



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

109 State Street, 4th Floor
MONTPELIER, VERMONT 05609-6200
802-828-2301
www.vermonttreasurer.gov

SEALED BID REQUEST FOR PROPOSAL

COMPREHENSIVE BANKING SERVICES

DATE: JUNE 21, 2010
QUESTIONS DUE BY: JULY 7, 2010
DATE OF BID OPENING: JULY 28, 2010
TIME OF BID OPENING: 2:00 P.M.
LOCATION OF BID OPENING: 109 State Street, Montpelier, VT, 4th Floor

ALL NOTIFICATIONS, RELEASES AND AMENDMENTS WILL BE POSTED AT:
www.vermonttreasurer.gov

THE OFFICE OF THE STATE TREASURER WILL MAKE NO ATTEMPT TO CONTACT BIDDERS WITH UPDATED INFORMATION. IT WILL BE THE RESPONSIBILITY OF EACH BIDDER TO PERIODICALLY CHECK THIS SITE FOR THE LATEST UPDATES.

CONTACT: Donna Holden
TELEPHONE: (802) 828-3708
E-MAIL: Donna.Holden@state.vt.us
FAX: (802) 828-2772



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

109 State Street, 4th Floor
MONTPELIER, VERMONT 05609-6200
802-828-2301
www.vermonttreasurer.gov

SEALED BID INSTRUCTIONS

All bids must be sealed and must be addressed to the Office of the State Treasurer, 109 State Street, 4th Floor, Montpelier, VT 05609-6200. BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE PROPOSAL TITLE, OPENING DATE AND NAME OF BIDDER.

All bidders are hereby notified that sealed bids must be in the Office of the State Treasurer by the time of the bid opening. Bidders are cautioned that it is their responsibility to originate the sending of bids in sufficient time to ensure receipt by the Office of the State Treasurer prior to the time of the bid opening. Hand-carried bids shall be delivered to a representative of the Office of the State Treasurer prior to the bid opening. Bids not in possession of the Office of the State Treasurer at the time of the bid opening will not be considered.

The Office of the State Treasurer may, for cause, change the date and/or time of the bid opening. If a change is made, the Office of the State Treasurer will make a reasonable effort to inform all bidders.

All bids will be publicly opened. Any interested party may attend the bid opening. Bid results may be requested in writing and are available once an award has been made.



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

109 State Street, 4th Floor
MONTPELIER, VERMONT 05609-6200
802-828-2301
www.vermonttreasurer.gov

DATE: JUNE 21, 2010

REQUEST FOR PROPOSAL
THIS IS A SEALED BID RESPONSE
BIDS MUST BE RECEIVED BY JULY 28, 2010, at 2:00 P.M.

This form must be completed and submitted as part of the response for the bid to be considered valid. The undersigned has read, understood and accepted all provisions, terms and conditions of this proposal.

VERMONT TAX CERTIFICATE

To meet the requirements of Vermont Statute 32 V.S.A. § 3113, by law, no agency of the State may enter into, extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes, 32 V.S.A. § 3113.

In signing this bid, the bidder certifies under the pains and penalties of perjury that the company/ individual is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont as of the date this statement is made.

Quotation Valid for _____ Days Date: _____

Telephone Number: _____

Name of Company: _____

Fax Number: _____

Federal Identification Number: _____

E-mail address: _____

By: _____

Name: _____

Signature (Proposal Not Valid Unless Signed)

(Type or Print)



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

109 State Street, 4th Floor
MONTPELIER, VERMONT 05609-6200
802-828-2301
www.vermonttreasurer.gov

TABLE OF CONTENTS

1	Overview	6
1.1	Executive Summary.....	6
1.2	RFP Objectives.....	6
1.3	Minimum Bidder Qualifications.....	7
1.4	Single Point of Contact.....	8
1.5	Bidder Questions	9
1.6	RFP Timetable.....	9
1.7	Attachments to RFP.....	9
2	Scope of Services	10
2.1	General Information	10
2.1.1	<i>Part I – Current Banking Network- Cash Management and Banking System Overview</i>	10
2.2	RFP Requirements for Various Service Groups.....	18
2.2.1	<i>Service Group 1, Core Depository Services and Disbursement Services:</i>	18
2.2.2	<i>Service Group 2, Lockbox Services:</i>	28
2.2.3	<i>Service Group 3, Merchant Card Processing Services</i>	30
2.2.4	<i>Other Services the State of Vermont May Consider Using</i>	32
2.3	Documents, Reports, and Other.....	33
2.4	Requirements Related to Conflicts of Interest and Independence.....	33
2.5	Insurance Coverage	33
2.6	Changes to Contracted Services and Fees	33
2.7	Joint Ventures.....	33
3	Procurement and Contractual Administration.....	35
3.1	Bidding and Contractual Requirements.....	35
3.1.1	<i>Incurred Expenses</i>	35
3.1.2	<i>Public Records and Bidder Proprietary Information</i>	35
3.1.3	<i>Confidentiality</i>	35
3.1.4	<i>Pricing</i>	35
3.1.5	<i>Subcontracting</i>	35
3.1.6	<i>Doing Business in Vermont</i>	35
3.1.7	<i>Minority Business Enterprises</i>	36
3.1.8	<i>Duration of Proposal Offer</i>	36
3.1.9	<i>Revisions to the Solicitation</i>	36
3.1.10	<i>General Conditions</i>	36
3.1.11	<i>Contract Duration</i>	36



