

**NEW JERSEY DEPARTMENT OF THE TREASURY**  
**DIVISION OF ADMINISTRATION**  
**OFFICE OF FISCAL AND RESOURCES**  
  
**DIVISION OF PENSION AND BENEFITS**  
**PENSION PAYROLL DISBURSEMENT SERVICES 2021**  
**REQUEST FOR PROPOSAL**

November 4, 2020

To: All Interested Respondents

Re: RFP – Pension Payroll Disbursement Services 2021

Addendum #1

The following constitutes Addendum #1 to the above referenced solicitation.

- 1) Responses to Questions: Please see attached

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Page # RFP Section	Question	Answer
<p><b>Page 7</b>  <b>Section A.</b>  <b>Applicable Rules and Regulations</b></p> <p style="text-align: left; margin-top: 20px;"><b>JP Morgan Chase</b></p>	<p>1. We appreciate that the State is willing to allow regulatory requirements to prevail over any conflicting contractual terms contained in the Agreement; as that will vastly improve if not eliminate contractual negotiations upon award. However, the proposed carve out is drafted in such a way that it does not reflect operationally how national banks are regulated. For OCC regulated national banks subject to the OCC’s risk-based supervisory approach, and in particular those Large Banks subject to the heightened standards as detailed in 12 CFR 30, appendix D, the OCC expects covered banks to establish and adhere to a written risk governance framework to manage and control their risk-taking activities. Because supervisory regulation is risk-based, it is tailored to each institutions risk-profile. In addition to assessing the bank’s progress in executing plans and correcting concerns, examiners are required to meet certain minimum requirements for monitoring activities for midsize and large banks. Those monitoring requirements include assessing policies and procedures across a broad range of operational functions to confirm the Bank is managing risk and operating safely and soundly.</p> <p><b>To remove any ambiguity about the scope of the exception and allow national banks to respond to the solicitation, would the State be willing to consider modifications to this carve out given that the actual regulations defer discretion to the regulators themselves and national banks must respond to regulatory requests and demands in establishing policies, substantially similar to as follows:</b></p> <p>The entire content of this RFP, all addenda, and the bank’s proposal will become the basis for any award and contract. These documents, serving as the agreement between the State of New Jersey and the bank, shall, whenever possible, be construed in harmony except in instances when the Agreement conflicts with any regulation or any request or demand of a regulatory authority, governing body or law enforcement agency (collectively “Regulatory Requirements”), in which case the terms of this Agreement will not apply. If there is a conflict between the terms contained in these documents, the order of precedence shall be: (1) the Regulatory Requirements; (2) the addendum(s); (3) the RFP; and (4) the bank’s proposal.</p>	<p>The State of New Jersey does not agree to the proposed changes.</p>

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**Page 8**  
**Section A.**  
**Applicable Rules**  
**and Regulations**

2. Similar to the above and acknowledging that the State does not wish to sign bank form "agreements", there are certain regulatory and third party requirements for the Bank to include in all client agreements for certain products and services. The Bank has extensive negotiating experience in incorporating only those such required provisions, whether on our bank form or incorporating directly into the agreement. If the State is not willing to sign a separate bank schedule containing such provisions, will the State accept adding those provisions to the Agreement directly in order to receive the requested services?

The State does not agree to the proposed changes.

As stated on page 8 of this RFP, "The TERMS AND CONDITIONS, OTHER MANDATORY PROVISIONS, and PAYMENT METHOD AND TERMS of this Request for Proposal (RFP) will supersede any and all conflicting terms and conditions, including bank agreements, submitted by the bank/contractor. The State of New Jersey will not modify its terms and conditions or execute separate bank agreements.

Proposals that do not conform with or take exception to the State of New Jersey's terms and conditions, other mandatory provisions and payment methods and terms, as set forth in this RFP, will be considered non-responsive and therefore rejected."

As stated on page 7 of this RFP, "The entire content of this RFP, all addenda, and the bank's proposal will become the basis for any award and contract. These documents, serving as the agreement between the State of New Jersey and the bank, shall, whenever possible, be construed in harmony except in instances when a governing regulatory agency's rules are in conflict, in which case the governing regulatory agency's rules and regulations would apply. If there is a conflict between the terms contained in these documents, the order of precedence shall be: (1) the rules of the governing regulatory agency; (2) the addendum(s); (3) the RFP; and (4) the bank's proposal."

