



STATE OF TENNESSEE  
TREASURY DEPARTMENT

**REQUEST FOR PROPOSALS # 30901-35618  
AMENDMENT # 2  
FOR STATE CASH MANAGEMENT BANKING  
SERVICES**

**DATE: June 28, 2017**

**RFP # 30901-35618 IS AMENDED AS FOLLOWS:**

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

EVENT	TIME (central time zone)	DATE
(1) RFP Issued		June 12, 2017
(2) Disability Accommodation Request Deadline	2:00 p.m.	June 15, 2017
(3) Pre-response Teleconference Conference	10:00 a.m.	June 16, 2017
(4) Notice of Intent to Respond Deadline	2:00 p.m.	June 19, 2017
(5) Written "Questions & Comments" Deadline	2:00 p.m.	June 22, 2017
(6) State Response to Written "Questions & Comments"		June 28, 2017
(7) Final Written "Questions & Comments"	2:00 p.m.	July 7, 2017
(8) State Response to Final Written "Questions & Comments"		July 14, 2017
(9) Response Deadline	2:00 p.m.	August 7, 2017
(10) State Completion of Technical Response Evaluations		August 14, 2017
(11) State Opening & Scoring of Cost Proposals		August 17, 2017
(12) State Notice of Intent to Award Released and RFP Files Opened for Public Inspection		August 21, 2017
(13) End of Open File Period		August 28, 2017
(14) State sends contract to Contractor for signature		August 29, 2017
(15) Contractor Signature Deadline	2:00 p.m.	August 31, 2017

**2. State responses to questions and comments in the table below amend and clarify this RFP.**

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

QUESTION / COMMENT	STATE RESPONSE
<p>1 Will you please provide copies of all analysis statements to ensure that respondents have the opportunity to thoroughly review existing services?</p>	<p>See Amendment 2 Attachment 01, which is published on the internet at <a href="http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities">http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities</a></p>
<p>2 Would the State of Tennessee be amenable to mutual non-indemnification language?</p>	<p>No.</p>
<p>3 Please clarify and define the bank account number format convention that they use to identify the agencies. We noted that the first three digits indicate the agency; how many other digits are in the bank account number that's being used?</p> <p>a. Can we have a listing of these bank account numbers for both ABA numbers that the State owns?</p>	<p>The standard ACH Account number convention used by the State is 11 digits. The first three digits are sequentially assigned and represent a unique account. The next six digits are an internal number that identifies the agency. The remaining digits are variable based on business needs.</p> <p>a. See Amendment 2 Attachment 02, which is published on the internet at <a href="http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities">http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities</a></p>
<p>4 Can the State please describe the process of transferring their ABA number from one financial institution to another?</p> <p>a. What was their experience in moving the ABA numbers from previous bank provider to current bank provider when this was done 5-6 years ago?</p> <p>b. Are there any "lessons learned" that bidding banks should be aware of?</p>	<p>As Registrar of Routing Numbers for the American Bankers Association (ABA), Accuity is responsible for the assignment of routing numbers in accordance with the Routing Number Administrative Board Routing Number Policy. The Routing Number Administrative Board, through Accuity, and the Federal Reserve Bank have agreed to designate Routing Number 064107091 to be used by the State of Tennessee's ACH Bank, and to transfer such Routing Number from time to time as necessary whenever the State designates a different ACH Bank.</p> <p>a. The State's ACH Routing Number was last transferred from Regions Bank to First Tennessee Bank. Both banks coordinated the transfer with each other and the Federal Reserve Bank, in accordance with the State's desired cut-over date. It is anticipated that in the event a new ACH Bank is designated as a result of this RFP, the new bank will coordinate the transfer with the State, First Tennessee Bank and the Federal Reserve Bank.</p> <p>b. In general, the transfer of the Routing Number went very well for the State, with</p>

QUESTION / COMMENT	STATE RESPONSE
	little to no issues, and there were no major lessons learned or cautions recalled from the previous transfer.
<p>5 Can the State please confirm that they would prefer a file transmission of transactions at their 5:00am reporting deadline to the agencies, or would they prefer to access (or have the agencies access) via the bank's online Treasury Management platform?</p>	<p>The State would prefer to continue receiving a daily file transmission at 5:00AM. However, we are open to alternative solutions upon implementation of the expanded ACH services.</p>
<p>6 Can the State please confirm that they would like to:</p> <p>a. Cease the use of their internal PEP+ system, and instead use a bank's PEP+ platform.</p> <p>b. Cease the use of their Fiserv ARP SMS Account Reconciliation / Positive Pay system, and instead use a bank's ARP / Positive Pay platform?</p>	<p>The State wishes to cease using both PEP+ and ARP/SMS and use the bank's systems upon implementation of the expanded services listed in the RFP.</p>
<p>7 Is it important that the 8 banking accounts that are on the Fiserv ARP SMS system continue to use the same account numbers?</p> <p>Can a bank use different account numbers that are associated with the State's ABA number that is used for check disbursements?</p>	<p>a. Yes</p> <p>b. Not preferred. See response to Question 71 below.</p>
<p>8 Can the State provide the specific ABA / Routing and Transit numbers on the ICL items for a several month period? This will help us to better understand the clearing categories of these items.</p>	<p>There are 3 ICL cash accounts currently active.</p> <ol style="list-style-type: none"> <li>1- Treasury Edison</li> <li>2- Department of Human Services – Child Support</li> <li>3- Department of Revenue</li> </ol> <p>See Amendment 2 Attachment 3 for the copy of Treasury Edison ICL files, which is published on the internet at <a href="http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities">http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities</a></p> <p>This information is not available for Child Support and the Department of Revenue.</p>
<p>9 Could the State provide further details on the phrase "completed projects" for references? What does "completed project" mean regarding the relationship between Client and Bank?</p>	<p>Item B.17 does not require five (5) different references. The requirement in Item B.17 of RFP Attachment 6.2 can be satisfied with three (3) different references on the respondent bank from current or former clients for whom the respondent has completed one entire contract cycle prior to the current contract.</p>

	QUESTION / COMMENT	STATE RESPONSE
10	Would a Dunn and Bradstreet report meet the requirement in A.4?	Yes.
11	Section 1.3.1.5: Referencing the 4 third party vendors, do they send origination files directly to Bank?	Currently all third party vendors send the originations files directly to the State. We consolidate these files with all other State originations and transmit them to the bank.
12	Section 1.3.1.6.2: In the Extended Services phase, how would the State prefer Bank to handle any exceptions for the 250 DFIs?  How does the State wish to have reporting/files provided on these exceptions?  What is the estimated number of files needed?  Would they be in NACHA format?  For reporting, would preference of delivery be online or email?	Exceptions to the 250 DFI accounts would be rejected/returned by the vendor bank automatically. A file would not be necessary for rejected items. Notification in the form of an email or online reporting would be sufficient.
13	Section 1.3.1.6.3: How does the State envision processing "on us" items in the expanded services phase? Specifically, Banks will settle transactions sent for processing; so will the State send the files to Bank and anticipate the transaction settlements on Accounts?	On-us items are not currently sent to the vendor bank. These transactions are removed from the origination prior to transmission. With the expanded services, we anticipate these items being identified based on our unique ABA number and reported as on-us items on the daily bank file. We would be open to both an origination and a receipt transaction hitting our account on the settlement day or a net-zero settlement. The State is seeking the best method for handling these items and presenting the information to our agencies and will work closely with the winning proposer on the best solution.
14	Section 1.3.1.6.4: a. Will the Bank be sending same receipts file to Edison that is going to State per 1.3.1.6.2, paragraph 2?  b. Is it the same layout?	The vendor bank will provide the receipts file directly to Treasury who will be responsible for providing that information to Edison.
15	Section 1.3.1.6.6: How many departments receive returns files? Thinking about the expanded services phase, for the agencies receiving paper reporting, could they access returns via online or email?	Currently 6 agencies are receiving returns files from the State. The State is seeking the best solution for the expanded services and will work with the winning proposer on the best mechanism for providing this information to our agencies.
16	Section 1.3.5	See response to Question 21 below.