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

109 State Street, 4th Floor
MONTPELIER, VERMONT 05609-6200
802-828-2301
www.vermonttreasurer.gov

4	Proposal Preparation	37
4.1	Proposal Acceptance.....	37
4.1.1	<i>Proposal Packaging and Required Copies</i>	37
4.2	Bidder’s Proposal Part I -Administrative Section	38
4.2.1	<i>Cover Letter</i>	38
4.2.2	<i>Tax Certificate</i>	39
4.3	Bidder’s Proposal Part II – Bidder Information	39
4.3.1	<i>Section 1 – General</i>	39
4.3.2	<i>Service Group 1, Core Depository/Disbursement Services</i>	39
4.3.3	<i>Service Group 2, Lockbox services</i>	51
4.3.4	<i>Service Group 3, Merchant Card Processing Services</i>	57
4.4	Bidder’s Proposal PART III – To Be Completed by all Bidders - Technical Approach.....	58
4.5	Bidder’s Proposal PART IV – Bidder References	59
4.6	Bidder’s Proposal PART V – Cost (Submit as instructed below)	59
5	Bidder Evaluation and Selection Criteria.....	60
5.1	Bidder Evaluation.....	60
	Attachment A – Standard Contract Provisions	62
	Attachment B – Lockbox Details.....	70
	Attachment C – File formats.....	82
	Attachment D – Pricing Matrix.....	83
	Attachment E – State of Vermont Locations	91

1 OVERVIEW

The following subsections provide general information about the request for proposal (RFP).

1.1 Executive Summary

The State of Vermont, Office of the State Treasurer, is seeking comprehensive banking services to support its banking and cash management operations. Based on the results of this RFP, the Office of the State Treasurer is seeking one or more banks and companies to provide the following groups of services, referred to as “Service Groups.”

1. Service Group 1, Core Depository/Disbursement Services – Core depository consists of accounts used for the concentration of various sources of revenue collected. The Office of the State Treasurer uses these as a funding source for positive pay and/or controlled disbursement checking accounts and electronic funds transfers (EFTs). The disbursement services consist of Treasury initiated and delegated agency positive pay and/or controlled disbursement checking accounts and electronic commerce, which consists of ACH transactions in various NACHA approved formats, and wire transfers. The use of ACH payments and EBT cards has reduced the number of check payments and is expected to continue to do so in the future. The pool of potential bidders for this service group is limited to banking institutions with branch operations within the state of Vermont.
2. Service Group 2, Lockbox Operations – Various state agencies and departments utilize lockbox operations to streamline payments collection. Both retail and wholesale lockboxes are utilized, with a significant majority of volume in retail lockboxes. Financial institutions and other companies which provide lockbox services may bid on this Service Group.
3. Service Group 3, Merchant Services – The State wishes to secure debit and credit card processing services, along with other related merchant services to multiple state agencies and departments with varying requirements. Financial institutions and other companies which provide merchant services may bid on this Service Group.

A prospective bidder may submit a comprehensive bid for all Service Groups, or for any one or combination of the Service Groups. The Office of the State Treasurer may choose to select one bidder or a combination to provide an optimum banking and cash management network. For instance, lockbox services may be awarded separately, although integration with the other component banking services will be considered a factor in making the selection. The final configuration and number of contractors will be determined on the basis of RFP review in order to obtain the required services consistent with the objectives outlined below.

Proposal specifications are set forth in Section 2, “Scope of Services.”

1.2 RFP Objectives

The objectives of this solicitation are as follows:

1. Negotiate contract(s) for the delivery of banking/cash management, lockbox, and merchant card processing services to the State of Vermont, the Office of the State Treasurer and state agencies and departments in a timely, cost-efficient manner;
2. Establish a partnership that will support the State’s challenge to deliver quality services to agencies, citizens, and local governments and to improve government operations;

3. Conduct banking services in electronic and on-line environments, recognizing that secure and cost-effective electronic payment and disbursement mechanisms are required. Real-time update of deposit and disbursement data as well as update of check disbursement data (on-line entry of new issuance, approval/rejection of positive pay item, stop pays, etc.) is an objective of the State of Vermont. Selected bidder(s) will be expected to provide support in meeting these challenges and to remain on the leading edge of emerging technologies, systems, and best practices. The selected bidder(s) will work with State personnel to review services and identify improvements throughout the contract term;
4. Assist the Office of the State Treasurer in evaluating and developing unique deposit and/or disbursement options for State agencies and departments on a case-by-case basis; and
5. Expand the utilization of EFT and the application of the electronic transmittal of remittance information where appropriate. It is anticipated that to enhance the cash collection and investment opportunities of the State's resources, collections of revenues and disbursements will be expedited through the use of various cash concentration methodologies.

Proposals in response to this RFP are due no later than 2:00 P.M. Eastern Time (ET) on JULY 28, 2010.

1.3 Minimum Bidder Qualifications

The bidder must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.

For all respondents:

1. The respondent must be licensed to do business in Vermont, in accordance with all applicable State statutes and Department of Banking, Insurance, Securities, & Health Care Administration regulations;
2. The respondent must have at least five years of experience in providing services in the Service Group(s) for which it is submitting a proposal;
3. Responding financial institutions must have a satisfactory or better rating under the Community Reinvestment Act of 1977, 12 USC 2901 et seq.;
4. The respondent must assert that it is in compliance with the State of Vermont's Unclaimed Property Act (27 V.S.A. Chapter 13);
5. The respondent must be in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont; and
6. The respondent must, at the time of the proposal, or prior to that time if required by law, have all required licenses, bonding, facilities, equipment, and trained personnel necessary to perform the work as required in the request for proposal.
7. The respondent must supply pertinent disaster recovery/business continuity plan information related to all services upon which the respondent is bidding.

