

**Employees' Retirement System Milwaukee, Wisconsin
April 25, 2022**

**Request for Proposal (RFP) For
Banking Services**

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The Employees' Retirement System of the City of Milwaukee (**the "ERS"**) invites qualified financial institutions ("PROPOSER"; the successful proposer will be referred to as "CONTRACTOR") to submit proposals to provide banking services for the calendar years 2023-2027 in accordance with the specifications listed below:

I. Background

Currently, general banking services are provided to the ERS by Wells Fargo. The ERS is soliciting proposals for suitable service fee arrangements that will allow the ERS to minimize banking cost, improve operational efficiency and maximize fund investment returns. This could include either a direct fee for services or an analysis charge compensation arrangement. All services not specifically mentioned, which are regularly furnished in order to provide a complete, full range of banking services, shall be furnished at the proposal price and shall conform to that usually provided by the practice indicated in this RFP.

II. Contract Term

The contract awarded to the successful PROPOSER shall be for a term of five years January 1, 2023 and continuing through December 31, 2027. The CONTRACTOR may request a price adjustment after completion of the first calendar year of the Contract. Said request must be accompanied by written documentation substantiating the request. Under no circumstances shall any price adjustment exceed 2.5%, or the Consumer Price Index (all items) for Milwaukee, whichever is less. The price adjustment is based on the Total Estimated Cost of the Contract for the year exclusive of the pass through FDIC charges. The CONTRACTOR shall be limited to one price adjustment per annum during the term of the Contract. Continuation of the Contract, or any subsequent extension beyond December 31st of any year, is contingent upon the proper ERS officials appropriating funds for this purpose.

III. Award Authority

The Annuity and Pension Board (the "Board") is responsible for administration and operation of the Employees' Retirement System of the City of Milwaukee in accordance with the City Charter. The Annuity and Pension Board, or its designees, shall be the sole judge of the quality and suitability of the equipment, materials, and services offered in its determination of the CONTRACTOR.

IV. Anticipated Proposal Deadlines

Pre-proposal Questions: PROPOSERS are strongly encouraged to pose questions regarding this request for proposal no later than May 9, 2022. We will attempt to respond to questions within 1 week. All questions are to be directed to Mary Turk in writing via e-mail at Mary.Turk@cmers.com. Answers to questions submitted will be made available via e-mail to all PROPOSERS who indicate an interest in receiving such information, if they register their interest by sending an e-mail to Mary Turk by May 9, 2022.

Proposal Release: April 25, 2022

Proposal Submission: June 1, 2022 at 4:45 P.M. to Mary Turk at:
Mary.Turk@cmers.com

Oral Presentations: If desired by the A&O Committee of the Board, June 16, 2022.

Contract Award: On or before July 1, 2022

V. Proposal Format

In order to promote greater comparability between PROPOSERS, the System is requiring PROPOSERS to submit proposals in the format and manner prescribed by this section:

A. Letter of Transmittal

The letter of transmittal should briefly and concisely (limited to two pages) state the PROPOSER'S understanding of the services to be provided. The letter should include the names of those authorized to make representations on behalf of the PROPOSER and the all-inclusive estimated maximum contract fee for which these services will be performed.

B. Title Page

The title page should include "Request for Proposal - Employees' Retirement System, 2023-2027 Banking Services," proposal date, the name of the PROPOSER'S firm, local address, telephone number, contact person and effective period of the proposal.

C. Table of Contents

The table of contents should include a clear identification of the material presented according to section and page number.

D. Profile of the Proposer

This section describes the firm, whether it is local, regional or national, the location of the office to be the ERS contact point for banking services, including staff at that office, as well as what specific services are anticipated to be provided from which office locations.

E. Qualifications of the Proposer

This section should include a description of services to be provided and information regarding PROPOSER'S areas of expertise and efficiency.

F. Compensation

This section shall include an estimate of the all-inclusive maximum fee per each contract year. Reference should be made to the completed "Schedule A" which will detail average annual charges to the ERS.

G. Direct Deposit Accounts

State whether the PROPOSER will provide no service charge accounts to ERS members receiving direct deposit payments.

H. Free Services for Members

This section shall enumerate any additional free services to be offered to members of the ERS.

I. Services for Non-bankable Clients

This section should include a description of services available to non-bankable

members and all costs involved for the administration of this particular service to the ERS and/or to the members.

J. Electronic File Formats

The PROPOSER will provide complete documentation on the file formats to accommodate bank account reconciliations, electronic funds transfer, positive pay data and any and all other files available or required to interface with your institution.

K. Exceptions to RFP Requirements

List any exceptions to the specifications included in this RFP and provide alternative language. Failure to list exceptions will be construed as acceptance of the specification(s) should a contract be awarded.

L. Additional Information

Give any additional information not specifically requested previously, but considered essential to this proposal. If there is no additional information to present, state in this section: "There is no additional information we wish to present."

VI. Proposal Evaluation Process

Proposals will be evaluated using 6 criteria.

A. Qualifications of PROPOSER 30%

The PROPOSER possesses the qualifications to provide complete, full service banking services and has extensive experience providing such services. Safety and creditworthiness of bank.

B. Projected Cost of Banking Services over the Contract Period 30%

Reasonableness of the estimated total compensation based on PROPOSER'S response to the required Compensation section as referenced in item F of the Proposal Format, reduced by anticipated costs, if any, to the ERS to revise its current electronic file formats in Appendices A through C.

C. Suitability and Cost of Alternate Methods for Non-Bankable Annuitants 10%

The cost and convenience of any service(s) proposed to provide alternate methods to pay annuitants of the ERS who and unable to obtain checking accounts and are therefore not candidates for payment via direct deposit.

D. Convenience of Access to Services and Facilities 10%

Consideration will be given to branch locations in close proximity to the ERS as well as online services offered by the PROPOSER.

E. Existence and Type of Free Service Offered to Member of ERS 10%

Will PROPOSER offer no service charge checking accounts to ERS members receiving direct deposits? Are other services offered as well?