QUESTION / COMMENT	STATE RESPONSE
<p>What type of reporting would the State require? Frequency?</p>	
<p>17 <b>Section A</b> A.16: What system is utilized to upload the Call Report? What format is it?</p>	<p>The State prefers that the call report be submitted in PDF format.</p>
<p>18 C.2.3: Within the 8am – 4:30pm disbursement time frame for outgoing wire transfers, does the State have normal cycles (for example, 10am, 11:30am, etc.) for expected wire requests?</p>	<p>Typically, the majority of wire disbursements will be requested between 8:30 a.m. and 12:00. A small number of disbursements could be requested in the afternoon, but those are almost always exceptions</p>
<p>19 C.2.8.6: Does the State have a sample layout regarding the “customized output files” described?</p>	<p>See Amendment 2 Attachment 04 below.</p>
<p>20 C.2.10: a. Can the State provide the expected initial asset allocation percentages by major security type and anticipated average trading / settlement volume by week? b. What method does the State prefer to transmit settlement instructions to the custodian? c. How many assets are currently held in the portfolio?</p>	<p>a. The average asset allocation of securities held in custody for the SPIF over the last 12 months has been 67% US Government Agencies, 21% US Treasuries, 8% Commercial Paper, and 4% Repurchase Agreements collateralized with US Treasuries and Agencies. The ITIF, ECD, and TWRA are 100% US Treasuries and Agency securities.  The average trading volume for the ITIF, TWRA, and the ECD is very low. Over the last 12 months, the ITIF had 4 trades, the TWRA had 2 trades, and the ECD had 3 trades for the entire year. These funds are stable and were not created to have heavy trading volume once established. The activity resides with the SPIF. During an average week during the last 12 months, the SPIF had 80 trades with a value of \$4 billion each week.  b. The State currently transmits an email with PDF versions of internal trade tickets to the custodian. That method is acceptable, but we are willing to discuss alternative methods.  c. The SPIF currently has 105 securities, the ITIF has 5 securities, the TWRA has 18 securities, and the TWRA has 14 securities held in custody.</p>
<p>21 Optional Services: a. Can the State provide an expectation of the volume /</p>	<p>a. The State does not currently have the authority to purchase or hold precious metals. However, because the topic has been discussed during legislative sessions,</p>

QUESTION / COMMENT	STATE RESPONSE
<p>specifications of precious metal holdings that are to be safe kept?</p> <p>b. Can the State give its preference on the desired location of safe kept precious metal holdings?</p>	<p>the State needs to make the bank aware that custody of gold or other precious metals may become a part of the State's portfolio.</p> <p>b. During discussions that have taken place with members of the general assembly, the desire would be that the gold or other precious metals be physically held within the State of Tennessee if a decision is made to actually acquire precious metals.</p>
<p>22</p> <p>Cost Proposal:</p> <p>The State requests services in the RFP that are not listed as items in the Cost Proposal. For example, State requests Online Banking Services. How does the State intend to handle pricing discussions for items that are not listed in the Cost Proposal?</p>	<p>The State will not discuss or otherwise entertain pricing for items that are not listed on the Cost Proposal &amp; Scoring Guide (RFP Attachment 6.3). If a respondent bank desires to charge the State for Online Banking Services, then the charge for that service should be incorporated into the cost for one of the items actually listed on the Cost Proposal &amp; Scoring Guide (RFP Attachment 6.3). <b>NOTE:</b> Section 3.1.2 of the RFP states that a respondent bank “must <u>only</u> record the proposed cost exactly as required by the RFP Attachment 6.3., Cost Proposal &amp; Scoring Guide <u>and must NOT record any other rates, amounts, or information</u>”. If a respondent bank fails to submit a cost proposal exactly as required, the State may deem the response to be non-responsive and reject it.</p>
<p>23</p> <p>Contract:</p> <p>D.18: Would the State consider limiting Contractor Liability on points i, ii, and iii to 2 times the “Maximum Liability” of contract?</p>	<p>No. Pursuant to State law, the State is prohibited from limiting a contractor's liability on items (i), (ii) and (iii) of Section D.18 of the <i>Pro Forma</i> Contract. See, T.C.A. § 12-3-701(b).</p>
<p>24</p> <p>Section 1.3.1.6.6 ACH Expanded Services:</p> <p>Will the individual State agencies send separate ACH files or will they be consolidated and sent together?</p>	<p>See response to Question 57 below.</p>
<p>25</p> <p>Section 1.3.1.6.6 ACH Expanded Services:</p> <p>Will all the ACH files generated by the various agencies be in the same NACHA format? If not, could the State please provide more clarification regarding any file types that might not conform to the same standard?</p>	<p>All State origination files will be provided in NACHA format.</p>
<p>26</p> <p>Section 1.3.1.6.6 ACH Expanded Services:</p> <p>Will the State use a single VPN connection or will the Respondent have to establish a separate</p>	<p>The State intends to have a single VPN connection to the bank for all originations.</p>

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<p>connection for each area that originates ACH?</p>	
<p>27 Section 1.3.1.6.6 ACH Expanded Services: Regarding the Dual Factor Authentication, what data/information is the State looking to confirm? Will the State require a confirmation before the Bank processes the file?</p>	<p>Treasury requires one or more specific User ID's to be authenticated into State networks before sharing any information. Those user ID's will be granted access only after successfully presenting several separate pieces of evidence to our authentication engine. This evidence typically must fall into at least two of the following categories: something only they know, something only they possess, and something only they are. Treasury would expect similar 2FA from our vendor partner.</p> <p>The State expects a confirmation of what has been received by the bank but does not require this confirmation prior to processing the files.</p>
<p>28 Section 1.3.1.6.6 ACH Expanded Services: Please provide an estimate on how many ACH files the Bank will receive daily? What is the estimated average and peak volumes of entries per ACH file?</p>	<p>The State estimates an average of 26 files will be sent each day. Daily transaction volume averages 40,000 transactions but peak volume is not available.</p>
<p>29 Section 1.3.1.6.6 ACH Expanded Services: Can the State support a cap on the number of entries in each ACH file?</p>	<p>No. The State does not cut off any files based on the entry count.</p>
<p>30 Section 1.3.1.6.6 ACH Expanded Services: Please expand on how the State would like to track, monitor and balance ACH incoming files and settlement?</p>	<p>The State needs the ability to confirm through the bank that files have been received and that they match our control totals on both entry count and amount.</p>
<p>31 ACH Reporting: a. Does the State want separate reports for ACH Receipts or should these be combined with the Agency Returns and Notifications of Change? b. Does the State also want consolidated reporting on the Agency Receipts, Returns, and Notifications of Change? (i) What format does the State want the reports in? (ii) What data does the State need in the reporting for</p>	<p>Currently, the State provides one report for all ACH receipts and a separate report for returns and notification of changes. As part of the expanded services, the State is seeking the best mechanism for distributing information to all agencies and will work closely with the winning proposer on the best solution.</p>

QUESTION / COMMENT	STATE RESPONSE
<p style="text-align: center;">agencies?</p> <p>c. What search criteria and export options does the State need to locate and export data from the online ACH Return report?</p>	
<p>32</p> <p>International ACH Transactions:</p> <p>a. Will the state create and send the NACHA formatted IAT file?</p> <p>b. What countries will the State need to originate transactions to?</p> <p>c. Will the IAT transactions be originated in US dollar to US dollar, or US Dollar to Destination currency?</p>	<p>The State does not currently originate IAT transactions; however, as State ACH origination applications are upgraded, the State may originate IAT transactions in the future. Any such file would be in NACHA formatting and originated in US Dollars. The countries could vary based on business needs.</p>
<p>33</p> <p>1.3.2.1 Use of State's Designated Routing Number:</p> <p>What is the account number structure and length that the State currently uses? Please provide the individual account numbers for the Warrants/Checks.</p>	<p>Acct 00044 – Labor &amp; Workforce Development</p> <p>Acct 00055 – Finance/Administration – State Payroll</p> <p>Acct 00099 – Human Services – Child Support</p> <p>Acct 00538 – Finance/Administration – Edison AP</p> <p>Acct 00747 – TN Consolidated Retirement System</p> <p>Acct 00888 – Dept of Corrections – Inmate Trust</p> <p>Acct 02337 – Finance/Administration – Travel/Flex</p>
<p>34</p> <p>1.3.2.2 Correspondent Agreement:</p> <p>a. Respondents can receive multiple cash letter presentments from the Federal Reserve; is the State only going to require one notification per day at 1:00 PM CST?</p> <p>b. Is it the intent that the Respondent hold remaining settlement/charges until the following business day or allow those charges later than 1:00 PM CST to occur?</p>	<p>a. We receive up to four cash letters per day ending at 1:00 pm CST. The State receives email notifications from the vendor bank each time a cash letter is posted.</p> <p>b. We allow any remaining charges later than 1:00 pm to occur and settle for them the next business day.</p>
<p>35</p> <p>1.3.2.3 Warrant &amp; Check Presentment Paid Files:</p> <p>a. What special reporting does</p>	<p>a. Reporting for ARP/SMS is the standard Daily &amp; Monthly Reports from ARP/SMS. See Amendment 2 Attachment 05, which is</p>



