbering options in the technical proposal.*
92. There is an inquiry about remote lockbox services. What is the State looking to achieve through remote lockbox services? Is the State looking to combine remote captured payments with the lockbox file?
- A. Yes, if the selected bidder for lockbox services is separate from the financial institution providing core banking services. The State is interested in the fastest possible deposit and availability of payments received in lockboxes. Alternatives to remote deposit capture that offer the similar availability of funds and access to images of deposited items may be included in the technical proposal.*
93. Can you provide a sample of the "listing" that is required for items which cannot be processed?
- A. See the answer to question 89. Requests for this information should be made by e-mail, please reference "Banking Q & A" in the subject line.*
94. Do you have an OCR A Document?
- A. Most of the data printed on State lockbox coupons is either in OCR A font or other fonts that have a high machine read rate. See also the answers to number 58 for additional information statement rendering.*
95. Please provide the volume of single coupon, single check transactions that are matched?
- A. Additional information is not available at this time. Mismatched items are generally returned to the State for exception processing. See Attachment B in the RFP.*
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96. Please provide the volume of single coupon, single check transactions that are not matched?

*A. See the answer to question 95.*

97. Please provide the volume of check only transactions requiring data entry?

*A. See the answer to question 95.*

98. What is the number of keystrokes entered each month?

*A. This information is not available.*

Please provide the volume of check only payments that do not have data entry?

*A. Most of the State's lockbox items require data capture and the coupons are designed to allow the data to be machine captured. See Attachment B of the RFP. No additional information is available.*

99. Does the courtesy reply envelope have a window or no window?

*A. The payment envelopes issued by the State do not have windows.*

100. What is the volume of multiple coupons with single checks?

*A. There is some volume of remittances which include multiple coupons with single checks. This typically occurs with DMV payments and is not high-volume.*

101. What is the volume of multiple coupons with multiple checks?

*A. There is a very low volume of remittances received in this manner. None of the State's lockboxes are specifically set up for remittances to be done in this way.*

102. Would the State of Vermont be open to a lockbox mailing address in Boston, Massachusetts?

*A. See the answer to question 33. This is subject to negotiation.*

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103. Would a look-up file (name / address / account) be available for payments received without an account number?

*A. These items are generally returned to the State Departments for processing. There are data files available for some lockboxes that may be able to be used to assist in matching payments.*

104. What is your volume of checks received without account number information (check only w/o)?

*A. This information is not available.*

105. Would there be a receivable stop file and if so, how often and what time would it be available?

*A. The State is not currently issuing any receivable stop files.*

106. Section 2.1 General Information – Credit Card Accounts Summary: Will the State please provide a breakdown by card brand, i.e. Visa, MasterCard, Discover and American Express?

*A. For State fiscal year 2010, just completed, the average monthly volumes of transactions were approximately as follows:*

<i>VISA</i>	<i>39,228</i>
<i>MC</i>	<i>35,458</i>
<i>Discover</i>	<i>166</i>
<i>AMEX</i>	<i>35</i>

107. Will the State please provide the # of transactions or average transaction size for each agency/department?

*A. See the answer to question 50*

108. Will the State please share the most recent year-over-year Merchant Card Processing growth rate?

*A. This information is not available in the requested format at this time. As a reference, total credit card sales increased from \$46.3 million in fiscal year 2008 to \$50.0 million in fiscal year 2009, an increase of approximately 7.9%.*

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109. When did the Dept of Taxes begin the convenience fee program? (there are some fees reflected in the chart on page 15)
- A. Credit card and debit card payments to the Tax Department are not included in the scope of services for this RFP.*
110. The net effective rate of the fees collected by the VT Judicial/Courts would indicate that there is an error in the numbers in the chart on page 15 or that there are some convenience fees collected that are not reflected in the totals. Does the Judicial/Courts Department also use some convenience fee payments?
- A. Credit card and debit card payments to VT Judicial / Courts are not included in the scope of services for this RFP.*
111. Section 2.1 General Information – Merchant Bank Card Services: Will the State please provide approximate numbers of each POS device mentioned?
- A. The most common types and number of these devices are: Tranz 330 – 14, Hypercom T7P – 11, FD50 – 11, and FD100 – 7. The department of liquor control has 78 locations for which transactions are processed by its proprietary software.*
112. Does the State currently have a project timeline for the utilization of the State's Web portal to accept credit card payments?
- A. See the answer to question 11.*
113. Section 2.3.3 Merchant Card Processing Services: Please provide a breakdown of the number of POS devices of each type mentioned in the RFP.
- A. See the answer to question 112.*
114. What communications methods are utilized today for credit card processing at the liquor store retail locations? Async dial up? Internet? Frame Relay?
- A. See the answer to question 51.*
115. What communications methods are used at the other face-to-face card accepting locations?
- A. See the answer to question 50.*
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116. What communications methods are used at the card not present accepting locations?