For respondents bidding on Service Group 1, Core Depository/Banking Services:

The pool of prospective bidders for this Service Group is limited to banking institutions which meet the following requirements:

1. The banking institution must be domiciled in, or have branches and maintain a principal office within the boundaries of, the State of Vermont;

2. The banking institution must commit that its primary relationship staff will maintain their principal offices within Vermont;
3. The banking institution must be able handle significant daylight overdraft capacity. On a daily basis, the minimum required net debit cap is \$50 million. On certain dates, including but not limited to September 10, December 10, and April 30, the capacity must be at least \$175 million;
4. Collateral: Deposits must be collateralized in a manner acceptable to the Office of the State Treasurer. Current collateral guidelines are available on the Vermont State Treasurer's website, see: <http://www.vermonttreasurer.gov/cash-investments/statues-guidelines>. The prospective bidder must be able to provide collateral for deposits expected to reach as high as \$250 million.
5. Line of Credit: The banking institution must have the ability to provide the State lines of credit, or other mutually agreed upon short-term lending facilities, from time-to-time, should the State require short-term funding to bridge gaps in cash flow resulting from the inherent mismatch in timing between State receipts and expenditures.

For respondents bidding on Service Group 2, Lockbox Operations:

1. The respondent must have at least five years of experience providing wholesale and retail lockbox operations with annual processing volumes for individual customers of at least one million items.
2. The respondent must be willing to print and mail lockbox coupons and provide statement rendering services according to agreed upon specifications.

For respondents bidding on Service Group 3, Merchant Services:

1. The respondent must have at least five (5) years of experience processing payment records and credit records transmitted for processing and settlement from major credit/debit card processing networks.
2. The respondent must have the ability to track and report separately on transactions for each State agency and department that processes card payments.

1.4 Single Point of Contact

The sole point of contact for questions and all other contractual matters relating to this RFP is:

Name: Ms. Donna Holden
Title: Contracts Administrator
Vermont State Treasurer's Office
109 State Street, 4th Floor
Montpelier, Vermont 05609-6200
Telephone: 802-828-3708
FAX: 802-828-2772
E-Mail: Donna.Holden@state.vt.us

All e-mail communication with Ms. Holden must include the words "«Title 2»RFP" in the subject line.

Bidder's proposals, due by 2:00 PM for bid opening on «Date of Bid Opening», are to be delivered to the Office of the State Treasurer, marked to the attention of Ms. Donna Holden (see above).

Attempts by bidders to contact any other party may result in the rejection of their proposal(s).

1.5 Bidder Questions

Questions must be submitted in writing until the date and time specified in Section 1, *RFP Timetable*.

E-mail is the preferred method of communicating questions. All e-mail communications with Ms. Holden must include the words “*BANKING SERVICES RFP*” in the subject line.

Response to questions will be posted to the Vermont State Treasurer’s web site at www.vermonttreasurer.gov. All questions submitted must include the name of the firm and the person submitting the question(s).

1.6 RFP Timetable

RELEASE DATE OF THE RFP:	JUNE 21, 2010
QUESTIONS DUE BY:	JULY 7, 2010
ANSWERS TO QUESTIONS POSTED ON www.vermonttreasurer.gov BY	JULY 14, 2010
ALL PROPOSALS MUST BE SUBMITTED NO LATER THAN 2:00 P.M. Eastern Time ON:	JULY 28, 2010

1.7 Attachments to RFP

The Office of the State Treasure has provided the following information as attachments to the RFP:

- **Attachment A** – Standard Contract Provisions
- **Attachment B** – Lockbox Detail
- **Attachment C** – File Formats
- **Attachment D** – Pricing Matrix
- **Attachment E** – State of Vermont Locations

2 SCOPE OF SERVICES

2.1 General Information

2.1.1 Part I – Current Banking Network- Cash Management and Banking System Overview

Cash Management and Banking System Overview – Current System

Introduction

Cash management is the movement of funds to optimize liquidity, to increase interest income earned by maximizing investments and/or reduce the cost of short-term borrowings. Cash management utilizes information about the organization's cash flow, its receipts, disbursements, and balances to manage operating capital (Adapted from C.J. Volk Associates, Inc., Cash Management Primer: an Introduction to the Fundamentals, 2002, p.4).

The review below provides an outline of the basic concepts of cash management as they apply to the State of Vermont's core banking, cash management, and investment network. The intent is to outline the flow of funds at a big-picture level. Accordingly, the narrative does not provide detail on the ancillary accounts outside of the main network. These include many escrow funds at the Court and for other entities operating outside of the Treasury network, such as the Lottery. Also, Pension funds are not included in this network, except to the extent that investments are liquidated, as needed, and transferred to the core systems to support the disbursement of benefit payments and related expenses.