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<p>the State of Tennessee require for your ARP/SMS processing?</p> <p>b. Does the State have any custom code within ARP/SMS that the Bank needs to consider? If so, please explain.</p>	<p>published on the internet at <a href="http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities">http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities</a></p> <p>b. Yes. The State currently uses custom code but would like to discuss the possibility of utilizing standard processing with the winning proposer.</p>
<p>36</p> <p>1.3.2.3 Warrant &amp; Check Processing Expanded Services:</p> <p>Is the intention that the winning Respondent be designated as a presentment point with the Federal Reserve for the Checks/Warrants with the Bank receiving the file directly from the FRB?</p>	<p>Yes.</p>
<p>37</p> <p>Section 1.3.6 – Check Cashing/Dispensing and Automated Teller Machine Services:</p> <p>a. Does the State require a cash dispenser / automated teller machine at each of the locations listed in Section 1.3.6?</p> <p>b. Will the State accept a paperless solution i.e., a reloadable branded debit card, in lieu of a paper warrant or check?</p> <p>c. During normal business hours [8:00 AM CST until 5:00 PM CST] will the cash dispenser / automated teller machine be available for use by the general public?</p> <p>d. Will the State permit the cash dispenser / automated teller machine to be branded by the Vendor bank?</p> <p>e. Will servicing and maintenance of the cash dispenser / automated teller be permitted during non-business hours?</p> <p>f. Will the State permit the Vendor bank to provide</p>	<p>a. Yes, at a minimum the State requires a cash dispenser/automated teller machine at the General Assembly office building and at the State Capitol. Other select State central government facility locations may also be considered by the State, with the mutual agreement of the successful Respondent.</p> <p>b. The State would consider a branded debit card solution but it must also work in conjunction with the presentment of a check or warrant for immediate deposit to the card account and/or cash back, in order to accommodate cashing of personal checks and State payments that are made by check rather than Direct Deposit to the card account.</p> <p>c. The cash dispenser / automated teller machine could be available for use by the general public while conducting normal and intended business at or near the location(s). The specific location within each facility will need to be approved and could impact accessibility to the public.</p> <p>d. The State will consider a branded cash dispenser / ATM; however, some restrictions on location and signage could apply in certain State facilities.</p> <p>e. Yes.</p> <p>f. Yes.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>security for the cash dispenser / automated teller machine – examples – video cameras and alarm?</p>	
<p>38</p> <p>Section 1.3.7 – Link and Data Security - Wires, ACH Custody, and ICL:</p> <p>a. Please expand on the details of encrypting in transit and in flight Confidential Data (Wire, ACH, Custody and ICL) in accordance with NIST publication 140-2?</p> <p>b. Please explain the expectations for interactive file transmission including dual approval for confidential data (Wire, ACH, Custody and ICL)?</p>	<p>Treasury desires that all files transmitted between our environment and the vendor partner’s environment be encrypted at rest (as they reside pending transmission or as they reside having arrived at their destination) and in flight (as they are being transmitted). This approach is intended to render the file useless to any party that would attempt to capture it either before, during, or after its transmission.</p> <p>Treasury would expect that file transmission would occur only after each side had been verified as authentic via our dual-factor authentication mechanism.</p>
<p>39</p> <p>Section C.2.21 – Processing Outage:</p> <p>Please expand on the Processing Recovery Time Objective?</p>	<p>Treasury would expect resumption of processing to occur within 2 hours of the start of all planned processing windows to avoid breaks in our business continuity.</p>
<p>40</p> <p>General question:</p> <p>Does the State’s current financial institution provide all the services in this RFP (Cash Management Banking Services)? If not, please identify all the financial institutions and the services they provide for this RFP?</p>	<p>The current financial institution provides all of the services in this RFP with the exception of the optional and expanded services. Those are new services that the State is requesting.</p>
<p>41</p> <p>General question:</p> <p>What are the reasons the State has issued this RFP for Cash Management Banking Services?</p>	<p>State agencies are required to competitively rebid its contracts every five years.</p>
<p>42</p> <p>1.2. Background Expanded Services:</p> <p>a. Would the State consider moving or starting with the year two scenario (moving to the bank provided services) now rather than later?</p> <p>b. If no, would the State consider splitting the RFO – one provider for year one/correspondent services and a different provider for year two/bank provided services?</p>	<p>a. No</p> <p>b. No</p>

QUESTION / COMMENT	STATE RESPONSE
<p>43</p> <p>Cost Proposal 6.3: Additional Services the Respondent must only record the proposed costs and must not record any other rates, amounts or information – can the Respondent include additional services details and costs in the Technical Section of the response? If not, where would you like the bank to insert this information?</p>	<p>No. As stated in Section 3.1.1 of the RFP, a “technical response <u>must not include any</u> pricing or cost information. If any pricing or cost information amounts of any type (even pricing relating to other projects) is included in any part of the technical response, the state may deem the response to be non-responsive and reject it”. Further, Section 3.6 of the RFP states that “(i)f a response offers goods or services in addition to those required by and described in this RFP, the State, at its sole discretion, may add such services to the contract awarded as a result of this RFP. Notwithstanding the foregoing, a Respondent must not propose any additional cost amounts or rates for additional goods or services. Regardless of any additional services offered in a response, the Respondent’s Cost Proposal must only record the proposed cost as required in this RFP and must not record any other rates, amounts, or information”. See also the Response to Question 22 above.</p>
<p>44</p> <p>Cost Proposal 6.3: Will the State base each service as a volume of one?</p>	<p>No. For evaluation purposes, the State will use the evaluation factors contained in the Cost Proposal &amp; Scoring Guide, RFP Attachment 6.3. The evaluation factors are based on estimated volumes.</p>
<p>45</p> <p>Cost Proposal 6.3: Cost Proposal, where in the response can the Responder provide supplemental bank charges that maybe applicable? For example, where does the Responder include ACH debit filter charges or Account Reconciliation charges?</p>	<p>See response to Question 22 above.</p>
<p>46</p> <p>Cost Proposal 6.3: Please provide copy of the incumbent current account analysis statement to include all charges for the State’s Cash Management Banking Services.</p>	<p>See response to Question 1 above.</p>
<p>47</p> <p>Scope of Services A.4.b (ECR):</p> <p>a. What is the State’s current Earnings Credit Rate (ECR)?</p> <p>b. What is the State’s average collected balance for the last year that was used to offset bank charges?</p>	<p>a. The State currently receives an earnings credit for the Settlement Account’s average daily available account balance at an earnings rate equal to the Federal Funds Target Rate as set from time to time by the Federal Open Market Committee (FOMC) plus 0.17%.</p> <p>b. Please refer to RFP Attachment 6.13</p>