F. Exceptions to Proposal/Proposer's Terms and Conditions 10%

The exceptions PROPOSER has taken to ERS' specifications and any of Proposer's Terms and Conditions (including standard form documents) Proposer wishes to include in the ultimate Contract executed. A greater number of exceptions/Terms and Conditions (and/or exceptions/Terms and Conditions which alter the Annuity and Pension Board's specifications to a greater extent) will result in a lower score. The ERS, in its discretion, may reject proposals outright for failure to agree to any specification.

The Annuity and Pension Board reserves the right to reject any and all proposals submitted and to request additional information from all PROPOSERS. The contract will be awarded to the financial institution who, based upon evaluation of all responses and applying all criteria and oral interviews if applicable, is determined to be the best qualified to provide banking services to the ERS.

VII. Criteria for Proposal Acceptance

Each PROPOSER must maintain a major branch office within the City of Milwaukee that offers complete, full banking services and shall serve as the CONTRACTOR'S point of contact to the ERS. The CONTRACTOR must also have facilities available within its corporate structure to process Fedwires, electronic funds transfers, and ACH transactions and to produce the account statements and automated account reconciliations required of this RFP.

Site Inspection

All PROPOSERS must allow for an on-site inspection of their facilities prior to award, upon request, in order for the ERS to make a determination if PROPOSERS are fully capable of providing the services described herein. If any of the PROPOSER'S facilities are located outside of Milwaukee County, the PROPOSER

shall reimburse the ERS for the actual cost of such facility site inspections by no more than four ERS staff members, regardless of whether or not the PROPOSER is awarded a contract. All such facility site inspections by ERS staff shall be governed by Milwaukee City Ordinance 350-181, Authorized Travel Regulations and Procedures.

Presentations

The ERS may require oral presentations to the Annuity and Pension Board, and reserves the right to do so. Proposals should be complete on their face. The ERS reserves the right to request clarifying information at any point.

VIII. Indemnification

Notwithstanding any references to the contrary in the contract documents, the CONTRACTOR will assume full liability for all of its acts in the performance of the Contract. The CONTRACTOR will save and indemnify and keep harmless the Employees' Retirement System of the City of Milwaukee, the Annuity and Pension Board, their staffs, present and former employees, officers and directors against all liabilities, judgments, costs, and expenses which may be claimed against the ERS in consequence of the granting of the Contract to the CONTRACTOR, or which may result from negligence and/or willful acts of the CONTRACTOR, or the agents, employees or workmen of the CONTRACTOR in any respect whatever. If judgment is recovered, whether in suits of law or in equity, against the ERS by reason of the negligence and/or willful acts or by acts of commission of the CONTRACTOR, such persons, firms or corporations carrying out the provisions of the Contract for the CONTRACTOR, the CONTRACTOR assumes full liability for such judgment not only as to the amount of damages, but also the cost, attorneys' fees or other expenses resulting there from.

IX. Insurance

A. General Requirements

The CONTRACTOR will secure and maintain throughout the duration of the Contract, insurance of such types and in such amounts as may be necessary to protect itself and the interests of the ERS against all hazards or risks of loss as hereafter specified.

1. The form and limits of such insurance, together with the underwriter thereof in each case, will be required to be acceptable to the ERS; but regardless of any ERS review, it will be the responsibility of the CONTRACTOR to maintain adequate insurance coverage at all times.

2. Failure of the CONTRACTOR to maintain adequate coverage will not relieve it of any contract responsibility or obligation.
3. All policies are to contain notice requirements that ensure that 60 days advance written notice will be provided to the ERS prior to cancellation/ renewal or alteration of terms and conditions of the policies.
4. Insurers which provide the insurance coverage referenced in Section V are to have an A.M. Best rating of no less than A/VIII. The successful bidder will provide immediate written notice to the ERS if there is any change in the A.M. Best rating of any insurer.
5. Certificates of Insurance for all of the coverage limits referenced herein must be provided prior to the effective date of the Contract and for each year that the Contract is in effect.
6. It will be the responsibility of the prime CONTRACTOR to ensure that all subcontractors comply with all insurance and bonding requirements.
7. All policies other than Workers Compensation/ Employers Liability, Professional Liability, Crime and Cyber Risk / Network Security are to include the Employees' Retirement System of the City of Milwaukee, the Annuity and Pension Board, their staffs, present and former employees, officers, directors, agents and representatives as additional insureds. The additional insured status should be shown on the Certificates of Insurance and a copy of the endorsements provided.
8. No payments or disbursements under the Contract shall be made until satisfactory evidence that compliance with the insurance requirements described in this section has been provided.

B. Commercial Automobile Liability

This insurance will be written in commercial form and will protect the CONTRACTOR and the ERS against all claims for injuries to members of the public and damage to property of others arising from the CONTRACTOR's use of motor vehicles and will cover operation on or off the site of all motor vehicles licensed for highway use whether they are owned, non-owned or hired. The liability limits will not be less than the following:

Bodily Injury / Property Damage	
Per occurrence	\$1,000,000
Uninsured Motorists/ Underinsured Motorists protection	
Per occurrence	\$1,000,000

Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the Employees' Retirement System of the City of Milwaukee, the Annuity and Pension Board, their staffs, present and former employees, officers, directors, agents and representatives.

C. Commercial General Liability

This insurance will be written on a commercial general liability form which will protect the CONTRACTOR and the ERS for those sums the CONTRACTOR becomes legally obligated to pay as damages because of bodily injury, personal injury or property damage. Coverage must be equivalent to ISO form CG0001 or better. Coverage will apply on a primary and non-contributory basis.

The insurance will include:

1. Commercial General Liability Insuring Agreement that provides occurrence coverage.
2. Contractual Liability Coverage as provided under a Commercial General Liability policy.

The limits applicable to the commercial general liability policy will not be less than the following:

BODILY INJURY AND PROPERTY DAMAGE – COMBINED SINGLE LIMIT	
Each Occurrence	\$1,000,000
General Aggregate – Other than Products/Completed Operations	\$1,000,000
Products/Completed Operations Aggregate	\$1,000,000
Personal Injury	\$1,000,000

Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the Employees' Retirement System of the City of Milwaukee, the Annuity and Pension Board, their staffs, present and former employees, officers, directors, agents and representatives.