The cash management function is essentially composed of seven components:

- **Collection:** This component includes the collection of customer remittances and depositing of receipts into the bank account as quickly as possible, while collecting adequate information to correctly identify the source of the payment (Volk, 2002, p.4), and the movement of these funds into a concentration account where they are available for use and/or short-term investment. The primary objective associated with this activity is to speed up the "timing of receipts into available funds" (Masonson, in Corporate Cash Management, 1985, p.7).
- **Concentration:** This component focuses on the process of concentrating or mobilizing funds deposited at various collection points so that they are available for use. The objective is to get operational use of the funds as soon as possible. How this is accomplished depends on the number of collection points, their frequency of use, and the dollar amounts associated with them.
- **Cash Position Management:** This component includes the daily monitoring of cash inflows and outflows to determine whether internal sources of cash are available to fund the organization's cash requirements (Kallberg & Parkinson, Corporate Liquidity, 1993, p.379). Daily cash position management is then extended to weekly, monthly, quarterly, and annual cash forecasts and projections. The objectives associated with this component are to reduce the cost of borrowings and maximize short-term investment of funds.
- **Disbursement:** This component includes activities related to the funding of the disbursement accounts, including the timing and dollar amount funded and activities related to managing check or disbursement float. The objectives are to maximize check float, where appropriate to the function of a governmental entity, and to minimize excess balances in disbursement accounts.

- **Information Management:** This component includes the obtaining of bank balances, deposit and disbursement data to support the collection-concentration-disbursement components and assist in developing accurate cash position management decisions. The objectives include the receipt of data in an accurate and timely manner with the least available cost.
- **Reconciliation:** This component involves the collection of data from bank and accounting systems to verify that all transactions are properly accounted for in a timely manner.
- **Risk Management:** This component incorporates the development of various procedures to minimize or reduce the likelihood of loss of assets through operational risk, fraud risk, systemic risk, and investment risk.

Exhibit #1 identifies the various relationships of the first three components (collection, concentration, and disbursement) for the State’s accounts.

Exhibit #1

State of Vermont, Office of the State Treasurer
Cash Flow

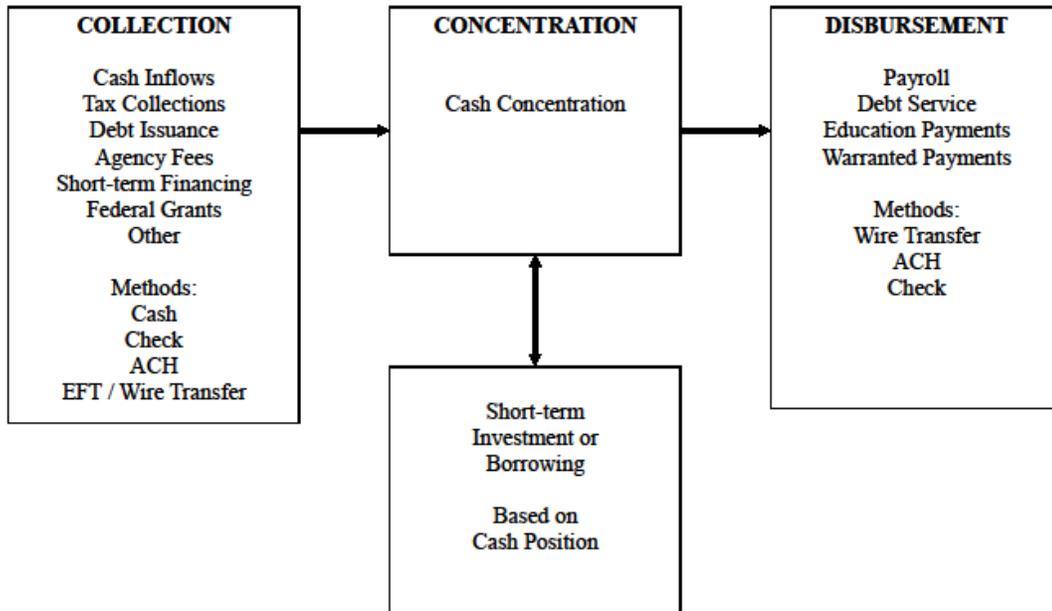
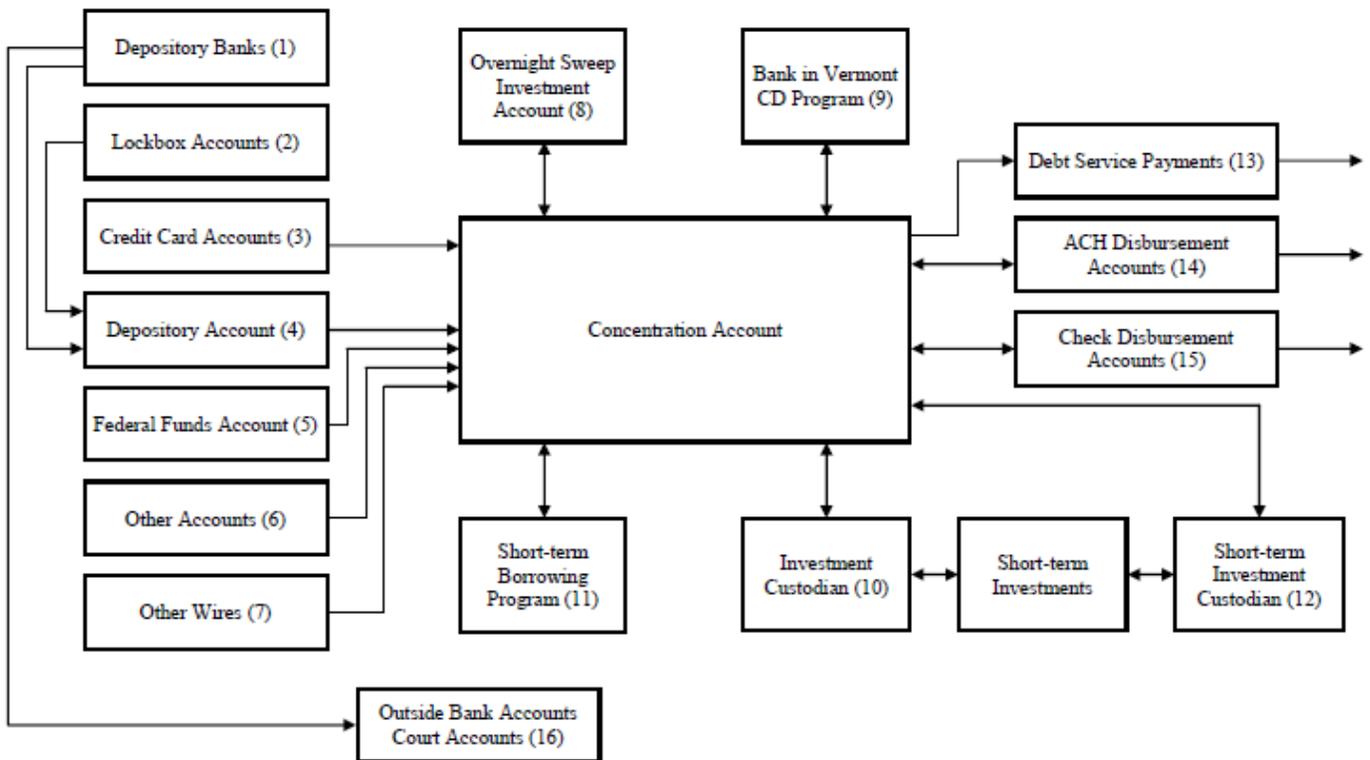