QUESTION / COMMENT	STATE RESPONSE
	Schedule of Investment Vehicle Balance Variability. This schedule is for a three-month period but is representative of the past annual period as well. The total of the Contractual Sweep Balance plus the Non-Contractual Sweep Balance is the total average collected balance used to offset bank charges.
48 Cost Proposal 6.3:  Is the State currently assessed FDIC or Recoupment charges from your current financial institution? If so, what is the rate charged?	No.
49  Investment Vehicle 6.13:  Does the State utilize an overnight investment sweep for any of the State's accounts? Please provide the types of investments the State utilizes and or copies of the investment statements.	No, the State does not utilize an investment sweep for any of the accounts. The State will maintain several accounts that will have cash balances each day. While operationally the bank may choose to "sweep" these balances into one account overnight for earnings purposes, the cash must maintain its identity as a cash deposit and may not be placed into any other type of investment. Further, the State may describe certain accounts as sweep accounts, but these are merely deposit accounts that have daily liquidity.
50  1.1 Statement of Procurement Purpose:  Please provide a schematic of these contracts accounts to understand the account structure and flow of funds. Please designate which accounts are Fed accounts and which are bank accounts?  a. Settlement Account b. Over 250 ACH Accounts c. Three Depository Accounts for Image Cash Letter (ICL) d. Four Custody Accounts e. Petty Cash Accounts f. Seven Disbursement/Warrant Accounts g. Other	a. Bank Account b. Mechanism for allocating ACH settlement. Funds settle in a bank account. c. Bank Accounts d. Investment Custody Accounts e. Bank Account f. Internal Accounts g. TNStars/ABLE: Omnibus Bank Accounts
51  Foreign Items:  Please provide the dollar value and item count of foreign items and the country:  a. Foreign checks	a. Foreign Checks: (Child Support) Vendor Bank acct:  CAD – 37 for period 12/01/16 – 05/31/17  UK – 35 for period 12/01/16 – 05/31/17

QUESTION / COMMENT	STATE RESPONSE
<p>b. Wire transfer</p>	<p>b. The State transmits an average of about five international wires per month. The total average dollar value per month is about \$60,000. Once a quarter, there is a larger wire for about \$600,000. There are various countries including, but not limited to: England, Italy, Germany, Korea, and France.</p>
<p>52</p> <p>1.3.1.1. ACH Originations: For the incoming ACH transactions received using the State's ABA number:</p> <p>a. How are those transactions originated? From a bill service provider or from corporate customers?</p> <p>b. What would the Standard Entry Class Code be for these incoming payments? We assume they would all be for the State's account, so that they would all be corporate payments (i.e. CCD, CCD+, CTX or IAT). Is that correct?</p> <p>c. Would the State be able to provide the "list of incorrect account numbers" in a file using either our own standard flat file format or a custom format specific to the State?</p> <p>d. Would that 'list of incorrect account numbers' change from time to time? If so, with what frequency?</p> <p>e. What volume of 'returns' does the State experience for received items not meeting the State's account list criteria?</p>	<p>a. These transactions are originated by a variety of third-parties transacting with the State via ACH.</p> <p>b. The State currently receives CCD, CCD+, PPD, and the occasional IAT.</p> <p>c. This is no longer a requirement of the State.</p> <p>d. This is no longer a requirement of the State.</p> <p>e. The State estimates only 10-15 transactions annually.</p>
<p>53</p> <p>1.3.1.1. ACH Originations: How many Originating Company IDs will the State use for ACH origination?</p>	<p>The State currently uses 27 different originating company IDs. However, additional IDs may be needed.</p>
<p>54</p> <p>1.3.1.1. ACH Originations: Per the RFP, "The State currently receives ACH <u>receipts</u>, <u>returned ACH origination entries</u> and <u>notifications of change</u> on a single daily consolidated file, typically before 6:00 a.m., from the ACH bank, along with ACH debit</p>	<p>Currently, the State receives a single file that includes all receipts, returns, and notification of changes. Originations are not included in this file. However, as part of the expanded services the State is seeking the most efficient way to receive information on the daily settlement and will work with the winning proposer to develop the best solution.</p>

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<p>and credit receipts entries, in NACHA format.” Please confirm you are looking for a combined file of all INCOMING ACH transactions and Returns and NOCs. However, ORIGINATED items would NOT be included on that file, correct?</p>	
<p>55</p> <p>1.3.1.1. ACH Originations:</p> <p>Please confirm that settlement of ORIGINATED items is at the batch level (settling debits and credits in the batch separately), but INCOMING transactions settle to your account at the FILE level (separate settlement entry for debits and credits).</p>	<p>Correct. All originations will settle at the batch level in the State’s main settlement account while the receipts (incoming transactions) will settle at the file level with one entry for the total credit settlement and another entry for the total debit settlement.</p>
<p>56</p> <p>1.3.1.1. ACH Originations:</p> <p>Please provide workflow or clarification around State handling of on-us items. Expand on the comment that no settlement entries would be generated for these ‘on-us’ items. Please confirm if a unique Originating Company ID would be used for these on-us items and /or if they would be segregated in any way from other origination of ACH transactions.</p>	<p>See response to Question 13 above.</p>
<p>57</p> <p>1.3.1.6.6 ACH Expanded Services:</p> <p>Related to the Expanded ACH Services states that each agency will have a separate batch on the State’s ACH origination file, but will each agency ALSO have a unique Originating Company ID?</p>	<p>Currently, the State consolidates all originations into a single file that is delivered to the bank. This file contains separate headers for each agency file. As part of the expanded services the State wishes to deliver individual files to the bank. Each agency file would have a unique originating company ID.</p>
<p>58</p> <p>1.3.1.3 ACH Origination Settlement &amp; Return Entries:</p> <p>Please confirm that returns will be sent to the State on a file combined with incoming ACH transactions, and the disbursement of the return information to the various agencies and / or reporting of this information to those agencies will be performed by the State based on that transmission.</p>	<p>The State is currently responsible for taking this information and disbursing it to the various agencies. However, as part of the expanded services, the State is seeking the best mechanism for providing this information to our agencies and will work with the winning proposer to develop the best solution.</p>
<p>59</p> <p>Scope of Services A.5 Wire Transfer Services:</p> <p>Please confirm that all wires will be originated via transmission to the bank, and that the State will not be</p>	<p>The majority of the wires will be transmitted by batch processing through the State’s internal system via an electronic interface to the Contractor’s wire transfer system. However, the international wires will need to be transmitted</p>

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<p>initiating wires through the Financial Institution's online wire origination system. If the online system is used, please provide the breakout of wire activity based on origination mechanism.</p>	<p>differently and processed outside of the State's internal system. The State requests for the Contractor to provide a transmission process for the international wires, which may include initiating through the Financial Institution's online wire system.</p>
<p>60 A.5 Wire Transfer Services: In what currencies / to what countries will international wires be sent?</p>	<p>International wires are currently sent to various countries including, but not limited to: England, Italy, Germany, Korea, and France. The State prefers to send out currency in US Dollars and negotiates with our vendors to encourage this. On the rare occasion that a foreign currency does have to be sent out, the State would require the Contractor to convert the US Dollars into the foreign currency on our behalf.</p>
<p>61 A.5 Wire Transfer Services: What type of reporting is needed for incoming wires?</p>	<p>The State requests advance notice of all incoming wires via e-mail transmission. Each individual email notification should include the date/time, amount, wire type, debit/credit, reference number, and wire comments. The reporting for the incoming wires will be obtained from the wire transfer data files and be generated out of the State's internal system.</p>
<p>62 1.3.1.1 ACH Origination: What volume of ACH transmissions are sent during the month for each Company ID?</p>	<p>See RFP Attachment 6.9 for annual ACH transmission volume.</p>
<p>63 Cost Proposal 6.3: Please advise if additional price points can be included in the pricing document, or if we can provide pricing for ONLY those items shown.</p>	<p>See Response to Question 22 above.</p>
<p>64 1.3.1.6.6. ACH Expanded Services: The State has a volume of 10,000 for the Expanded ACH Processing Services, and volumes of 2,700,000 for incoming ACH and 12,000,000 for originated ACH. Will all the State's ACH volume move over to the Expanded ACH Processing Services? Please clarify these volumes.</p>	<p>The State anticipates originating roughly 10,000 files annually with an estimate transaction volume of 12,000,000 entries. Furthermore, we expect to continue to receive roughly 2,700,000 ACH receipts each year. All ACH volume will be included in the expanded ACH processing services.</p>
<p>65 RFP Attachment 6.16 ACH File Communication Process to be defined between State and First Tennessee: Page 117 references a "Business</p>	<p>This question references the operating procedures between the State and the current vendor bank. The State intends to develop new operating procedures jointly with the new contract. Please reference the RFP and <i>Pro-Forma</i> Contract for specific requirements.</p>