D. Professional Liability (Errors and Omissions)

The limits applicable to the professional liability policy will not be less than the following:

Wrongful Act Limits
Each incident \$25,000,000
Aggregate \$25,000,000

If coverage is provided in a claims-made form, the CONTRACTOR will ensure that the retroactive date will not change during the duration of the Contract or at any renewal date. Contractor must warrant evidence of professional liability coverage for three years after termination of the Agreement. This would be either in the form of an ongoing policy or, as an alternative, an extended reporting period/tail. Contractor must provide evidence of this coverage annually in the form of a Certificate of Insurance for three years after termination of this contract.

Coverage is to be provided on a “per project” basis or, if not available for reasonable cost, a higher policy aggregate limit may be required by the ERS. Any request for modification to this requirement should be submitted in writing to the ERS and the ERS’ Risk Management Consultant for consideration.

CONTRACTOR will certify that the policy will be renewed each year of the Contract.

E. Crime Coverage

Crime Coverage	Limits
Computer Fraud	\$100,000,000
Employee Theft—Blanket (must apply to theft of ERS assets by employees of the Contractor)	\$100,000,000
Forgery or Alteration	\$100,000,000
Funds Transfer Fraud	\$100,000,000
Outside The Premises	\$100,000,000
Inside The Premises Theft of Money And Securities	\$100,000,000

F. Workers’ Compensation Insurance

The CONTRACTOR, and all subcontractors, if any, shall provide to the ERS an affidavit or other satisfactory proof, such as a Certificate of Insurance, which the ERS may require evidencing that the CONTRACTOR and all subcontractors have obtained Worker's Compensation Insurance for all persons performing any work or services under this Contract.

Workers Compensation		Statutory
Employer Liability		
Bodily Injury by Accident	Each Accident	\$100,000
Bodily Injury by Disease	Each Employee	\$100,000
	Policy Limit	\$500,000

Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the Employees' Retirement System of the City of Milwaukee, the Annuity and Pension Board, their staffs, present and former employees, officers, directors, agents and representatives.

G. Self Insurance

Any request for self-insurance must be submitted in writing to the ERS and the ERS' Risk Management Consultant for consideration.

H. Cyber Risk/Network Security Insurance

Per loss	\$10,000,000
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Coverage must include third party loss due to identity theft or unlawful disclosure of confidential information.

I. Umbrella (Occurrence Policy Forum) Minimum limits of liability

Each Occurrence	\$5,000,000
Aggregate	\$5,000,000

Umbrella policy shall provide coverage excess of the Stop Gap Liability (where applicable), Commercial General Liability, Auto Liability and Employer's Liability coverages including the amendments stated above.

X. Other Requirements

B. Conflict of Interest

No officer, employee, or agent of the City of Milwaukee or the ERS who exercises any functions or responsibilities in connection with the carrying out of any services or requirements to which the contract awarded to the successful PROPOSER pertains, shall have any personal interest, direct or indirect, in the contract. No member of the governing body of the City or ERS and no other public official the City who exercises any

functions or responsibilities in the review or approval of the carrying out of the contract shall have any personal interest, direct or indirect, in the contract.

The PROPOSER covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services if a contract is awarded to PROPOSER. The PROPOSER further covenants that in the performance of the contract, no person having any conflicting interest shall be employed. An interest on the part of the PROPOSER or its employee must be disclosed to the ERS.

C. Audit

At any time during normal business hours and as often as the ERS, or if federal or state grants or aids are involved, as the appropriate federal or state agency may deem necessary, there shall be made available to the ERS or such agency for examination all of its records with respect to all matters covered by the contract, and PROPOSER shall permit the ERS to audit, examine and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by the contract, if the contract is awarded to PROPOSER.

D. Public Records Law

PROPOSER understands that the ERS is bound by the Wisconsin Public Records Law, and as such, all of the terms of the RFP, proposal, and the contract awarded to the successful PROPOSER are subject to and conditioned on the provisions of Wis. Stats. sec. 19.21 *et. sec.* PROPOSER acknowledges that it is obligated to assist the ERS in retaining and producing records that are subject to the Wisconsin Public Records Law, (including, but not limited to any records produced or collected by PROPOSER under this Agreement, pursuant to Wis. Stats. §19.36(3)), and that the failure to do so shall constitute a material breach of the contract, and that the PROPOSER must defend and hold the ERS harmless from liability due to its fault under that law. Except as otherwise authorized, those records shall be maintained for a period of seven years.

E. Choice of Law/Venue

The contract awarded to the successful PROPOSER, and all questions arising in connection with such contract shall be governed by and construed in accordance with the internal laws of the State of Wisconsin. Venue for any action arising out of or in any way related to the contract shall be exclusively in the City of Milwaukee for matters arising under state law and in federal district court in the eastern district of Wisconsin for matters arising under federal jurisdiction.

F. Prompt Payment Policy

It is the ERS's policy to pay all invoices within 30 days. If the ERS does not make payment within 45 days after receipt of properly completed documentation supporting payment, the ERS shall pay simple interest beginning with the 31st calendar day at the rate of one percent per month (unless the amount due is subject to a good-faith dispute, and, before the 45th day of receipt, notice of the dispute is sent to the contractor in accordance with the notice provisions in the contract). If there are subcontractors, consistent with s. 66.0135(3), Wis. Stats., the prime contractor must pay the subcontractors for satisfactory work within seven days of the prime contractor's receipt of payment from the ERS, or seven days from receipt of a properly submitted and approved invoice from the subcontractor, whichever is later. If the prime contractor fails to make timely payment to a subcontractor, the contractor shall pay interest at the rate of 12 percent per year, compounded monthly, beginning with the 8th calendar day.

XI. Itemized Invoice

On a monthly basis the CONTRACTOR shall provide the ERS with a report itemizing all services rendered under the terms of the Contract and based upon the unit prices quoted in their proposal. Any and all applicable earnings credits generated by each account maintained by the CONTRACTOR for the ERS shall be applied to the invoice balance due prior to billing. The ERS shall be responsible for payment of the remaining invoice balance due after the earnings credits have been applied. The ERS shall accept billings no more often than monthly addressed and delivered to:

**Employes' Retirement System
Attn: Executive Director
789 North Water Street, Suite 300
Milwaukee, WI 53202**

XII. Contractor Contacts

The CONTRACTOR shall provide the ERS with the names and telephone numbers of the CONTRACTOR'S various department contacts (i.e.: return items, stopped items, information systems; cash management; account reconciliation, etc.) and their alternates upon award of a contract. The CONTRACTOR shall notify the ERS of changes to the liaison list as they occur.