Exhibit #2 provides a more detailed review of the cash flow components included in the previous exhibit.

Exhibit #2

**State of Vermont, Office of the State Treasurer
Detailed Cash Flow Structure**



See Notes to the Detailed Cash Flow Structure on the following page

**State of Vermont, Office of the State Treasurer
Notes to the Detailed Cash Flow Structure**

1. These represent multiple bank accounts, geographically based, for deposits. These accounts do not represent the primary depository account of the State of Vermont. Transfers are done to the primary depository account by various means as appropriate.
2. Lockboxes are utilized by various State agencies and departments, including the Department of Motor Vehicles (DMV), Department for Children and Families, Office of Child Support, Department of Corrections (two lockboxes), the Retirement Services Division of the Office of the State Treasurer (three lockboxes), and the Office of Vermont Health Access (OVHA). Payments are deposited to the Depository Account, which sweeps to the Concentration Account.
3. Includes Credit Card Settlement (swipe, Department of Liquor Control (DLC)) account and Credit Card Online Account. These sweep to the Concentration Account.
4. Primary deposit account for the State of Vermont, which is a zero balance account (ZBA) link to Concentration Account.
5. Payments received primarily through ACH to this account, ZBA link to Concentration Account.
6. Includes Office of Child Support (OCS) incoming payments and Department for Children and Families (DCF) incoming payments, among others.
7. Some incoming Fed Wires post directly to the Concentration Account, such as the Tobacco MSA payments.
8. Any excess collected funds are swept at the end of the day to an overnight interest bearing sweep account or transferred to a third party short-term investment account. These are primarily Repurchase Agreements. The principal is swept back into the account at the beginning of the next banking day. Interest is calculated daily and posted monthly. Deposits are collateralized through a Federal Reserve Account, or an account in the bank's trust division, in the name of the State of Vermont, or via other collateralization approved by the State Treasurer.
9. Investment in local banks in the form of Certificates of Deposit with varying maturities (Bank in Vermont Program). Funds are moved by Fed Wire. Funds are collateralized according to program requirements established for each financial institution by the State Treasurer.
10. Investments are managed according to investment guidelines established by the Office of the Vermont State Treasurer. The guidelines are available on the Vermont State Treasurer's website, www.vermonttreasurer.gov.
11. If the cash position is insufficient for funding needs, the State of Vermont may issue Revenue Anticipation Notes (RANs) or utilize a line of credit or other short-term borrowing options.
12. Money Market Investments include short-term operating funds and invested bond proceeds. As disbursements are made through the vendor accounts for capital expenditures, bond funds may be drawn down to reimburse the restricted funds. These are wired to the Concentration Account. In addition, short-term investments may be wired directly to and from the fund manager, rather than through a funds custodian, to expedite return of funds to Concentration Account as needed to meet operation cash requirements. These investments are managed according to short-term investment guidelines established by the Office of the Vermont State Treasurer. The guidelines are available on the Vermont State Treasurer's website, www.vermonttreasurer.gov.
13. Debt Service payments are paid to the paying agent by ACH.
14. Various disbursement accounts are set up for ACH activity including Tax, Vendor EFT, OCS EFT, DCF EFT, Payroll EFT, and VIRCS EFT. These are linked to the Concentration Account as a ZBA.
15. Checking accounts for vendor, OCS, DCF, Payroll, VIRCS, Tax Refund. These accounts are linked to the Concentration Account by ZBA. These are Positive Pay accounts.
16. State Departments hold bank accounts for various purposes outside of the main VISION system and core banking operations. Some of these are escrow funds; others are departments/component units reporting separately.

Collection and Concentration

The Treasurer's Office operates on a model that concentrates cash for collection purposes. Cash inflows come from a variety of sources (federal drawdowns, agency fees, income taxes and other tax accounts). These are transferred through various means described below to the Treasury's main concentration account. This is the destination account for deposits. Based on daily cash needs, funds in this account are either invested or used to fund daily needs for disbursements or cash outflows.

