

June 15, 2016

ADDENDUM 2

TO
EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII
AND
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

REQUEST FOR EXPRESSION OF INTEREST
BANKING SERVICES

OFFERORS:

In accordance with Page 3, Questions and Answers Prior the Opening of Proposals, in the Request for Expression of Interest for Banking Services, the Employees' Retirement System of the State of Hawaii (ERS) and the Hawaii Employer-Union Health Benefits Trust (EUTF) are providing the following responses to questions from offerors:

	Question	Answer
1	Page 15, Section C - Credit Card Processing: What is the method of processing credit card transactions? Card swipe or card not present. If both, can you provide volume (annual dollar volume) breakdown by the card acceptance method?	Card not present would be preferred but as an alternate, we may provide both options. If we were to provide both options, card swipe would be \$560,000 and card not present would be \$1.14 million
2	Page 16, Section 1 – Deposit and Insurance Coverage: Are the EUTF deposits qualified as public funds and as such required under the Hawaii Revised Statutes to be collateralized?	EUTF has to comply with Sections 36-21 and 38-3, HRS.
3	While we understand the average balances noted in the Account Balance Summary please describe the dollar amount of fluctuations in the deposit account on any given month. What are the usual lows and highs in dollar balances?	The average low balance for all of our accounts is \$18,082,050.
4	In the Name and Address Field (Attachment 7) for checks to be mailed, the 31 character length would appear limiting for a name and address. Please verify if we are interpreting incorrectly.	Yes
5	Could we obtain a sample file so that it can be reviewed by our print vendor?	Yes, please email eutfadmin@hawaii.gov and give us your email address so that we can email you a sample file.

6	Could you provide a sample check (voided is fine)?	See attached
7	Would EUTF consider signing the Bank's Business Associate Agreement?	No
8	Collateralization of deposits – Approximately how much collateral will be required? for ERS? for EUTF?	For ERS, collateralization is required in accordance with Chapter 38 – Deposit of Public Funds, Hawaii Revised Statutes, as amended. For EUTF, in accordance with Chapter 38-3.
9	Will the Offeror be able to submit a bid to only one of the State of Hawaii agencies, or do bids need to be submitted to both for eligibility?	Offerors may submit a bid to only one agency.
10	Page 9, #1d Is there historical data on the number/dollar amount of overdrafts?	No. ERS use of the daylight overdraft is very infrequent and has been cleared within the same day when encountered.
11	Page 11, #3a Can you elaborate on the Standard and Specialized Account Reconciliation Reports requested?	The standard report format currently used by ERS for reconciliations is Bank Administration Institute (BAI) compliant. Please discuss your bank's capabilities to provide standard or custom reports that will assist ERS monitoring and reconciling our bank account activities (such as ACH Returns information).
12	Page 11, #3b Is real time ACH and wire posting information required prior to hard post?	Yes, if there is a delay in viewing funds being received in the account as ERS verifies funds are received to complete internal processing the same day.
13	Page 12, #3g, paragraph 2 What vehicle will be used for the funds transfers to the Bank of New York Mellon?	By wire transfer with preset transfer instructions.
14	Page 12, #3g, paragraph 5 What is your typical time between submission of ACH files and Settlement date? Is it one business day or two business days?	ACH files are transmitted two business days prior to Settlement date. Funding for the Settlement is one business day prior to settlement.
15	Page 15, #2b It was stated that the monthly volume was approximately 1600 checks deposited a month; are there specific days, weeks or months of the year that volumes are heavier?	It varies. Sometimes the beginning of the month, the volume is heavier.
16	Page 15, #2b What might be the daily volume count of the envelopes?	It varies. Sometimes, there could be a high daily volume count of approximately 250 envelopes and sometimes there is a low of 10 or less envelopes.
17	Page 15, #2b	Sometimes, other correspondence such as letters may be included in the envelope

	Besides the coupon with the OCR scanline, what would the envelope contents consist of? (Any other correspondence?)	
18	Page 15, #2b Electronic lockbox files will be delivered via FTP but can check copies and remittance documents be emailed rather than sending it via USPS?	Yes
19	Page 15, #2b Are there any special handling requests for lockbox items?	If no coupon is received, then envelopes are returned to EUTF.
20	Page 15, #2b Are there any cutoff deadlines?	Lockbox files are to be given to EUTF the next business day by noon.
21	Page 20, Minimum Qualifications, #5 Is ASB's future campus location at 300 North Beretania Street, Honolulu 96817 considered as being within Downtown Honolulu?	No
22	Minimum Qualifications, #6 What is the anticipated volume of physical deposits at the Hawaii, Kauai, and Maui branches?	For ERS, no more than 1-2 deposits twice per month for each branch since employers are converting to electronic payment by ACH or wire transfer.
23	EUTF Attachment 2A: Can you confirm that all Lockbox payments are limited to payments received via USPS and that payments are only by check, no cash?	Yes
24	EUTF Attachment 2A: Can you confirm that EUTF maintains its own PO Box for Lockbox payments?	Yes
25	Please clarify the fluctuation in balances in any given month. ERS's Average Collected Balances are noted as \$7.5 million while it is noted that there is over \$100 million in ACH debits on the last day of the month. Please provide the anticipated highs and lows in dollar balances over a given month.	The low balance for ERS is expected to be less than \$5-7 million for most of the month. The balance may increase to \$20-30 million on the State and counties paydays due to receipt of member and employer contributions (however excess funds are transferred out of the bank as soon as funds are available) or when there is a high volume of refund payments. The ACH debits are transferred in one-day prior to settlement at the end of the month since almost all ERS pensioners are paid by direct deposit (ACH) on the last business day.
26	Please clarify the format for the proposals. Are the responses for the ERS and the EUTF to be consolidated and presented as one	Separately by agency.

	proposal, or presented separately by agency (i.e. one proposal exclusively on the ERS and a second proposal exclusively on the EUTF)? Reference: Format of Response – page 8, paragraph 2.	
27	Why is the ERS is asking to receive electronic communication and file transmission of previous day or real time balances information no later than 5:30 am Pacific Standard Time rather than Hawaii Standard Time? Reference: Balance and Transaction Reporting – page 11, 4 th bullet, lines 1, 2, 3 & 4.	The time to receive the electronic communications and file transmission is no later than 6:30 a.m., Hawaiian Standard Time.

The answer to one additional question is forthcoming and will be posed at a later date.