The CONTRACTOR'S department contacts shall be available to the ERS with respect to

questions and concerns regarding the Contract and contract performance.

XIII. Contract Required

The successful PROPOSER shall be required to execute a contract for services with the ERS as drafted by the City Attorney's Office. This RFP and the provisions of the PROPOSER'S response to this RFP shall be incorporated into that contract for services. Proposals shall indicate who is authorized to execute such contract on behalf of the PROPOSER.

XIV. Volume Sensitivity

The PROPOSER understands and agrees that the unit prices quoted in PROPOSER'S proposal "Schedule A" are to be firm regardless of the volumes actually experienced. The ERS and CONTRACTOR agree that services are to be invoiced on a per unit basis and that the estimated total contract price is dependent upon the actual volume of specific services provided. The total estimated contract price is only to be used as a means of comparison of different potential CONTRACTORS.

XV. FDIC Assessment

The CONTRACTOR shall pass through the charge assessed by the FDIC on the ledger balance on deposit in each of the ERS' accounts at the end of each quarter (March 31, June 30, September 30, and December 31) and will include and itemize said charge on the monthly invoice for the month when it is assessed.

XVI. Protection of Security Procedures and Disaster Recovery

The ERS and CONTRACTOR shall implement such safeguards as are deemed reasonably necessary to assure the confidentiality and integrity of all security procedures relevant to the implementation and operation of the Service Contract, which includes, but is not limited to, system access passwords, repetitive transfer codes, and personal identification codes. Upon discovery of a breach of security by either the ERS or CONTRACTOR, the party discovering the security breach shall immediately notify the other party by both telephone call and written notice. The CONTRACTOR shall provide a full and complete data maintenance and disaster recovery plan discussing all data integrity and data recovery safeguards.

XVII. Member Privacy

CONTRACTOR is prohibited under any circumstances from disclosing personal information regarding any member of the ERS.

XVIII. Service Requirements

A. Accounts Required

The ERS currently uses and anticipates using three demand accounts for conduct of System business. One of the accounts is a "\$0 balance" account. The Pension Payroll account is a "positive pay" account that processes approximately 14,000 payments, 98% of which are ACH transmissions, a month. Pension payroll check information is transmitted electronically to the bank on a monthly basis. The accounts generally carry an average collected balance in excess of \$1 million. It is understood that the CONTRACTOR may be required to open additional accounts for the ERS as the need arises.

B. Signature Cards

It is understood that the CONTRACTOR will provide and require the ERS to complete and return the requisite signature cards required to assure that only authorized signatures are honored by the CONTRACTOR on all checks and payment orders drawn on ERS accounts. The ERS shall be responsible for requesting, completing, and returning new signature cards whenever a change occurs relative to authorized signatures.

C. Check Issue Information Transmission

The ERS shall provide check issue information to the CONTRACTOR by remote data transmission for the Pension Payroll account on a monthly basis. Each check issue file will contain check number, date issued, payee, and issue amount. The CONTRACTOR shall provide the requisite software to the ERS to facilitate the remote data transmission of check issue information via the Internet or other electronic media. CONTRACTOR shall also return monthly to the ERS, via mutually agreeable electronic media, a file containing all checks paid information. File layout to be used for check issue and payment data transmission shall be mutually agreed upon between the ERS and the CONTRACTOR.

D. ACH Entries

1. Operating Rules

The CONTRACTOR shall act as the Originating Depository Financial Institution (ODFI) under the terms of this RFP and the Rules of the National Automated

Clearing House Association (NACHA) and the Wisconsin Automated Clearing House Association (WACHA), hereafter referred to as the "Rules" (as the same may, from time to time, be amended), for the purpose of providing the ERS with the ability to originate ACH credits and debits as required to meet its business needs.

Subject hereto, CONTRACTOR and the ERS agree to be bound by the Rules. The CONTRACTOR shall notify the ERS immediately of any amendments made to the Rules upon receipt of notice of same. If there are any inconsistencies between the terms of this RFP and the Contract for Services and the Rules, the terms of this RFP and the Contract shall govern. Except where the context or a provision herein or in the Contract otherwise requires, or where a specific provision herein or in the contract conflicts with the Rules, the Rules shall govern all transactions involving "on us" items where the CONTRACTOR acts as the ACH.

Notwithstanding NACHA Rule Section 1.6, the laws of the State of Wisconsin shall apply to CONTRACTOR'S services required hereunder.

2. Preparation and Submission of Entries

a. Authorization

The ERS shall obtain the authorization of each payee before initiating any entries to their accounts. The ERS warrants that each ACH entry submitted will be authorized in writing. The ERS will provide the CONTRACTOR with copies of any such authorizations upon request

b. Record Retention

The ERS will retain the original or microfilm copy of each ACH authorization for a period of no less than seven (7) years after its termination.

c. ACH Facility

The CONTRACTOR shall provide the ERS with the requisite ACH software to enable the ERS to originate electronic ACH payments on a monthly basis via the Internet or any other electronic media. The format to be used for all ACH entries shall be mutually agreed upon by the ERS and CONTRACTOR

d. Pre-notification

The ERS shall send pre-notification that it intends to initiate an entry to particular accounts as required by the Rules.

3. Receipt of Entries

a. Authorization of CONTRACTOR

The CONTRACTOR is authorized to receive, process, and initiate entries for the ERS's ACH credits and debits as required.

b. Security Procedures

The CONTRACTOR shall confirm ACH entries conveyed using a methodology mutually agreed upon by the ERS and the CONTRACTOR. Entries conveyed to the CONTRACTOR by ACH must be properly identified according to mutually agreed upon security procedures to be developed upon award of a contract. The CONTRACTOR shall use such mutually agreed-upon security procedures to detect unauthorized ACH entries prior to processing of such entries. The CONTRACTOR shall bear full liability for processing unauthorized ACH entries where the ERS has complied with the CONTRACTOR'S security procedures and the unauthorized ACH entries were placed and confirmed by individuals not on ERS staff and assigned authority to initiate ACH entries. The ERS shall bear full liability for unauthorized ACH entries submitted and confirmed by authorized ERS staff members.

c. Initiation of ACH Entries

The ERS will initiate ACH entries as required.