Departments and agencies statewide deposit revenues into collection accounts, primarily the federal funds or the depository account that flow to the concentration account. The primary oversight agency for department

practices and policies relative to receivables, federal drawdowns and the handling of receipts is the Department of Finance and Management. In March 2006, the department issued “best practices” guidance to departments stating that deposits should be made “daily when cash receipts total more than \$500, but in no case less frequently than once a week.” Notwithstanding, departments and agencies are encouraged to deposit daily. In addition, Finance and Management recommends that departments “deposit all cash receipts on-hand on the last working day of a fiscal period (regardless of any dollar or time threshold); this is to ensure that receipts are made available for their intended purpose and that activity is posted to the correct accounting period.” (Department of Finance and Management, BP-01, March 2006). The Department has also issued an additional policy, Cash Management Policy for Federal Funds, effective July 1, 2007. It states, “Federal draws shall be made in a manner that minimizes the amount of time the State advances its own funds for federal program purposes. The calculation of draw amounts shall be based on actual (or estimated, if appropriate) federal expenditures incurred by the State, or as determined by federal regulations” and provides further guidance as to minimum requirements.

The Treasurer’s office, working with its primary bank of record is responsible for providing mechanisms for timely deposits. These mechanisms include direct bank deposit, remote deposit capture, lockbox, credit card and debit card, electronic funds transfer (EFT), Fed Wire transfers, and automated clearinghouse transactions (ACH). In the fiscal year 2009, there were 484 incoming wire transfers (State 453, Retirement 31), 250,521 ACH credits (State 250,024 Retirement 457), 953,487 (all State) unencoded checks, and 1,178,434 encoded checks (State 1,165,130 and Retirement 13,304).

A check is a paper transaction that transfers value from the payer to the payee. Each bank accepting checks for deposit (depository bank) must, in turn, collect funds from the bank that holds the check maker’s funds. Settlement amounts are computed and payments are made through the Federal Reserve accounts of each member bank. These may also be processed as direct sends (cash letters from one or a series of correspondent financial institutions).

Act 61, relating to the statewide acceptance of credit and debit card payments, was enacted into law during the 2003 legislative session. The Office of the State Treasurer currently contracts with a bank to provide credit and debit card merchant services. Acceptance of credit and debit card payments is widely practiced in many agencies and departments as a method of payment of registration fees, licenses, penalties, fines, durable goods, park reservations, interest, payment of taxes, and healthcare premiums. In addition to reducing float, which is discussed below, the acceptance of credit and debit cards is a more convenient method of payment for many of the Office of the State Treasurer’s customers, the citizens of Vermont. In addition to public convenience, electronic processing of consumer and business purchases improves governmental cash flows, offers greater financial security, and reduces the overhead costs associated with the handling of currency and the processing of paper checks.

At present the Office of the State Treasurer is working with the State of Vermont Department of Information and Innovation and the Vermont Information Consortium (VIC) to utilize the State’s Web portal to accept credit card payments. VIC is the official contractor to the State of Vermont, Department of Information and Innovation, for this purpose.

The following credit card transactions were processed during fiscal year 2009.

Credit Card Accounts Summary

DEPARTMENT	TOTAL SALES	TOTAL FEES
VT Dept. of Liquor Control	17,932,372.24	396,463.63
VT Dept. of Motor Vehicles	15,015,637.84	263,185.29
VT Dept. of Taxes *	4,288,999.35	9,066.93
VT Dept. of Forest, Parks & Recreation	2,600,400.51	58,106.85
VT Dept of Fish & Wildlife	1,204,854.35	23,725.92
VT Life Magazine	244,175.99	5,798.44
VT Secretary of State	1,423,985.00	39,923.37
VT Judicial / Courts	5,892,162.13	13,299.47
VT Center for Crime Victims / Restitution Unit	194,958.00	3,669.69
VT Dept of Health	171,310.98	3,948.93
VT Dept. of Environmental Conservation	12,471.50	341.73
VT Dept. of Historic Preservation / Historic Sites	126,050.62	4,385.22
VT Dept. of Child & Family Services	703,285.00	16,308.50
VT Dept. of Public Safety **	172,023.50	0.00
VT Agency of Transportation / Contract Administration	133.00	138.34
TOTAL	49,982,820.01	838,362.31

* This represents card processing fees paid by the Department of Taxes for this reporting period. Certain taxpayers using credit cards to make payments to the department pay a convenience fee, which offset the card processing fees for those payments.

** Cardholders using this service pay a convenience fee, which offset all of the card processing fees for this service for this reporting period.

A lockbox service has been in use since approximately 2001. The Retirement Division of the Office of the State Treasurer has three systems that utilize lockbox services; the Teachers Defined Benefit Plan, the Municipal Defined Benefit Plan, and the Municipal Defined Contribution Plan. The Department of Motor Vehicles utilizes two retail lockboxes for most of its deposits. Additionally, the Office of Child Support, the Department for Children and Families, and the Department of Corrections each utilize the lockbox service.

Cash Position Management

Projections

Cash position management and, by extension, short-term cash forecasting and long-term projections are critical functions to assuring the long-term financial health of the State of Vermont. The State segments and forecasts cash held in unrestricted funds independently of restricted funds. This is to assess sufficiency of unrestricted funds cash to meet known, periodic expenditures. The State also manages the maturities of short-term cash investment securities to maintain liquidity.