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<p>66</p> <p>RFP Attachment 6.16 (i) ACH Origination:</p> <p>The following requirement, "Batch Header Record information will be matched to data within First Tennessee PEP+ processing system. When the Batch Header Record information fails to match data within the PEP+ ACH processing system the Business Service Center is notified as well as the Relationship Manager (or additional designated individuals if necessary). The State will be contacted and documentation obtained. If proper approvals are obtained, the file can be released to avoid delays. Verbal approval is acceptable, but must be followed up in writing." Please provide more details around this 'validation' requirement.</p>	<p>See response to Question 65 above.</p>
<p>67</p> <p>RFP Attachment 6.16 Backup ACH Origination Procedures:</p> <p>ACH reporting through a Business Banking Online service. Please provide samples of the reports requested.</p>	<p>See response to Question 65 above.</p>
<p>68</p> <p>RFP Attachment 6.16 C. ACH Receipts and Returns:</p> <p>"The State designates First Tennessee's transit routing number '#####' as the destination for its ACH receipts. The State will continue to use its existing account numbers for ACH receipts". Isn't this contrary to the need to use the States ABA number for receiving ACH transactions?</p>	<p>See response to Question 65 above. The Routing Number referred to in this section of the Operating Procedures is the special Routing Number 064107091 (redacted in the original RFP attachment) designated for the State's use for ACH Receipts. During the term of the contract, this Routing Number belongs to the State's vendor bank.</p>
<p>69</p> <p>1.3.2.1 Use of State's Designated Routing Number:</p> <p>Provide current annual warrant volume.</p>	<p>See RFP Attachment 6.8.</p>
<p>70</p> <p>1.3.2.3 Warrant &amp; Check</p>	<p>Yes, the State would consider this option under</p>



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<p>Presentment Paid Files:</p> <p>Would the State consider having the financial institution map the State's current Fed ABA to a bank owned Controlled Disbursement Account?</p>	<p>a proposed solution for Warrant and Check Processing Expanded Services.</p> <p>See response to Question 71 below.</p>
<p>71</p> <p>1.3.2.2 Correspondent Agreement</p> <p>A.7 Settlement of State Checks and Warrants A:</p> <p>Please clarify this item – does this only apply to the first year under the correspondent relationship? If it applies even after the States transitions to the bank provided disbursement services, please explain how this will work?</p> <p>If the State uses the bank provided disbursement services, the seven individual accounts would have warrants settling directly to the account which resides on the financial institution platform?</p>	<p>The State prefers to continue to issue its checks and warrants using the State's Routing Number. If the State's Routing Number continues to be used for the Warrant and Check Processing Expanded Services solution, the correspondent relationship between the State and the bank would continue to exist throughout the contract, with the State instructing the Federal Reserve Bank (FRB) where to settle its cash letters and the bank agreeing to accept the charges from the FRB. The State will also consider a proposed solution for Warrant and Check Processing Expanded Services that includes mapping the State's Routing Number and disbursement bank account numbers to the Bank's disbursement account in-clearing process. Although the State would consider a proposed solution that includes the State issuing its checks and warrants under the bank's ABA Routing Number and account number(s), this option is least desirable as it would require a separate process for checks and warrants issued and continuing to clear under the State's Routing Number, and it would place additional requirements on the State, such as programming changes to the State's disbursement systems for bank account conversions, configuration changes to check print programs and various process changes. Likewise, a proposed solution that includes continuing to use the State's Routing Number with new bank account numbers would also be considered, but not preferred.</p>
<p>72</p> <p>1.3.2.4 Warrant &amp; Check Presentment:</p> <p>Please provide an image of a warrant for all seven accounts. If the images are identical with the exception of the MICR line, then only one image would be needed; however, we would like the MICR line information for each of the seven accounts.</p>	<p>See Amendment 2 Attachment 06, which is published on the internet at <a href="http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities">http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities</a></p>
<p>73</p> <p>1.3.2.3 Warrant &amp; Check Presentment:</p> <p>With the year two scenario, will the State require a same-day image file</p>	<p>Same day is preferred; Next-day is acceptable.</p>

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<p>for warrants or is next-day acceptable?</p>	
<p>74 Custodial Services SPIF, ITIF, TWRA, ECD, Special Investment Vehicles, SPIF, 520 Savings Plan 1.3.4 (1.3.4.1 - 1.3.4.5.2):  Please provide the market value breakdown for each custody account referenced in sections 1.3.4 (1.3.4.1 - 1.3.4.5.2) on pages 7-9 of the RFP.</p>	<p>As of May 31, 2017, the market value of the securities held in custody:  SPIF \$8,793,224,580 ITIF \$ 62,665,600 TWRA \$ 67,493,584 ECD \$ 155,015,188  Special Inv Vehicle \$110 million per contract 529 Plans \$0 (only deposits held at the bank)</p>
<p>75 Custodial Services SPIF, ITIF, TWRA, ECD, Special Investment Vehicles, SPIF, 520 Savings Plan 1.3.4 (1.3.4.1 - 1.3.4.5.2):  Is there only one account required for each portfolio referenced in sections 1.3.4 (1.3.4.1 - 1.3.4.5.2) on pages 7-9 of the RFP?</p>	<p>The State only <i>requires</i> one custody account for each of the portfolios listed (minus 529 savings plan as discussed in question 74), but the bank may choose to establish a separate Fed Book Entry and DTC account for the SPIF if that will assist in trade settlement.</p>
<p>76 1.3.4. Custodial Services:  With regard to section 1.3.4 of the RFP, are all portfolios self-directed by the State or do you use outside investment managers for any of the portfolios. If you are using outside investment managers, how many managers do you work with?</p>	<p>All portfolios that will be held in custody under this contract are self-directed by the State. There are no external managers utilized for these accounts.</p>
<p>77 1.3.4.5.2. Bank Deposit Investment Option for State's 529 Savings Plan:  Does the State require two accounts for the Bank Deposit Investment Option for the State's 529 Savings Plan (Section 1.3.4.5.2 on page 9) to be held in custody or can these assets be held directly by the bank? If they are held in custody, please provide an estimate of the annual deposits and withdrawals in these accounts.</p>	<p>The 529 Savings Plans are bank deposit options offered to participants and will not require a custody account.</p>
<p>78 General question on Overdrafts:  What is the frequency that the State requires the use of day light overdraft coverage and what is the average balance per use?</p>	<p>The State requires contractual settlement within the custody account. Therefore, there should never be a day where there will be obligations (trade activity and activity from daily operations) that will not be offset by cash balances or securities that will mature the same day. The State is aware that actual payment of maturing securities occurs throughout the day. When the</p>

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		account is viewed from an entire relationship perspective on a contractual settlement basis, no daylight overdraft occurs. Therefore, the State has no means of measuring daylight overdraft on an actual basis.
79	<p>1.3.4. Custodial Services:</p> <p>With regard to sections 1.3.4 of the RFP, please provide an estimate of annual volumes for: all trading (purchases, sales, maturities; can be one total); income payments; principal and income payments; and callable bonds for the custody accounts referenced in section 1.3.4 (1.3.4.1 - 1.3.4.5.2) on pages 7-9 of the RFP.</p>	During the last 12 months, there were more than 8,500 transactions that occurred in the custody accounts with a total value of more than \$400 billion.
80	<p>1.3.4. Custodial Services:</p> <p>Please provide an estimate of annual incoming wire transfers, outgoing wire transfers and checks/ACH volumes (separate total for each activity) for the custody accounts referenced in section 1.3.4 (1.3.4.1 - 1.3.4.5.2) on pages 7-9 of the RFP.</p>	See responses to Question 71 above and Question 119 below.
81	<p>1.3.4.1 State Pooled Investment Fund (SPIF):</p> <p>Please provide the details of the repos (overnight Repos, tri-party Repos) that are purchased in the State Pooled Investment Fund referenced in section 1.3.4.1 on page 7 of the RFP.</p>	The repurchase agreements that are held in the SPIF are always overnight. The collateral is delivered to the State's custody account DVP and is US Treasury and Agency collateral. The collateral is then returned to the counterparty's bank the following morning at the opening of business.
82	<p>1.3.4. Custodial Services:</p> <p>Does the State require any special reporting other than what is included in the RFP? If so, please provide the details of the reporting and sample of reports, if possible?</p>	The RFP details all required reporting.
83	<p>1.3.5. Storage of Gold Reserve Optional Services:</p> <p>Understanding that you do not hold any today, please provide the average number of items (gold and precious metals) held in the Gold Reserve Optional Service referenced in Section 1.3.5 on page 9 of the RFP. Where would these items be housed today if the State currently held any gold or</p>	See response to Question 21 above.