4. Method of Processing

The CONTRACTOR shall process all ACH entries initiated by the ERS electronically using ACH or any other facilities available to the CONTRACTOR. The CONTRACTOR may process entries in any order convenient and may select such means and routes for the transfer of funds as appropriate under the circumstances.

The ERS acknowledges and agrees that, if an ACH credit entry describes an ERS payee inconsistently by name and account number, payment of the entry may be made by the Receiving Depository Financial Institution (or by the CONTRACTOR, in the case of an "on us" entry) on the basis of the account number even if the account number identifies a person or entity differently from the named ERS payee, and the ERS' obligation to pay the amount of such entry is not excused in such circumstances. The CONTRACTOR shall notify the ERS in writing of any such discrepancies.

5. Rejected Entries

The CONTRACTOR may reject any entry that does not meet the criteria for processing as set forth in the Rules. Upon notification from the ACH or any Receiving Depository Financial Institution that any entry (or group of entries)

initiated by the ERS has been rejected, the CONTRACTOR shall notify the ERS and each rejected entry shall be returned and credited back to the settlement account and a written confirmation of the action will be sent to the ERS the day the reject occurs. With the exception of rejected entries or returned entries (item 6a), however, for entries the ERS timely delivers to CONTRACTOR, CONTRACTOR shall process the same subject only to delays caused by acts of God, strikes, war, emergency conditions, or other circumstances beyond CONTRACTOR'S reasonable control provided CONTRACTOR exercises such diligence as the circumstances require.

6. Returns, Reversals, Adjustments and Notifications of Change

a. Returns

The CONTRACTOR shall give the ERS written notice of returned ACH entries on the day of occurrence. The ERS shall be responsible for correcting errant information or arranging for payment by an alternate means in the event of an ACH return.

b. Reversals

The ERS or the CONTRACTOR, as need be, may initiate reversing entries as permitted by the Rules in the event that previously originated data is found erroneous or duplicated.

c. Adjustments

The CONTRACTOR shall give the ERS written notice of adjustment entries received by the CONTRACTOR on the day of occurrence and is authorized to debit or credit the respective settlement account for such adjustment entries.

d. Notifications of Change

The CONTRACTOR shall give the ERS written notice on the day of receipt of all Notifications of Change received by the CONTRACTOR from any Receiving Depository Financial Institution relating to any ACH entries transmitted to the CONTRACTOR by the ERS.

7. Provisional Payment

Payment of any electronic credit entry by a Receiving Depository Financial Institution to an ERS payee is provisional until receipt of final settlement by such Receiving Depository Financial Institution. If, despite CONTRACTOR'S obligations hereunder and its good faith efforts, such settlement is not consummated, CONTRACTOR shall provide ERS with same day written notice of such and such Receiving Depository Financial Institution shall be entitled to a refund from the ERS payee and the ERS shall not be deemed to have paid

the amount of such entry.

8. Notice of Relationship Provision

The PROPOSER shall provide any written Notice of Relationship required under Section 224.075 of the Wisconsin State Statutes with its proposal. Failure to do so will result in proposal rejection.

E. Funds Transfer Services

1. Authorization to Transfer Funds

The ERS shall provide the CONTRACTOR with a completed authorization form for each staff member assigned funds transfer authority. It shall be the responsibility of the ERS to provide the CONTRACTOR with an updated authorization form in a timely manner whenever there are additions to, deletions from, or changes to the list of staff members assigned funds transfer authority.

2. Security Procedures

The CONTRACTOR shall implement and use any and all security procedures it deems appropriate to prevent execution of an unauthorized funds transfer order. The ERS staff members assigned funds transfer authority shall use and follow the security procedures established by the CONTRACTOR. The CONTRACTOR shall bear full liability for the execution of unauthorized funds transfer orders where the ERS has complied with the CONTRACTOR'S security procedures and the unauthorized funds transfer orders were placed and confirmed by individuals outside of those staff members assigned funds transfer authority. The ERS shall bear full liability for unauthorized funds transfer orders placed and confirmed by authorized staff members

3. Processing of Funds Transfer Orders

a. Authorization

The CONTRACTOR is authorized to receive, process, and execute funds transfer orders from ERS staff members assigned funds transfer authority from covered accounts maintained at the CONTRACTOR for the ERS to any other account at the CONTRACTOR or another financial institution.

b. Submission of Funds Transfer Orders

The ERS will submit funds transfer orders to the CONTRACTOR as required. The CONTRACTOR shall provide the ERS with the means and software to place

funds transfer orders by automated touch-tones via telephone or electronically by computer via the Internet or by any other mutually agreeable electronic media.

c. Accuracy

The ERS shall be responsible for providing all funds transfer order information required by the CONTRACTOR in a complete and accurate manner. The CONTRACTOR shall not be liable to the ERS for any information provided by the ERS in a funds transfer order that is found inaccurate, incomplete, or otherwise incorrect.

d. Method of Execution

The CONTRACTOR shall process authorized funds transfer orders placed by authorized ERS staff from accounts maintained at the CONTRACTOR for the ERS. The CONTRACTOR shall process and execute authorized funds transfer orders by such means and routes as appropriate under the circumstances in compliance with the CONTRACTOR'S established security procedures.

The ERS acknowledges and agrees that, if a funds transfer order describes the beneficiary or beneficiary's financial institution inconsistently by name and account, or other identifying number, the CONTRACTOR and the other financial institution may execute and accept such funds transfer on the basis of the account number, or other identifying number, even if such number identifies a person or entity other than the beneficiary or beneficiary's financial institution, and the ERS' obligation to pay the amount of such a funds transfer is not excused under the circumstances.

