NEW YORK STATE OF OPPORTUNITY.

Homes and Community Renewal

ANDREW M. CUOMO
Governor

JAMES S. RUBIN
Commissioner/CEO

QUESTIONS AND ANSWERS NO. 3
Request for Proposals
Trustee Services and Depository Services

Issued: October 28, 2016

1. How does the State handle payments that do not balance to the remittances provided by the customer (i.e: a check is received for $100.00 but the remittances received add up to $50.00)?

   The Agencies accept all payments and apply the partial payments, leaving a balance due.

2. Does the State want to receive an image file that can be uploaded into the State's existing image archive, or does the State want the bank to retain the images for viewing?

   The Agencies would like the bank to retain the image for viewing, but also seeks to retain the option to have an electronic image transmitted. Any electronic documents we receive for archival purposes should be in either a PDF/A or TIFF format (PDF/A is preferred for text documents). Any compression technique used must be a non-proprietary, lossless compression method that does not remove data or otherwise alter the appearance of the original image (i.e. ITU-T or JPEG 2000 encoding). State guidelines recommend a minimum resolution of 300 pixels per inch for documents for sufficient clarity and OCR applications. Documents containing color material should be in CMYK color mode. Black and white text documents should be digitized in bitonal mode (black and white, no gray), which equates to one bit per pixel.

3. In your Trustee Fee schedule, you list: "Fee for Annual Review of IA and PA agreements. Please define IA and PA.

   "IA" is defined as Investment Agreement. "PA" is defined as Repurchase/Forward Purchase Agreement.

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4. In your Trustee Fee schedule, you list Annual Continuing Disclosure Fee and Dissemination Agent Fee. Can you please explain the difference in two roles, if any?

   Annual Continual Disclosure Fee and Dissemination Agent Fee are interchangeable and have the same meaning.

5. In your prior responses to questions you indicated that a Federal Home Loan Bank Letter of Credit would not be acceptable form of collateral. Per Section 23 of the State's finance law, FHLBB letters of credit are deemed to be acceptable investments and there we do not understand why a FHLBB Letter of Credit would not be permissible to use as collateral. Can you please re-visit this response?

   The investment guidelines of the Agencies are more restrictive and requires securities as collateral.

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QUESTIONS AND ANSWERS NO. 2
Request for Proposals
Trustee Services and Depository Services

Issued: October 21, 2016

1. With respect to Page 11, Section 5.2, Depository Services, can you kindly clarify what is meant by "rated at least within the second highest rating category without regard to graduation within such category by Moody's or Standard & Poors (S&P)? Does this mean any rating that is an A or B? Can this be clarified to be specifically defined as either long term or short term rating? Is Investment Category defined as the first category? Would a bank that is rated A3/P-2 by Moody's and A-/A-2 by S&P as long term and short term qualify?

   The ratings requirement is for AA long term which can include pluses or minuses.

2. Can the State provide detailed monthly volume estimates for each Lockbox PO Box location including:

a.	Single match payments:	**Total payments per month that match billing amount: approximately 650**
b.	Partial payments	**Approximately 10 or 12 a month**
c.	Multiples	**Less than 1% of total payments**
d.	Check only payments	**Approximately 310**
e.	Rejects	**Not applicable (N/A)**
f.	Foreign items	**N/A**

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g.   Correspondence items (with payment and without payment) received?

Approximately 1 or 2 a months.

3. Can the State provide an image of the remittance document/invoice and envelope for each lockbox location?

See last page of this report.

4. Can the State provide written processing instructions for each lockbox?

The Agency is currently implementing the SAP system. Please see page 7 of this report for requirements.

5. How does the State handle exceptions, correspondence & rejects today?

Accepts all.

6. Does the State receive electronic lockbox payments via ACH?

Yes.

If so, How may are received each month?

Approximately 25.

7. Does the State have any special processing or requirements (such as: end of month or end of year processing)?

No.

8. Can the State accommodate Secure FTP?

Yes.

9. Can the State provide the daily lockbox data transmission file layouts?

BAI2 format is required.

10. Would the State like images of correspondence and or any supporting documents received by the lockbox?
Yes.

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11. Does the State accept Credit Card payments as a form of payment in the lockbox?

   No.

12. Can the State provide detail on the daily lockbox transmission deadline?

   7:00 a.m.

13. Does the State require on line image retention. If so, how long is the retention period?

   Yes, at least 5 years.

14. Where are your lockbox locations?

   Only one in Brooklyn, NY.

15. What is the average dollar size and frequency of your originated ACH files per month?

   None for depository services, but if referring to lockbox services, approximately 10 per business day ranging from under $1,000 to over $12,000,000.

16. How many depository accounts do you have?

   Approximately 550. We require new escrow accounts to be opened as requested.

17. What is the frequency of your wire transactions per month?

   Approximately 25.

18. What is the frequency and number of cashier's checks issued per month?

   Approximately 70.

19. What is the number of returned items per month?

   N/A.

20. Do you redeposit returned items? And if so how many per month?

   N/A.