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<p>precious metals? Is reporting required for this account? If yes, please provide a sample of the reporting.</p>	
<p>84 Attachment 6.1: Paragraph 5(a) – this section requires compliance with the laws of the State of Tennessee. However, as a national bank, some state laws are pre-empted as applied to national banks by national banking laws, regulations, or regulatory guidance. We do not want to be contractually obligated to follow a state law that has been pre-empted. This is especially true since the certification is not limited to as applicable to the services provided, meaning we could be obligating the entire bank to comply with all laws of the State of Tennessee in all aspects of its business. We would like to see “. . . applicable to Respondent” added to this provision.</p>	<p>The State respectfully disagrees. The state of Tennessee recognizes that State laws that have been preempted by federal laws will not apply to the extent they have been preempted. See, the Supremacy Clause of Article 6, Clause 2 of the United States Constitution.</p>
<p>85 Attachment 6.6: Section C.1 – The maximum limitation of liability for the State should be limited to liability for non-payment for services. If Bank suffers a significant loss due to a financial transaction performed by the State and the State is responsible, we should be able to recover the full amount from the State.</p>	<p>The State respectfully disagrees. Section A.9.a of the <i>Pro Forma</i> Contract (RFP Attachment 6.6) makes clear that the State will make the Contractor whole by the following business day in the event the Contractor is not paid for a maturing Security by the issuer”.</p>
<p>86 Attachment 6.6: Section D.11 –This requires retention of all records for 5 years after final payment under the contract. This does not align with the Bank’s records retention schedule. If the State will not agree to the Bank’s standard records retention schedule, then the business line will have to work with the records retention office to develop a manual retention process. This will be labor intensive for the RM.</p>	<p>The State respectfully declines to change Section D.11 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).</p>
<p>87 Attachment 6.6:</p>	<p>See Item 3 below for an amendment to Section</p>

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<p>Section D.20 – Indemnification should be limited to our negligent or willfully malicious acts or omissions in performance of the contract, and not all acts or omissions. I would also like to see “to the extent caused by” language to insure that the indemnification only applies to the extent it was caused by our negligence. This means if both parties were negligent and contributed to the third-party loss, both would pay their portion of the loss represented by how much their negligence contributed to the loss.</p>	<p>D.20 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).</p>
<p>88</p> <p>Attachment 6.6:</p> <p>Section E.2 – There should be exceptions to confidential information for information (i) in the public domain, (ii) already known to the Bank at the time of disclosure, (iii) subsequently received by the Bank from a party not bound by confidentiality obligations, and (iv) independently generated by Bank. There should also be exceptions to our inability to disclose information without notice when the disclosure is (i) to a bank regulator or in connection with an examination of our records by bank examiners, (ii) at the express direction of any other authorized government agency, (iii) pursuant to a court order or subpoena, or (iv) as otherwise required by law.</p>	<p>See Item 4 below for an amendment to Section E.2 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).</p>
<p>89</p> <p>Attachment 6.6:</p> <p>Section E.5 – At about the middle of the first paragraph, it requires “immediate” notification to the State of disclosure of PII. Would like this to be changed to “within a reasonable time” or “promptly”. The last sentence of the first paragraph - The language “except that Contractor may retain an electronic copy in accordance with its records retention policy” should be added to the end of that sentence. The first sentence of the second paragraph requires us to provide notice within 24</p>	<p>See Item 5 below for an amendment to Section E.5 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).</p>

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<p>hours. Request 5 business days at a minimum. The Bank has to do an investigation to determine that there was a breach and the extent of the breach before contacting customers.</p>	
<p>90</p> <p>1.3.1 ACH:</p> <p>a. The State currently requires delivery of received items combined with their return and NOC items. Is a combined file a firm requirement, or would two separate files be acceptable?</p> <p>b. Can the state currently control the population of the effective date in the batch header to a desired value, or does your system always default to a certain date?</p>	<p>a. A combined file is a requirement.</p> <p>b. Each originating agency has a system that populates the effective entry date in the batch head of the file. The State does not alter that field once it is received from the agency.</p>
<p>91</p> <p>1.3.1.6.2 State Assigned ACH DFI Account Numbers:</p> <p>a. How do incoming ACH receipts settle currently – into each of the 250 individual accounts or one main account with the 250 accounts listed as sub-accounts under the main settlement DDA?</p> <p>b. Please provide details of the format of the State's 250 DFI account numbers.</p> <p>c. Does the number format have specific meaning to any portions of the account number?</p>	<p>a. The incoming ACH receipts settle into one main account. The detail of the individual DFI accounts are include on the morning bank file.</p> <p>b-c. See response to Question 3 above.</p>
<p>92</p> <p>1.3.1.6.4 State Assigned ACH DFI Account Numbers:</p> <p>The requirement is to interface directly with the Edison system, or does the state upload an outbound file with the information as delivered by the bank?</p>	<p>See response to Question 14 above.</p>
<p>93</p> <p>1.3.2.1 Use of State's Designated Routing Number:</p> <p>a. Are the 7 warrant accounts used account numbers created by the State or are they bank provided DDA account numbers?</p>	<p>a. The 7 warrant accounts were created by the State.</p> <p>b. See response to Question 33 above.</p> <p>c. See response to Question 71 above.</p>

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<ul style="list-style-type: none"> <li>b. If the numbers are created by the State, can you please provide details regarding the account number – how many digits, what if any meaning to each of the portions of number have to the State.</li> <li>c. Would the State be willing to entertain using its own RT number and a bank assigned account number?</li> </ul>	
<p>94</p> <p>1.3.2.3. Warrant &amp; Check Presentment Paid Files:</p> <ul style="list-style-type: none"> <li>a. As the State moves away from utilizing the Fiserv ARP/SMS mainframe system to reconcile check issues and presentments toward bank provided check/warrant clearing services, will the State be able to utilize standard positive pay and reconciliation services or will it need/want to continue to utilize reverse positive pay services?</li> <li>b. Will the State be able to provide an issue file to the Bank, and if so how frequently would it be provided?</li> <li>c. As the State moves to new processing does the State intend to continue to use it's using its own RT number or convert to using the Bank's RT?</li> </ul>	<ul style="list-style-type: none"> <li>a. It is the States preference to continue using reverse positive pay.</li> <li>b. Yes, the State would provide multiple issue files to the bank each day.</li> <li>c. See response to Question 71 above.</li> </ul>
<p>95</p> <p>Section C2.3 - Wire Transfer:</p> <ul style="list-style-type: none"> <li>a. Describe the current wire transfer initiation process and approvals.</li> <li>b. How does the state currently receive notification should an outgoing wire contain incorrect data?</li> <li>c. How does the state desire to receive notification should an outgoing wire contain incorrect data?</li> <li>d. Does the state have API file</li> </ul>	<ul style="list-style-type: none"> <li>a. An authorized wire is entered by either Accounting or Cash Management in our internal system and then transmitted by our Wire Room. For a wire without a preauthorized destination, the Wire Room verifies the wire account information prior to the release.</li> <li>b. Currently, the Contractor notifies the State by telephone regarding an error with an outgoing wire.</li> <li>c. The State is open to either telephone or email notification, so long as the notification is received timely.</li> <li>d. At present, Treasury leverages Secure File</li> </ul>