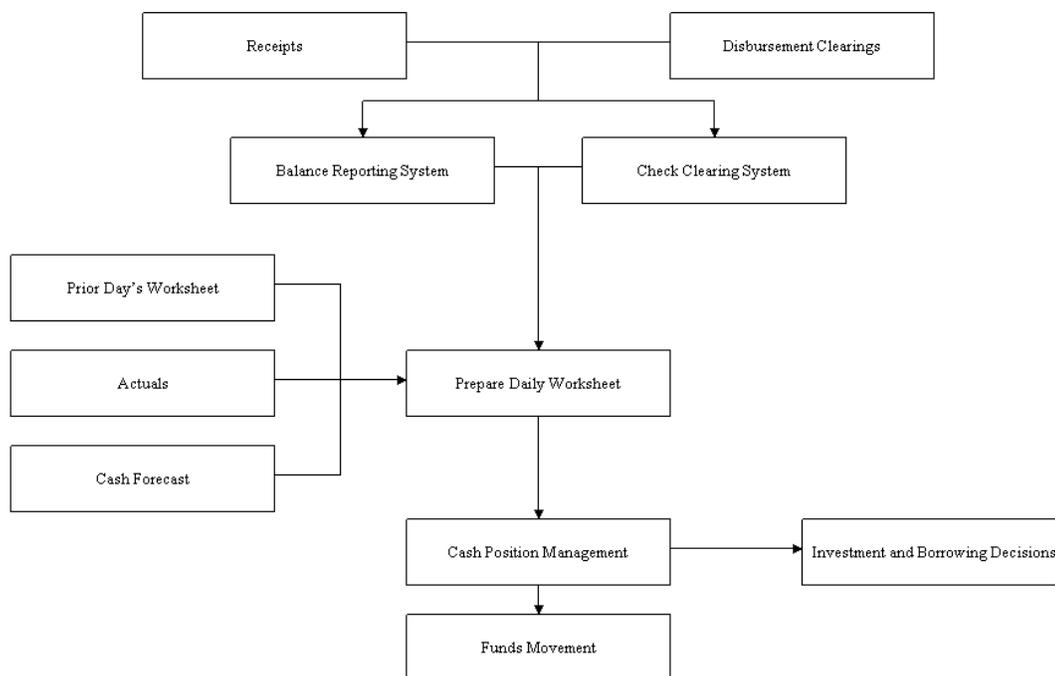
Exhibit #6 identifies the components. Each morning, cash inflows (receipts) and outflows (disbursements) are quantified to determine what funds are needed to fund the State's cash requirements for the day and over the subsequent week and month. Automated balance reporting systems from various financial institutions are the primary sources of data. Prior day worksheets and activity are examined to assure that all planned activity occurred or is accounted for, and any carries to the current day's activity are noted. Actual and forecasted data for the current day are also posted to the sheet. At that point, the daily cash position, exclusive of any investment or borrowing activity, is calculated. If the cash position is positive and exceeds the target balance, excess funds are invested on a short-term basis. If the cash position is insufficient to cover the obligations, investments in short-term money market positions may be liquidated.

In addition, staff tracks longer-term potential for cash shortages. Typically, the State's cash receipt cycle is not always in line with the disbursement cycle. Large cash inflows are received during the April to June period. On the disbursement side, infrastructure and capital disbursements generally occur during the spring/summer through late fall period. In addition, education payments are distributed in September,

December and April, the first two prior to the upcoming tax receipt cycle. The average daily cash position is generally at its lowest point, for unrestricted funds, from September through February. As a consequence, longer view cash projections and forecasts are critical during that period, so that remedial plans can be made prior to any potential shortfall. A forecast is completed by the Office of the State Treasurer typically in late summer or early fall and again in the early winter to assess projected cash sufficiency during these anticipated low periods. The cash forecasts rely on past historical data as well as known variances and one-time events for the upcoming period and are entered manually into a spreadsheet. Actuals are posted weekly to update the forecast to realign the forecast.

Exhibit #3

State of Vermont, Office of the State Treasurer Cash Position Management



Short-term Borrowing

If a need is detected, the State may utilize a number of short-term borrowing options at its disposal. It may initiate a Revenue Anticipation Note (RAN), borrow from restricted funds during certain windows provided by State statute, or draw from a line of credit. Despite the generally lower cash levels during this period, the State has not had to initiate a short-term borrowing since September 2003. While the seasonal dip continues to occur, the overall healthy cash position has further reduced the likelihood of any short-term borrowing for the current fiscal year.

Disbursements

As previously stated, the key objectives in the disbursement function are to maximize check float, where appropriate to the function of a governmental entity, and to minimize excess balances in disbursement accounts. In a government entity, the emphasis is on scheduling payments based on their due date rather than artificially expanding float through such techniques as remote processing. Management of balances in disbursement accounts is the more critical issue. The state employs the use of zero balance accounts on the disbursement as well as collection side.

A zero balance account can be used to link a series of disbursement accounts. In the current Treasury model, accounts are linked to the concentration account. This eliminates the need for wire transfers to each of the accounts. Funds are swept daily to the disbursement account from the concentration account to cover the payment of the checks as they clear. By keeping funds in the concentration account, they are swept nightly to overnight repurchase agreements, earning a competitive rate of return and maximizing the use of funds until they clear the bank (clearing float). As checks are issued, their value is posted as outstanding checks. As payments clear through the zero balance accounts (ZBA), they reduce the value of outstanding checks (as do voids, stop pays) so that the value of outstanding liabilities in the form of checks may be tracked at any time for cash position management purposes.