21. How many deposits do you make per month (to depository accounts)?

   Daily through ACH transmittals from lockbox. The deposits are further transferred to the appropriate accounts upon receipt.

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22. How many items are deposited per month?

   Only daily ACH accounts transfer from the lockbox. None directly in the individual depository.

23. With respect to Section 6.1 c: Deposits must be collateralized. Will the NY State Housing Finance Agency accept a Federal Home Loan Bank letter of Credit in lieu of Government Agencies for purposes of meeting the collateral requirements?

   No, Letters of Credit are not currently acceptable for collateralization.

24. With respect to Section 6.2 e and f: On Line electronic data transmission. Will NY State Housing Finance Agency still require a monthly electronic file for the accounts established under this RFP if a Bank can electronically provide a secure on-line system that NY State HFA would have controlled access to and would contain this same information requirement and be sufficient to provide the data as requested in item 6.2 e?

   Yes, a monthly electronic file is acceptable.

25. Will the State please provide an existing account analysis that shows details of accounts, services used, and volumes?

   See questions answered above which shows details of accounts, services used, and volumes.

26. Does the State require escrow documents that support account operating conditions of the escrow accounts through Trust, or are these accounts managed currently by utilizing standard bank accounts?

   Standard (yes).

27. What are the average number of transactions in the escrow accounts on a monthly basis?

   Daily ACH transfers are made from the lockbox to depository clearing account. Then, once the funds are on deposit in the depository clearing account, internal transfers of such funds are made to the appropriate escrow accounts on a daily basis totaling about 500 per month. As discussed in question 20, approximately 70 or more cashier's checks are drawn per month and 25 or more Federal Funds wires are initiated per month.

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28. What is the average collective total dollar amount of account balances that need to be collateralized?

Depends on the daily cash movement but currently approximately $117,000,000.00.

29. Does the State require a pushed CSV formatted secure email for account information reporting, or would online information in acceptable customized reports able to be exported in CSV format be acceptable to the State for its own pull and distribution?

The recommendation is for the Bank or Trustee to push BAI2 formatted file to the State's Secure FTP server. However, the State has also indicated their desire to have the ability to manually download BAI2 formatted.

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New York State Housing Finance Agency
641 Lexington Avenue
New York, NY 10022

Mr./Ms. XXX	Project Name
Project name	Project # ### ####
Company Name	Due date: March 1, 2016
Address	Amount due: $20,033.46
City State Zip	

Principal.............................	$2,418.05
Interest..............................	$6,802.40
Servicing Fee.........................	$329.17
Tax Escrow............................	$1,895.00
Insurance Escrow....................	$5,661.00
SONYMA Mortgage Insurance Premium	$594.51
Reserve for Replacement.......	$2,333.33
Net Payment due	$20,033.46

Wire funds as follows: Bank Name
ABA # ########
New York State Housing Finance Agency
A/C #####
Ref: ### ####

or:

If remitting a check, make payable to **New York State Housing Finance Agency** and mail to:

New York State Housing Finance Agency
P.O. Box ####
GPO
New York, NY #####

- - - - - - Detach here and return lower portion with check. Please record Project # on check - - - - - -

New York State Housing Finance Agency
P.O. Box ####
GPO
New York, NY #####

REMITTANCE:	**Project Name**
Mr./Ms. XXX	Project # ### ####
Project name	Invoice # #####
Company Name	
Address	Due date: March 1, 2016
City State Zip	Payment due: $20,033.46

If address has changed, please send corrected information to XXX XXXXX at XXXXX@nyshcr.org or fax 917-274-####	Payment enclosed:

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Question No. 4 Response:

See the bullet pointed lock box requirements below, together with an overview of the SAP process.

1. ● SAP System Pre-Requisite
     o   NYSHCR SAP system requires the bank transmission file in the "BAI2 format." Specifically it is the BAI2 format for lockboxes.
   ● The Bank is able to support the following process:
     The NYSHCR customer mails their check with the voucher to the bank that the lockbox is setup with.
     o   The bank deposits the cash. The bank's staff will capture the information off the customer's check, the information on the voucher, and possibly an image of the check.
     o   The bank sends the company a file with all of the captured payment information.
     o   NYSHCR SAP system uses the electronic payment file from the bank in order to automatically apply payments against the customer invoices.

2. The general SAP process is described below:

Within the SAP FI-A/R module there is an opportunity to automate and streamline the cash application process. SAP can integrate with the bank and can actually apply cash based on the daily remittance information that is provided from the bank lock box team; furthermore, you have the option for it to post automatically or it will not post until NYSHCR team member review and executes the transaction. The benefit is that the A/R team will be able to focus on the exceptions vs. applying cash for items that can be automatically matched.

Provided below are what our requirements will be.

Lockbox process

The predominant way payments are made in US is by checks. Lockboxes help in speedy deposit of funds and clearance of customer accounts. Lockboxes are special depository accounts set up at a bank to which customer remit their invoice payments.