JP Morgan Chase

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<p><b>Page 39</b> <b>Section C.</b> <b>ACH Requirements and Services</b></p> <p>Bank of America Merrill Lynch</p>	<p>3. Do the ACH files contain transactions for all accounts in separate batches or do you send a separate file for each account? Are the files balanced or unbalanced?</p>	<p>The State of New Jersey sends all accounts in separate batches in a single file.</p> <p>The file is balanced.</p>
<p><b>Page 48</b> <b>Section 1.</b> <b>(Standard) Check Payroll Issuance File Transmission Requirements</b></p> <p>Bank of America Merrill Lynch</p>	<p>4. How many standard check issue files were sent to the bank during the year 2019?</p>	<p>Standard check issue files would be 108 (12 standard monthly payrolls X 9 funds).</p>

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<p><b>Page 49</b>  <b>Section 2.</b>  <b>(Non-Standard)</b>  <b>Check Payroll</b>  <b>Issuance File</b>  <b>Transmission</b>  <b>Requirements</b></p> <p><b>Bank of America Merrill</b>  <b>Lynch</b></p>	<p>5. How many nonstandard check issue files were sent to the bank in 2019? What constitutes standard vs nonstandard check disbursements?</p>	<p>Standard check disbursements represents all retirees and beneficiaries receiving benefits on the 1<sup>st</sup> of each month, unless the 1<sup>st</sup> falls on a Saturday, Sunday or holiday, as stated on Page 41, Section 2. ACH Transmission File Requirements of this RFP.</p> <p>Non-standard disbursements represents payments for checks not received, checks returned from the bank for various reasons and checks for any supplemental monies owed to a payee. As stated in this RFP, Page 49, Section 2. (Non-Standard) Check Payroll Issuance File Transmission Requirements, "A small number of non-standard payments (checks only) are issued up to four times a month and are based on a predetermined schedule, but not necessarily on the same dates every month."</p> <p>In calendar year 2019, there were 199 non-standard issue files.</p>
<p><b>Page 69</b>  <b>Section 4.</b>  <b>Web-based Wire</b>  <b>Transfer System</b></p> <p><b>Bank of America Merrill</b>  <b>Lynch</b></p>	<p>6. Do you originate wire transfers out of any of the six bank accounts in this RFP? If so, how many on annual basis?</p>	<p>There are nine (9) zero balance accounts (ZBA) and no funds are wired out of these zero balance accounts. As stated in this RFP, Page 47, Section D. Check Disbursements Requirements and Services, "All the payroll disbursement accounts will be established as controlled disbursement, zero balance and payee positive pay accounts to be funded daily from the Pension Payroll Master Account."</p>

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<p><b>Page 98</b>  <b>Section VIII.</b>  <b>Cost Schedule</b></p> <p>Wells Fargo Bank, N.A.</p>	<p>7. Can you provide the price sheets in an excel format?</p>	<p>The Cost Schedule listed on pages 98 &amp; 99 of this RFP is in a Word document format.</p>
<p><b>Page 98</b>  <b>Section VIII.</b>  <b>Cost Schedule</b></p> <p>Wells Fargo Bank, N.A.</p>	<p>8. Can a bidder add additional line items on the price sheet for those items that are required to deliver the scope of services, but a line has not been afforded on the price sheets by the Department of Treasury?</p>	<p>Yes. As stated on Page 97, of this RFP, “If a bank must add a new pricing category, the bank must clearly define the new category of service, explain any association the new category has with existing pricing categories on the Cost Schedule and provide a clear method of measurement for the additional pricing element.”</p>
<p><b>Page 99</b>  <b>Section VIII.</b>  <b>Cost Schedule</b></p> <p>Wells Fargo Bank, N.A.</p>	<p>9. #22 – Can you explain the definition of an ACH Reclaim? How is that different than an ACH Reversal?</p>	<p>An ACH reclaim is requested by the State of New Jersey from the member’s account due to fraud, the funds were sent to an incorrect bank account due to a keying error at the division or if the ACH was sent in error.</p> <p>A reversal is when the retiree or beneficiary’s bank rejects the fund due to the account being closed, if the retiree/beneficiary is deceased or if the retiree/beneficiary submitted incorrect bank information to the State of New Jersey.</p>

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Written responses contained in the Addendum will amend the RFP and control. Vendors must sign this addendum below and submit it with your bid proposal.

Proposals are due on November 23, 2020 by 4:00 p.m. E.T.

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Authorized Signature

Date

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Print Name

Date