If more than one funds transfer order is placed at or about the same time and the total amount of the orders exceeds the available funds balance in the covered account, the CONTRACTOR is to contact the ERS Executive Director for instructions on which orders, if any, to execute.

e. Timing

The ERS shall submit its funds transfer orders to the CONTRACTOR by the daily cut off time set by the CONTRACTOR. The ERS acknowledges and agrees that, funds transfer orders received by the CONTRACTOR after the daily cut off time may be processed the next business day.

f. Repetitive Transfers

The CONTRACTOR shall assign repetitive transfer codes upon request by the ERS to those funds transfer orders that are placed on a regular, repetitive

basis.

g. Cancellation

Upon request by the ERS, the CONTRACTOR shall make every effort to cancel a previously authorized funds transfer request prior to its execution. However, the ERS acknowledges and agrees that, the CONTRACTOR shall not be held liable if such cancellation is not effected after a good faith effort.

h. Operating Rules

The rights and obligations of the ERS and CONTRACTOR with respect to any funds transfer executed through the Fedwire system shall be governed by the Fedwire regulations in force at the time of the order. In addition, the ERS acknowledges and agrees that, all funds transfer orders placed by the ERS with the CONTRACTOR are subject to the rules, regulations, and bylaws governing the funds transfer networks used by the CONTRACTOR.

The CONTRACTOR shall provide the ERS with a copy of all applicable Fedwire regulations and the rules, regulations, and bylaws governing the funds transfer networks used by the CONTRACTOR upon award of a contract. In addition, the CONTRACTOR shall provide the ERS with any and all updates to such rules, regulations, and bylaws, as they are known.

4. Notification on Discovery of Discrepancy

Funds transfer orders executed by the CONTRACTOR on behalf of the ERS shall be reflected on the ERS' monthly bank statement for the covered account. The ERS shall notify the CONTRACTOR of any discrepancies found between the ERS' records and the CONTRACTOR'S monthly bank statement as soon as possible, but no later than six months following the receipt by the ERS of the CONTRACTOR'S monthly bank statement.

5. Restitution Recovery

The ERS will extend its cooperation to the CONTRACTOR to the extent it is able to assist the CONTRACTOR in the recovery of any restitution to which the CONTRACTOR may be due under the law governing mistakes and restitution relative to funds transfer orders executed by the CONTRACTOR on behalf of the ERS.

F. Positive Pay Services

The CONTRACTOR shall provide positive pay services for the ERS Pension Payroll account. The CONTRACTOR shall compare checks presented for payment to the ERS's checks issued files on a daily basis to identify checks that do not match the ERS's check issues' information. The CONTRACTOR shall notify the ERS by mutually agreeable media of all discrepancies discovered by 10A.M. each business day. The ERS shall notify the CONTRACTOR daily by a mutually agreeable time which checks to "honor" and adjust, or "return" unpaid.

G. Stop Payments and Access to Paid Items

The CONTRACTOR shall provide the required electronic link via the Internet, system and communications software, and system access to allow the ERS to place stop payments "on-line" on the CONTRACTOR'S computer system for all of the ERS's disbursement accounts maintained at the CONTRACTOR'S firm.

In addition, the CONTRACTOR shall provide the means for the ERS to access and research paid items "on-line" on the CONTRACTOR'S computer system for all of the ERS's disbursement accounts maintained at the CONTRACTOR'S firm.

H. Account Reconciliation Services

1. Monthly Bank Statements

At the end of each month, the CONTRACTOR shall provide the ERS with printed and electronic bank statements for each account showing all activity during the given month. All detailing information shall be separated and sorted by the following:

Deposits made - Chronologically
Withdrawals made - Chronologically
Checks paid - Numerically

2. Reconciliation Services for Positive Pay Accounts

The CONTRACTOR shall provide to the ERS on a monthly basis, printed and electronic reconciliation reports for the ERS Pension Payroll positive pay account. This report shall itemize all checks paid during the month and all checks still outstanding at the end of the month. The report must list each check number, date issued, payee, issue amount, and date paid where applicable.

The CONTRACTOR shall provide full reconciliation services for the ERS Pension Payroll account including but not limited to:

Identifying and correcting all posting errors.

Identifying and correcting all MICR reading errors.

Properly removing stops, voids and deletes from the reconciliation report per instruction from properly authorized ERS staff.

3. Notification on Discovery of Discrepancy

The ERS shall notify the CONTRACTOR of any discrepancies found between ERS records and the CONTRACTOR'S monthly account reconciliation report and monthly bank statements as soon as possible, but no later than six months following receipt by the ERS of the CONTRACTOR'S monthly account reconciliation report and monthly bank statements.

I. Account Analysis Reports

At the end of each month, the CONTRACTOR shall provide the ERS with a consolidated account analysis statement for each account maintained at the CONTRACTOR'S firm for the ERS. These reports shall itemize all services provided by CONTRACTOR along with the unit price per CONTRACTOR'S proposal and resulting in total charges per service for the month. In the event of a compensating balance fee arrangement per Section L (2), the earnings credits shall be shown as an offset to total charges for the month.

J. Prior Day Account Balances Reporting

The CONTRACTOR shall provide the required electronic link via the Internet, system and communications software, and system access to allow the ERS to inquire and receive prior day account balance reports on ERS accounts maintained at the CONTRACTOR'S firm.

If the ERS is unable, for any reason, to electronically link to and access the CONTRACTOR'S system to inquire and receive prior day account balance reports on its accounts, the CONTRACTOR shall provide touch-tone telephone access to the account balances at no charge.

K. Servicing Stale Dated Checks

In order to avoid the CONTRACTOR'S making payment on a stale check drawn on an ERS disbursement account maintained at the CONTRACTOR'S firm, the ERS shall semi-annually provide the CONTRACTOR with a cut off check number for the

ERS Pension Payroll account. No check numbered below the cut-offs to be honored for payment. Instead, such checks should be returned marked "REFER TO MAKER FOR PAYMENT." Checks over six (6) months old are considered stale.

L. Fee Structure

The collected balance available in the regular account shall be fully invested. Earnings on the collected balance may be used to pay for required services in one of two ways. The PROPOSER'S proposal should recommend the most advantageous method to be used by the ERS to pay for required services.

1. Option One

Open the regular account as an interest bearing commercial checking account. All interest earned on the regular account must be posted to the respective account at least once per month. Fees for services charged per Section VI may be billed to the ERS not more often than monthly.