*A. See the answer to question 50.*

117. Does the State of Vermont own its own PIN debit encryption keys?

*A. No.*

118. Do the liquor store POS systems utilize a 3<sup>rd</sup> party product such as ICVerify, PCCharge, or Southern DataComm for communication with the processor? Or is the interface coded directly?

*A. The interface is coded directly. See also the answer to question 51.*

119. What PIN pads are used by the liquor store POS systems (if the liquor store systems accept PIN debit or EBT)?

*A. The Department of Liquor Control locations do not currently accept PIN based transactions.*

120. Where Omni 3200s are used, is the Omni 3200 itself injected with the PIN debit encryption keys, or is an external PIN pad (such as a PIN pad 1000SE) utilized?

*A. The Office of the State Treasurer does not have this information available at this time. The inventory of POS terminals includes only one Omni 3200 at this time, which is only used as a backup.*

121. What is the status of PCI/DSS compliance for the State?

*A. See the answers to questions 42 and 47.*

122. Section 3.1.11 Contract Duration: Please describe the typical process followed at the end of the initial two year term before approval of the one year extension(s).

*A. The State would initiate a contract renewal process prior to the termination of the contract. Internal approvals and signatures are obtained and the contract amendment is then forwarded to the vendor contact person for signature.*

123. Section 4.1.1 Proposal Acceptance: Does the State want two (2) CD-ROMs – one for the technical response and another containing pricing only?

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*A. Yes, separate submission of the cost proposal is required.*

124. Section 4.3.1 Bidder Information: In an effort to save paper, is it permissible to provide only the website links for the State to access the past three years annual reports in response to 4.3.1, item 5?

*A. Web links are not acceptable. However, see answer to question #9.*

125. Release of our company's SAS-70 requires that the State execute a Confidentiality Agreement specific to the SAS-70 documentation, which is attached to this list of questions. Additionally, hard copy of the SAS-70 will not be included in the published RFP Response but will be sent via encrypted email to the designated State of Vermont recipient. All information in the SAS-70 is to be considered Proprietary and Confidential. Will those procedures be acceptable to the State?

*A. No. However, if submitting the SAS-70 with the RFP is a problem you may delay submitting the document until or unless requested. If a firm is selected as a finalist they will be notified, and if not previously submitted, they must submit their SAS-70 at that time, which may be on CD-ROM marked "confidential". Bidders must also provide a justification for the confidentiality, pursuant to 1 V.S.A. Chapter 5, §317 (c) (9).*

126. Section 4.3.4 Service Group 3, Merchant Card Processing Services: Additional Optional Services asks about alternatives for departments with high dollar average transactions. Are these high dollar payments principally from non-consumers?

*A. Please see, Attachment B – Lockbox Details, for a description of lockbox operations and types of payment processed. As an optional service, the State is requesting that the respondent provide information as to other methods of processing such transactions that may be more cost-effective than debit/credit card transactions. The State will consider any option proposed by the bidder as a value-added option that will substantially reduce costs and improve efficiency of operations.*

127. Would the State be open to adding additional departments to the convenience fee program?

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*A. There are no departments currently using convenience fees for merchant services covered by this RFP*

128. Will the State provide more specific information about the plans for accepting internet based card transactions and which agencies would be requesting that support?

*A. See the answer to question 11.*

129. Attachment A.6 – Standard Contract Provisions – Amendments: Will the State make exception to the no modifications requirement in the event of applicable changes to card brand rules and regulations?

*A. All changes, modifications or amendment must adhere to the conditions of the standard contract. However, specific language within the contract may be written to provide flexibility and for fluid events, such as changes to card brand rules and regulations.*

130. Will the State allow for the introduction of new technology or services that may require changes to the contract?

*A. Yes. However, changes to the way business is conducted as defined in a contract must be discussed and agreed upon by all parties prior to implementation, and would require a contract amendment.*

131. Attachment D.3 Merchant Card Processing Services Pricing Matrix: How do you want the Pricing Matrix to reflect the convenience fee amount for those departments charging a convenience fee?

*A. Credit card and debit card payments to state departments which are assessed convenience fees are not included in the scope of services for this RFP.*

132. What company is providing convenience fee support today?

*A. Credit card and debit card payments to state departments which are assessed convenience fees are not included in the scope of services for this RFP.*

133. Section 5. Bidder Evaluation and Selection Criteria: Page 64 - # 6 paragraph 2: Please clarify this paragraph in further detail.

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*A. We are unable to identify the page reference and paragraph above. With respect to evaluation and selection criteria, no additional information is provided.*

134. Is section 4.3 available in a word format?

*A. To receive a word document for section 4.3. Bidder's Proposal Part II – Bidder Information, [CLICK HERE](#).*

*B. To receive a word document for ATTACHMENT D – PRICING MATRIX, [CLICK HERE](#).*