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interface capabilities?	Transfer Protocol (SFTP) for secure transmission of files used for our file-based (batch) integrations. At some point in the future, it is realistic to assume that Treasury will transition to real-time (API-based) transactions.
96 Section C2.6 - Expanded Services: Does the state intend to continue sending multiple state agency files or is the state considering consolidating these files into one transmission?	See response to Question 57 above.
97 Section C2.9 - Warrant / Check Processing:  a. The state has indicated the need for customized output file formatting on a daily, weekly, monthly and annual basis. What file formats are being considered for use?  b. Can the state provide additional file formats for validation purposes?  c. Typically, how often does the state utilize customer output files?  d. How does the state communicate customized file format changes?  e. What is the States' anticipated testing time requirements for customized files?	a.  Daily – Customized output of Paid files to our agencies  Monthly – Customized output for 60 day old age warrants to Labor & Workforce Development.  Quarterly – Customized output to Inmate Trust & Child Support for outstanding warrant listing.  Annual – Customized output REPORTS (not files) - warrants payable output reports to Finance & Administration  b. See Amendment 2 Attachment 07, which is published on the internet at <a href="http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities">http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities</a>  c. Customized output files are used daily, monthly, and quarterly.  d. Communication from our agencies regarding file customization typically begins with phone calls, then scheduled meetings with all appropriate staff from the business and information/application support staff, and a project plan is written to provide user testing to go-live into production.  e. Typically within 60 business days depending on the project and resource constraints.
98 1.3.3 Image Cash Letter: Does the state send one cash letter per deposit account, per day or multiple files per account per day?	<u>Treasury Edison ICL</u> - 3 individual image files for one day for one account.  <u>Department of Revenue</u> - individual image files for one day for one account. (21) Is the highest and (14) is the lowest number of ICL files per day.  <u>Department of Human Services</u> – individual image files for one day for one account. (18) Is the highest and (4) is the lowest number of ICL



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		files per day.
99	<p>General Questions:</p> <p>Does the State have any specific requirements for how any deposited checks returned should be handled – i.e., auto re-deposit on first return or do not redeposit and return item so the state can contact the maker before re-depositing.</p>	State requests that auto redeposit on first return for NSF Returns only.
100	Pg 6 - 1.3.2.3: Does the State have Controlled Disbursements on its RT today?	The State currently uses reverse positive pay for all of its warrant/check clearing accounts on its Routing Transit Number.
101	Pg 6 1.3.2.5 and Pg 58 - A.7 a. and c.: If the State intends to continue to manage their RT and interface directly with the Federal Reserve Bank, how can The Contractor interface with the Federal Reserve Bank to post transaction to The Contractor's settlement account and report on the FRB cash letter amounts?	See response to Question 71 above.
102	Attachment 6.15: Can the State indicate, in detail, which part of their ICL format is an exception to the ANSI DSTU X9.37 – 2003 ICL file standard?	While the RFP attachments note exceptions to the file format, the State is not aware of any specific exceptions.
103	Ref Section A.4: Can the bank bidders provide credit ratings from credit reporting agencies (such as Moody's, S&P, Fitch) in lieu of a credit bureau report since the former is required for almost all banks and their respective balance sheet and regulatory requirements?	No, the State is not seeking debt information. Instead, we are looking for a credit report.
104	Ref A.13: Can the State please provide "the Federal Reserve Bank's Level 1 Security Procedures in Appendix A of Operating Circular 4" as specified in paragraph 3, to determine if those procedures are equivalent to our own. Likewise for paragraph 4 "NISP Special Publication 800-88".	See Amendment 2 Attachments 07 and 08, which are published on the internet at <a href="http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities">http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities</a>
105	Ref C.2.8: Will the State provide image examples of the warrant and checks on current accounts so that we can confirm we can meet these	See response to Question 72 above.

QUESTION / COMMENT		STATE RESPONSE
	requirements?	
106	Ref C.2.13: Can the State confirm that the 529 Omnibus accounts are not required to be collateralized accounts?	The balances within the 529 Omnibus accounts are owned by the individuals participating in the programs and are not owned by the State. Therefore, the balances are not public funds and will not require collateralization.
107	Ref C.2.19: What dollar range are the check-cashing needs (at the local branch) expected to cover? (i.e., how much would be the largest and smallest size checks?)	The dollar amount of checks cashed over the last year ranged from \$1 to \$2,120.
108	Ref C.2.18: For the storage of gold or other minerals, does the State expect to have its own containers that must fit within bank safe deposit boxes or other rooms/areas or will the minerals/gold need bank containers (like a safe deposit box)?	See response to Question 21 above.
109	Ref C.2.18: What size (space volume) is anticipated by the State on these mineral contents?	See response to Question 21 above.
110	Ref C.2.19: Can the state share the volumes and current locations of any ATM/cash dispensing machines in use for the State today?	There are currently no ATM/Cash dispensing machines at the locations included in the RFP.
111	Regarding Custodial Services in Section 1.3.4., please describe annual transaction volumes including securities purchases, sales, and maturities for the various Funds.	During the last 12 months, there were more than 8,500 transactions that occurred in the custody accounts with a total value of more than \$400 billion.
112	Regarding Section C.2.10., please describe the investment accounting system used by the State and types of interface data requested.	The State currently utilizes a portfolio and account management system called QED. The State does not require an interface with this system.
113	Regarding Section C.2.10., how does the State currently communicate trade information to the bank? Does the State affirm trades?	The State currently transmits an email with PDF versions of internal trade tickets to the custodian. That method is acceptable, but we are willing to discuss alternative methods.  The State does not affirm trades.
114	Regarding Section C.2.17., does the State currently utilize the custodian's investment trade compliance system? If so, please describe.	Currently, the only trade compliance occurs internally. However, the State is interested in discussing trade compliance with the successful proposer.
115	For section B.15., is the State	No, diverse suppliers can be from outside the

QUESTION / COMMENT		STATE RESPONSE
	looking for information specific to diverse suppliers in Tennessee?	state of Tennessee. To qualify as a diversity business, they must be certified in their home state or through a recognized regional or national organization.
116	Is the State asking for the Bank to extend FDIC insurance to 529 and ABLE assets that are not in the interest bearing account of each participant (i.e., funds that the Bank has custody for but are invested elsewhere)?	The State would require FDIC insurance for all funds that are deposited at the bank, but not for the accounts invested elsewhere.
117	Does the State have an existing debit card option currently on the program for its 529 and ABLE accounts?	No.
118	Who is the current Administrator for the State's 529 and ABLE account program plans?	The State's 529 plan, the TNStars® College Savings 529 Program and the ABLE TN program, are administered by the Tennessee Department of Treasury. The Department contracts for marketing services for TNStars® and recordkeeping services and transfer agent services for TNStars® and ABLE TN.

119 RFP Attachment 6.3: Please provide and / or confirm the monthly volumes for each of the items identified in the below spreadsheet.

State of Tennessee RFP	Estimated Monthly Volume	RFP Source
Monthly Account Maintenance		
Wire Transfer Service		
Outgoing Domestic Wire	402	exhibit 6.7
Incoming Domestic Wire	715	exhibit 6.7
Outgoing International Wire	4	
Incoming International Wire	1	
Internal Bank Transfer	285	
ACH		
ACH Receipt Entries	201,011	exhibit 6.9
ACH Originations	795,538	exhibit 6.9
Manual Return of Receipts	10	
Originated Reversals	40	
Same Day Settlement for ACH	19,000	
Expanded	835	
Image Cash Letter Check Deposit		

ICL Deposit items	220,178	exhibit 6.11
ICL Return Deposit Items	501	exhibit 6.11
Warrant and Check Processing		
Warrants/Checks	79,500	

**3. Delete Section D.20 of the *Pro Forma Contract (RFP Attachment 6.6)*, in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

D.20. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of **the negligent** acts, omissions, or **willful misconduct negligence** on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

**4. Delete Section E.2 of the *Pro Forma Contract (RFP Attachment 6.6)*, in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

E.2. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as “Confidential Information.” Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law. **Notwithstanding the foregoing, the Contractor may disclose information regarding the State and its accounts as required by law or at the request of any governmental or regulatory authority whose request must be honored pursuant to law or regulation.**

The obligations set forth in this Section shall survive the termination of this Contract.