Banks then submit companies a daily electronic file listing all deposits and invoices that are paid against. Companies then upload these files in SAP and update their balance and clear customers i.e. A/R accounts.
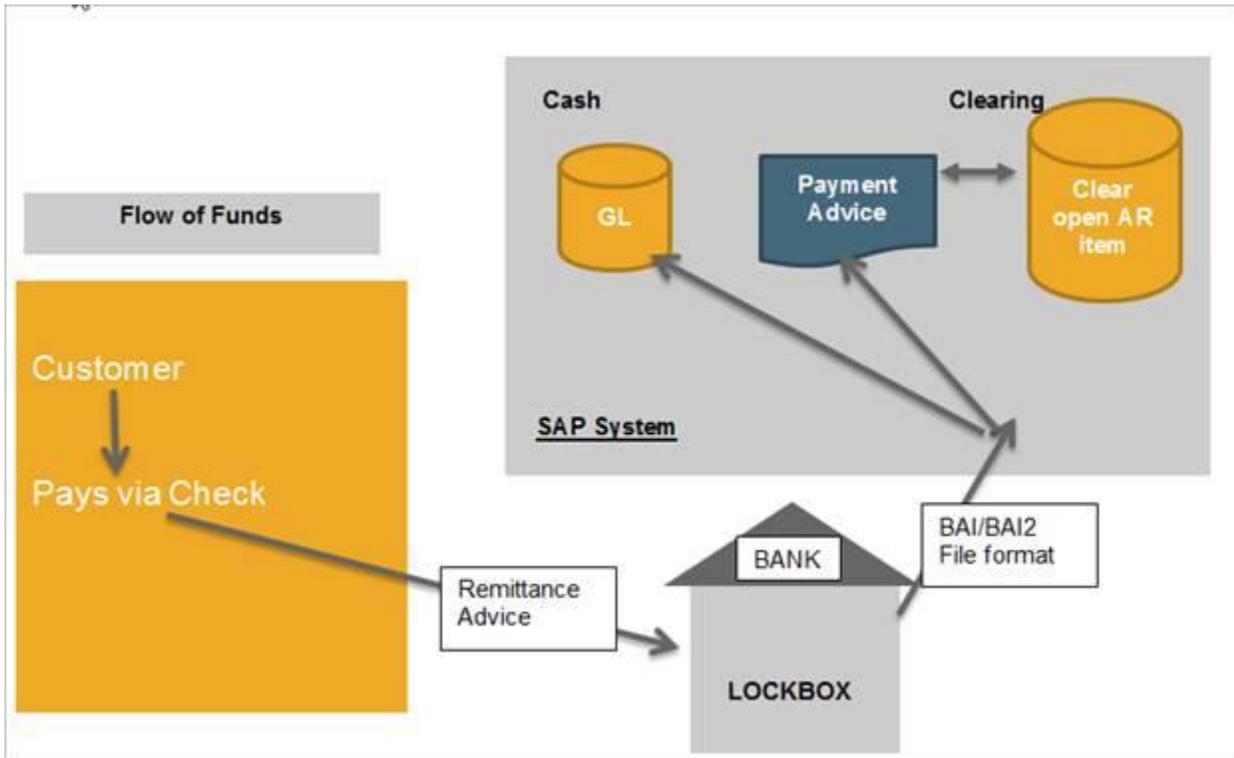
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Figure 1: Lockbox Process Flow

Lockbox File Formats

SAP supports both US lockbox file formats – BAI & BAI2. The Agency requires BAI2 format. Each bank has its own standard BAI and BAI2, hence configuration and testing needs to be done depending on the bank file configuration.

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Difference between BAI and BAI2

	BAI Format	BAI2 Format
1	Includes Basic Details	• Includes detailed information
2	Contains • Customer MICR • Check Amount • Invoice Number	Contains • Customer MICR • Check Amount • Invoice Number • Payment amount per invoice • Deduction Amount per Invoice • Customer deduction Reason code

*BAI2 is advised as because it has greater probability of producing automatic matches in the processing and because it allows one to record deduction information and create proper residual postings.

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QUESTIONS AND ANSWERS
Request for Proposals
Trustee Services and Depository Services

Issued: September 29, 2016

1. Will this appointment for Trustee and Depository Services relate to bond issues for all four of these agencies listed: New York State Housing Finance Agency ("**HFA**"), State of New York Mortgage Agency ("**SONYMA**"), State of New York Municipal Bond Bank Agency (**"MBBA"**) and Tobacco Settlement Financing Corporation (**"TSFC"**)?

    Yes, to the extent of new bond indentures under each respective Agency.

2. The RFP mentions that the agencies will establishing a panel or panels of firms for trustee and/or depository services. Does that mean that this RFP will qualify those firms selected to an approved list of providers, and those on this list will receive further RFP's from the specific agencies that are issuing bonds going forward? Or will those firms selected to the panel or panels rotate appointments as they become available?

    Firms selected to the panel or panels will be selected on a rotational basis on a pre-negotiated fee schedule as assignments become available.

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