2. Option Two

Open the regular account under a compensating balance agreement whereas earnings credits are used to pay for required services. PROPOSER'S proposal should analyze the amount that would be currently required on deposit to pay for average monthly service levels as referenced in Schedule A.

M. Cancelled Check Imaging

The ERS desires to receive cancelled check images electronically via CD on a monthly basis and also on an annual cumulative basis on CD.

N. Direct Deposit Payments

The Board has mandated the use of direct deposit pension payments for new ERS members. The ERS desires information regarding whether the PROPOSER will provide free account services to direct deposit members of the ERS.

O. Banking Services for Traditionally Non-Bankable Clients

ERS has established a rule whereby all new annuitants must receive payment via direct deposit. Occasionally, a member is non-bankable for some reason. The ERS desires information regarding whether the PROPOSER will provide free debit cards or some other guaranteed account to beneficiaries of the ERS who are unable

to obtain checking accounts. Please describe the types of service available to pay non-bankable members and the costs of such services, both to the member and to the ERS. Ideally, these services will be at no cost to the member and little or no cost to the ERS.

P. Electronic File Formats

The appendices show the current file formats used by the ERS and Wells Fargo to communicate:

Appendix A: Interface – EFT File for Direct Deposit

Appendix B: Interface – Positive Pay File

Appendix C: Interface – Account Reconciliation File

The ERS desires information from all responders on the file formats used by the PROPOSER for each of the functions mentioned above. Please provide a complete file format description for each appendix file listed above. Also clearly indicate if the current file formats can be utilized with your banking system.

Q. Collateralized Deposits

The ERS will require the CONTRACTOR secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), by the pledging of securities of any type permitted by a financial institution under applicable law; provided that such securities are pledged under a written agreement approved by in advance by the ERS (“Eligible Securities”). A third party should agree to hold the Eligible Securities in safekeeping. ERS has on average around \$37 million in deposits on a monthly basis that would need to be collateralized.

R. Additional Services Offered

The ERS desires information regarding any additional free services that may be made available by the PROPOSER to members of the ERS. Examples of free services offered could be free checking for direct deposit members, preferential loan rates, free traveler's checks or any other services offered.

Appendix A: Interface – EFT File for Direct Deposit

Description:

Electronic Funds Transfer (EFT) file is created for purposes of the direct deposit of funds to the benefit recipient's bank account. All recipient's set up for direct deposit will be included on this tape.

Data Rules:

File Header Record: This file header record designates physical file characteristics and identifies the immediate origin and destination of the entries contained within the file or within the transmitted batch data.

Position	Description
1	Record Type Code: 1 alphanumeric character, Always 'X';
2-3	Priority Code: 2 numeric characters, Always 'XX'
4-13	Immediate Destination: Transit ACH / Routing Number; 10 alphanumeric characters;
14-23	Immediate Origin (File ID): Ten Character file Id assigned by bank; 10 alphanumeric characters;
24-29	File Creation Date: 6 numeric characters, YYMMDD
30-33	File Creation Time: 4 numeric characters, HHMM; Time needs to be shown on 24 hours basis. For example: 3:30 PM would be shown as 1530
34	File ID Modifier: 1 alphanumeric character
35-37	Record Size: 3 numeric characters,
38-39	Blocking Factor: 2 numeric characters,
40	Format Code: 1 numeric character
64-86	Immediate Origin Name: 23 alphanumeric characters
41-63	Immediate Destination Name: 23 alphanumeric characters; Always XXXXXXXXXXXX followed by 12 spaces.
87-94	Reference Code: 8 alphanumeric characters; "XXXXXX "

Company Batch Header Record: This record identifies the company (ERS) and briefly describes the pre-arranged paperless debit or credit.

Position	Description
1	Record Type Code: 1 alphanumeric character, Rule: Always 'X'
2-4	Service Class Code: 3 numeric characters, Rule: Always 'XXX'
5-20	Company Name: Name of the Originating company, 16 alphanumeric characters;
21-40	Company Discretionary Data Desc: This is an optional field. Information in this field is significant to the company for reporting purposes only; 20 alphanumeric characters;
41-50	Company Identification: Ten Character company ID assigned by bank; 10 alphanumeric characters;
51-53	Standard Entry Class Code: 3 alphanumeric characters; PPD indicates pre-arranged payment and deposit entries -- consumer. CCD indicates cash concentration or disbursements -- corporate entries.
54-63	Company Entry Description: Company defined description of the entry to the receiver, 10 alphanumeric characters;
64-69	Company Descriptive Date: Company defined reference date for the receiver, not used to control timing of settlement / posting; 6 alphanumeric characters; MMDDYY;
70-75	Effective Entry Date: 6 characters, MMDDYY;
76-78	Settlement Date (Julian): 3 numeric characters, inserted by ACH operator;

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79	Originator Status Code: 1 alphanumeric character, always 'X'
80-87	Originating DFI Identification: 8 characters, same as bank ACH / Routing number
88-94	Batch Number: 7 numeric characters

Entry Detail Record: This record illustrates the debits and credits which transfer funds from or into a consumer's account.

Position	Description
1	Record Type Code: 1 alphanumeric character
2-3	Transaction Code: 2 numeric characters; Rule: For Checking Accounts, the Transaction Code is one of the following: 'XX' credit; 'XX' pre-notification credit; 'XX' debit; 'XX' pre-notification debit // For Savings Accounts, the Transaction Code is one of the following: 'XX' credit; 'XX' pre-notification credit; 'XX' debit; 'XX' pre-notification debit (Not required for system)
4-11	Receiving DFI Identification: First eight digits of ACH / Routing Number of the receiving financial depository institution (RDFI) where the transaction is to be posted; 8 character routing number; Rule: Populated with the first eight characters of the bank ACH / Routing number. The first digit should be 0,1,2,3. A routing number starting with 4-9 is usually not a valid number;
12	Routing Number Check Digit: Last digit of the RDFI's routing / ACH number, 1 Numeric character
13-29	Destination (Receiving DFI's)Account Number: Recipient's bank account number where amount needs to be credited; 17 alphanumeric characters;
30-39	Payment Amount: 10 numeric characters; net amount due payee; Rule: Amount is right justified with remaining positions as zeros; no decimal is included; For example, \$100.45 will be stored as 0000010045.
40-54	Individual Identification Number: 15 alphanumeric characters; Rule: The first 6 characters are filled with zeros and the remaining 9 characters are populated
55-76	Individual Name: The payee's name, 22 alphanumeric characters; Rule: The payee's name is formatted as Last Name (13 Characters), First Name (9 Characters).
77-78	Discretionary Data: 2 alphanumeric characters;
79	Addenda Record Indicator: 1 numeric character; Rule: '1' indicates that one addenda record follows this record; '0' indicates that there is no addenda record.
80-94	Trace Number: 15 numeric characters

Addenda Record: These records are used to provide additional payment related information. These records will not be used in MERITS.

