

OST Request for Proposals for Banking Services  
Consolidated Final Q and A Document  
October 1, 2014

This document has been consolidated to include all final questions received September 24, 2014 from all vendors.

**VENDOR 1**

1. Regarding compensating balances and sweep and interest rates: We have a several-part question in order to fully understand the balance scenario the State has today. Please confirm whether or not the State is sweeping the entire balance in the Operating Accounts to the overnight sweep or if there are some balances left in the account that are earning compensating balance credits. In the last Q&A, we understood that the \$135 million in the overnight is the entire balance for these operating accounts. If so, is the State earning BOTH interest and compensating balance credits on the funds? If all funds are swept and earning interest only, how is the State earning compensating balance credits to offset fees? Or, are the fees being paid directly to the Operating Bank separate from the interest earned in the sweep account?

The end of day commercial paper sweep account has consistently provided a higher return than the State's other overnight investment options, consequently, the State has generally directed the maximum balance to this account unless the funds were needed to satisfy daily liquidity requirements. There is generally no un-invested balance in this account at the end of the day.

Compensating balances were maintained in the operating account to generate earnings credits sufficient to offset fees charged by the Operating Bank. The earnings credit rate is only applied to un-invested account balances consequently the State does not accrue earnings credits on the sweep account.

The Investment Sweep Agreement is a separate agreement from the current contract for Operating Bank Services.

2. Page 4, 1.5 **Format for Required Information:** All proposals submitted must conform to the following format. Proposals should be printed on 8.5" x 11" paper (**one side only**). Can we provide the bank attachments and appendix items A-H with double-sided printing in order to reduce the paper and overall size of the proposal binders? We will still do the proposal sections themselves as one side only.

Yes, bank attachments and appendix items A-H may be included in the binders with double-sided printing (copies of OST appendices A-H do not need to be included). Pursuant to Section 1.4 of the RFP one copy of the Bank's proposal must be provided on a CD including copies of all bank submitted attachments and bank submitted appendices.

## VENDOR 2

1. **1.5 Format for Required Information** Do responding banks need to include Appendices A-H in our final proposal, as this is information provided by the OST and does not require a response?

Copies of Appendices A-H do not need to be included in the final proposal, in order to reduce the amount of paper needed for submittal.

2. **Section 9. Positive Pay Services** – How many accounts does the OST expect to maintain at their “Positive Pay Bank” to facilitate the disbursements from the current 400 accounts for State warrants?

OST is looking for the most cost effective solution that each bank’s systems and procedures can support.

## VENDOR 3

1. Of the 217,897 estimated income tax returns processed how many required updates to address information (requiring address change information be included in data file).

This information is not available; however, OTC was able to provide additional keystroke data for FY2014 which is attached.

2. Is there an option to setup a time for vendors to view Oklahoma Tax Commission onsite processing at depository bank? If not, can OTC provide a complete data file that has been received from depository bank?

We were not able to arrange an onsite visit with the current service provider nor were we able to provide a complete data file due to the confidential information in each file.

3. Regarding Positive Pay, would the bank be able to debit OST’s account for the total amount of the Positive Pay file on the same day of presentment? Additionally, is OST open to making some revisions to the MICR line on their warrants?

With appropriate legal counsel we would be open to negotiating the terms and conditions under which a bank could debit a State account whether providing Positive Pay Services or facilitating a correspondent relationship with the Federal Reserve.

OST could consider revising the MICR line on State warrants as part of a cost effective service strategy.