**5. Delete Section E.5 of the *Pro Forma Contract (RFP Attachment 6.6)*, in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

E.5. Personally Identifiable Information. While performing its obligations under this Contract, Contractor may have access to Personally Identifiable Information held by the State (“PII”). For the purposes of this Contract, “PII” includes “Nonpublic Personal Information” as that term is defined in Title V of the Gramm-Leach-Bliley Act of 1999 or any successor federal statute, and the rules and regulations thereunder, all as may be amended or supplemented from time to time (“GLBA”) and personally identifiable information and other data protected under any other

applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information ("Privacy Laws"). Contractor agrees it shall not do or omit to do anything which would cause the State to be in breach of any Privacy Laws. Contractor shall, and shall cause its employees, agents and representatives to: (i) keep PII confidential and may use and disclose PII only as necessary to carry out those specific aspects of the purpose for which the PII was disclosed to Contractor and in accordance with this Contract, GLBA and Privacy Laws; and (ii) implement and maintain appropriate technical and organizational measures regarding information security to: (A) ensure the security and confidentiality of PII; (B) protect against any threats or hazards to the security or integrity of PII; and (C) prevent unauthorized access to or use of PII. Contractor shall promptly immediately notify State: (1) of any disclosure or use of any PII by Contractor or any of its employees, agents and representatives in breach of this Contract; and (2) of any disclosure of any PII to Contractor or its employees, agents and representatives where the purpose of such disclosure is not known to Contractor or its employees, agents and representatives. The State reserves the right to review Contractor's policies and procedures used to maintain the security and confidentiality of PII and Contractor shall, and cause its employees, agents and representatives to, comply with all reasonable requests or directions from the State to enable the State to verify and/or procure that Contractor is in full compliance with its obligations under this Contract in relation to PII. Upon termination or expiration of the Contract or at the State's direction at any time in its sole discretion, whichever is earlier, Contractor shall immediately return to the State any and all PII which it has received under this Contract and shall destroy all records of such PII, except that the Contractor may retain an electronic copy in accordance with its records retention policy.

The Contractor shall report to the State any instances of unauthorized access to or potential disclosure of PII in the custody or control of Contractor ("Unauthorized Disclosure") that come to the Contractor's attention. Any such report shall be made by the Contractor within twenty-four (24) hours after the Unauthorized Disclosure has come to the attention of the Contractor. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure. The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized Disclosure, including individual letters and public notice. The remedies set forth in this Section are not exclusive and are in addition to any claims or remedies available to this State under this Contract or otherwise available at law.

The obligations set forth in this Section shall survive the termination of this Contract.

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

**RFP 30901-35618  
Amendment 2 Attachment 04  
Agency Layout  
State of Tennessee**

Account 55. 538, 2337

E-BANK-RECORD 1 80 A

E-TRANSIT-NUMBER 1 9 A

E-ACCOUNT 10 15 N

E-SERIAL 25 15 N

E-ISSUE-DATE 40 6 N

E-AMOUNT 46 10 N

E-REDEEMED-DATE 56 6 N

E-FILLER 62 18 A

E-XN-COL80 80 1 A

**Concord – 747 Cleared Check**

From	To	Length	Field Name	Database Location	Type	Rules	Values	Format
1	7	7	Warrant Num	PAYMENT_HISTORY.WARRANT_NUM	Numeric			
8	17	10	Amount	PAYMENT_HISTORY.NET_AMT	Amount			
18	8	25	Date	PAYMENT_HISTORY.WARRANT_DATE	Date	Date cleared		Format is MMDDCCYY
26	26	1	Indicator		Varchar	R indicates that payment has been reconciled.	"R"	

**Concord – 747 Cancel Payment Confirmations**

From	To	Length	Field Name	Database Location	Type	Rules	Values	Format
1	12	13	Warrant Num	PAYMENT_HISTORY.WARRANT_NUM	Numeric	N/A	N/A	12345566
13	25	13	Amount	PAYMENT_HISTORY.NET_AMT	Amount	N/A	N/A	XXXXXXXXXX
26	33	8	Date	PAYMENT_HISTORY.WARRANT_DATE	Date	Date canceled		Format is MMDDCCYY
34	34	1	Cancel Indicator		Varchar	C indicates that payment has been canceled.	"C"	

**LWFD Stops**

B-RECORD 1 2973 A  
B-SOURCE 1 1 A  
B-STOP 2 1 A  
B-PAID-DATE 3 8 A  
B-BANK 11 3 A  
B-ACCT 14 10 N  
B-CHECK-NO 24 10 N  
B-ISSUE-DATE 34 8 A  
B-PAYEE-NAME 42 30 A  
B-CTL-NO 72 7 A  
B-ISSUE-AMT 79 11 A  
B-PAID-AMT 90 11 A  
B-NO-GLS 101 02 N

**LWFD PAIDS**

C-RECORD 1 2973 A  
C-SOURCE 1 1 A  
C-STOP 2 1 A  
C-PAID-DATE 3 8 A  
C-BANK 11 3 A  
C-ACCT 14 10 N  
C-CHECK-NO 24 10 N  
C-ISSUE-DATE 34 8 A  
C-PAYEE-NAME 42 30 A  
C-CTL-NO 72 7 A  
C-ISSUE-AMT 79 11 A  
C-PAID-AMT 90 11 A  
C-NO-GLS 101 02 N

## Child Support Paid

### DETAIL RECORD:

Field	No. of Chars	Start Position	End Position	Type	Description/Comments
ACCOUNT-NO	7	1	7	ALPHA	'0000099'
CHECK-NO	8	8	15	ALPHA	
FILLER	1	16	16	ALPHA	'0'
AMOUNT	10	17	26	NUMERIC	9(10)
PAID-DATE	8	27	34	ALPHA	MMDDYYYY
MICROFILM-NO	8	35	42	ALPHA	
FILLER	38	43	80	ALPHA	SPACES

### TOTAL RECORD (last record in the file):

Field	No. of Chars	Start Position	End Position	Type	Description/Comments
TOTAL-REC-ID	15	1	15	ALPHA	'999999999999999'
FILLER	1	16	16	ALPHA	SPACE
TOTAL-AMOUNT	10	17	26	NUMERIC	9(10)
TOTAL-ITEMS	6	27	32	NUMERIC	9(6)
FILLER	48	33	80	ALPHA	SPACES



**Quarterly Outstanding Issues for 888 – Corrections and Child Support 99**

**FILE FILEQTR**

QTR-REC            1 75 A  
 QTR-SERIAL-NO    1 10 N  
 QTR-ISSUE-DATE   11 6 N  
 QTR-STOP-IND     17 1 N  
 QTR-PAYEE        18 30 A  
 QTR-TRANS-AMT   48 11 A  
 QTR-FILLER        59 17 A

**Warrants –Outstanding**

Field	No. of Chars	Start Position	End Position	Type	Description/Comments
CHECK-NO	7	1	4	PACKED	
ISSUE-DATE	6	5	8	PACKED	YYMMDD
COND-CODE	1	9	9	PACKED	S9
STOP-CODE	1	10	10	PACKED	S9
CANCEL-CODE	1	11	11	PACKED	S9
TRANS-DATE	6	12	15	PACKED	YYMMDD
TRANS-CODE	2	16	17	ALPHA	
ISSUE-AMOUNT	10	18	23	PACKED	S9(8)V99
NO-FUND	3	24	25	PACKED	
GL-TRAILER: (Occurs 1 to 19 times depending on NO-FUND)					
FUND	2	1	2	ALPHA	
FUND-AMOUNT	10	3	8	PACKED	S9(8)V99

**Warrants – PAID**

Field	No. of Chars	Start Position	End Position	Type	Description/Comments
ACCOUNT	10	1	10	ALPHA	
CHECK-NO	10	11	20	ALPHA	
PAID-DATE	6	21	26	ALPHA	YYMMDD
AMOUNT	10	27	36	NUMERIC	9(8)V99
MICROFILM-NO	8	37	44	ALPHA	

**FYE Audit File out**

A-RECOU	1	87	A
A-SERIAL-NU	1	10	N
A-STOP-IND	11	1	N
A-FILLER1	12	1	A
A-ISSUE-DATE	13	6	N
A-PAID-DATE	19	6	N
A-ADDL-DATA	25	30	A
A-FILLER2	55	7	N
A-AMOUNT	62	11	A
A-FILLER3	73	2	A
A-BANK-NO	75	3	N
A-ACCOUNT-NO	78	10	N