Batch Control Record:

Record Type Code: 1 numeric character, always 'X';
 Service Class Code: 3 numeric characters, always 'XXX';
 The Entry count field should be as follows
 Entry Count: 6 numeric characters, calculated, always 'XXXXXX';
 Entry Hash: 10 numeric characters, calculated;
 Rule: The sum of Receiving DFI Identification fields of the Entry Detail Records in the batch. The hash is the arithmetic sum of the 8-digit ACH / Routing numbers, with overflow out of the high order (leftmost) position ignored.
 Total Debit Entry Dollar Amount: 12 numeric characters, \$\$\$\$\$\$\$\$cc, calculated;
 Rule: Right justify and zero-fill the field.
 Total Credit Entry Dollar Amount: 12 numeric characters, \$\$\$\$\$\$\$\$cc, calculated;
 Rule: Right justify and zero-fill the field.
 Company Identification: 10 alphanumeric characters;
 Message Authentication Code: 19 alphanumeric characters; Set to blank.

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Reserved: 6 blank characters;

Originating DFI Identification: 8 character ACH / Routing number;

Batch Number: 7 numeric characters;

Rule: Must be the same batch number used in the company batch header record;

File Control Record:

Record Type Code: 1 numeric character; Always 'X';

Batch Count: 6 numeric characters, calculated;

Rule: The value of this field must be equal to the number of Batch Header Records in the file.

Block Count: 6 numeric characters, calculated;

Rule: The number of physical blocks (a block is ten 94-byte records) in the file, including both the File Header and File Control Records.

Entry Count: 8 numeric characters, calculated;

Rule: This count is a tally of each Entry Detail Record within the file.

Entry Hash: 10 numeric characters, calculated;

Rule: The Entry Hash is the sum of corresponding fields in the Batch Control Records on the file.

Total Debit Entry Dollar Amount in File: 12 numeric characters, \$\$\$\$\$\$\$\$cc, calculated;

Total Credit Entry Dollar Amount in File: 12 numeric characters, \$\$\$\$\$\$\$\$cc, calculated;

Reserved: 39 blank characters;

Appendix B: Interface - Positive Pay File

Description:

This is a text file containing check information for each payment generated by the system that is > 0.00 dollars and were not specified as being a Manual Check using the Mark Refund Application as Manual Payment process. This file will be uploaded onto the Wells Fargo as a positive pay file.

Data Rules:

Fixed length file. Extension: .txt

The Positive Pay File:

The Header:

\$\$\$ADD ID=XXXXXXXXX BID=XXXXXXXXXXXXXXXXX'

Detailed Records:

Check Number: 10 characters; check number
Issue Date: 6 characters, MMDDYY; check effective date
Account Number: 10 characters; value: CMERS checking account number with Wells Fargo = XXXXXXXX
Transaction Code: 3 characters; value: XXX
Amount: 10 characters: #####cc; net amount of check: right justified, zero filled
Additional Data: length 40; value: Payee Name – left justified

The Footer:

- a. & (First character is an ampersand)
- b. 14 spaces (character 2 - 15 are blank)
- c. Detail Record Count (16 - 20 are count of detail records, right justified and zero filled)
- d. 3 spaces (character 21 - 23 are blank)
- e. Total Amount (24 - 33; 10 total cash amount of detail records, right justified and zero filled.)
- f. Filler - (34 - 80) optional

Appendix C: Interface - Account Reconciliation File

Description:

This is the ARP regional outbound file sent from Wells Fargo. It is accepted as an incoming file by the system.

Data Rules:

Characters	Field Name	Description
HEADER		
1 - 2	H1	2 characters, must be "H1"
3	Space	1 space
4 - 13	Account number	10 numeric characters
14 - 16	Report Identifier	3 alphanumeric characters (see table below)
17 - 22	Report print date	6 numeric characters with layout MMDDYY
23 - 28	Report begin date	6 numeric characters with layout MMDDYY
29 - 34	Report end date	6 numeric characters with layout MMDDYY
35- 80	Unused	
DETAILS		
1 - 3	Report Identifier	3 alphanumeric characters (see table below)
4 - 13	Serial Number	10 digits, right justified, zero-filled
14-16	Transaction	3 numeric characters,
17 - 22	Issue Date	6 numeric characters with layout MMDDYY
23 - 32	Amount	10 digits with no decimal (9(8))v99), right justified, zero filled
33-38	Paid Date	6 numeric characters (MMDDYY)
39 - 80	Unused	
TRAILER		
1 - 2	T1	2 characters, must be "T1"
3	Space	1 space
4 - 9	Total credit count	6 numeric characters
10	Space	1 space
11 - 21	Total Credit amount	11 numeric characters
22 - 23	Spaces	2 spaces
24 - 29	Total debit count	6 numeric characters
30	Space	1 space
31 - 41	Total debit count	11 numeric characters
42 - 80	Unused	

Report Identifiers: The bold ones are the ones that are used by ERS and will be read by the system.

R02	Outstanding Check Report
R03	Posted Item Report
R04	Void and Cancel Report
R05	Issue Notice Not Received Report
R06	Prior Paid Report
R07	Credit Report
R08	Bank Originated Entry Report
R09	Stop Payment Report
R10	Match Paid Report

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- R11 Issue This Cycle Report
- R12 Paid check report**
- R14 Unpaid Check Report
- R15 Reversed Check Report**