The Office of the State Treasurer also utilizes a positive pay account that acts as a fraud deterrent. In a positive pay environment an issue file is sent to the financial institution when the checks are run and released. Issue files generally include the account number, check date, amount, and payee (occasionally truncated). When the check is presented for payment, it is compared to the issue file and the Office of the State treasurer is notified of variances that must be resolved. If a check amount were altered, it would be so identified and not honored, providing prevention against fraud.

In fiscal year 2009, 666,229 checks (State 654,379 and Retirement 11,850) were processed for the State of Vermont. The Office of the State Treasurer operates 13 ZBA disbursement accounts.

Disbursements may also occur through ACH. In the fiscal year 2009, the State Treasurer's Office made 892,404 ACH payments (State 759,707 and Retirement 132,697).

While it does reduce disbursement float, replacing paper check payments with a direct means of payment such as ACH or wire transfer provides increased safety and reduces operational costs. Electronic payments reduce bank fees, printing costs, fraud, postage fees, and staff time to reconcile bank accounts. Time spent searching for a cleared payment is eliminated. Bank fees related to stop payments are eliminated, as are the costs associated with re-issuing payments. One of the major impediments to the use of ACH payments by vendors/payees is the lack of payment remittance information in the file addenda. The State continues to issue remittance advices at this time, although a project is in place to develop a platform for a web based vendor payment database that would eliminate the need for paper remittances, further reducing costs.

Lockbox Services

The State of Vermont utilizes a series of lockbox operations for revenue collection. The departments currently utilizing lockbox include the Department of Motor Vehicles, Office of child Support, Department for Children and Families, Department of Corrections, and the Retirement Services Division of the Office of the State Treasurer. Currently, the Vermont Department of Taxes collects revenues internally. The State's lockbox processes are currently provided by a single lockbox processor. The state utilizes retail (automated), and wholesale (manual) lockboxes. In addition, in some cases the lockbox provider prints, renders, and mails lockbox statements and coupons, in addition to processing the incoming remittances.

The idea behind utilizing lockbox services is to deposit funds as quickly as possible and to automate the processing of payments utilizing a service that specializes in the processing of remittances.

Lockbox Operations:

Attachment B includes data on current lockbox operations and their method of operation (retail vs. wholesale). There are differences between these operations in terms of the method of operation to the type of receipts. Prospective bidders will be requested to provide information on costs based on current delivery method and proposed changes to the lockbox operation.

Attachment B also provides details on current lockbox operations, including item volumes. In addition the summary provides information on any special requirements, and a more detailed analysis by department. Prospective bidders are encouraged to review these specifications in detail prior to completing the attached questionnaire. These sections constitute the scope of work. Proposers will be required to provide a detailed review of plans to accomplish this work.

This RFP contains requirements that may not be considered standard lockbox processing services. These requirements may include, but are not limited to, receiving payment instructions from state agencies or citizens via internet or interactive voice response (IVR) systems and maintaining a database of payment instructions for future payments. The State reserves the right to acquire these non-standard lockbox services directly from alternate market sources rather than from/through the selected bidder during the life of this agreement. Some lockbox operations are controlled by portions of the Code of Federal Regulations (CFR), such as a requirement that the lockbox items be opened in a secure room. From time-to-time the Vermont State Legislature enacts laws

The selected bidder may be asked to aid in the development of a new deliverable, (e.g., internet applications or other technological advances) for any state agency under a Master Lockbox and Automated Remittance Services Agreement which may occur as a result of this RFP process. However, the State reserves the right to acquire new deliverables directly from alternate market sources rather than from/through the selected bidder.

Merchant Bank Card Services

The State Treasurer's Office is seeking proposals from qualified financial institutions/vendors to provide Merchant Bank Card Services to the State of Vermont.

The selected bidder must be able to support all current card operations, to include: Card present with signature captured, Card not present, mail order, telephone order with address verification, and Point of Sale (POS) terminal sales. There are more than 130 POS locations throughout the State. The typical hardware setup is the Tranz 330/Printer 250 and the Hypercom T7P. Some locations use Omni 3200 pin pads and Omni 3750. There are a small number of Tranz380 and P900 printers in the system.

The Department of Liquor Control processes credit card transactions through point-of-sale cash registers at 77 liquor agencies throughout Vermont. The software used to process the data is a proprietary system maintained by the Department of Liquor Control, which is currently configured to interface with the GlobalPayments network (formerly NDC).

The State does not contract with a central third party gateway to provide a first stop for all transactions in the payment stream. Service providers include: Omaha, Nashville, BSE and GlobalPayments. The services may include some, but not all, merchant card services for Internet transactions at this time.

2.2 RFP Requirements for Various Service Groups

2.2.1 Service Group 1, Core Depository Services and Disbursement Services:

General:

1. See minimum requirements listed above including sections on daylight overdraft levels, collateral, and line of credit.

Account structure:

1. The financial institution must be able to provide a concentration account, ZBA deposit and disbursement accounts, controlled disbursement and/or positive pay checking accounts, separate DDA accounts for items such as petty cash accounts, and possibly money market deposit accounts. The State desires multiple layers of “parent/child” account relationships for a few accounts.
2. The State uses several TINs for which the financial institution should be able to provide separate relationship analysis. The financial institution should provide statements for each individual account monthly, and full analysis statements for analysis relationships as defined by the State.

Deposits:

1. The financial institution shall notify the State of availability of funds based on prior day ending balances no later than 7 A.M. every day. The financial institution shall offer mid-day notification or real time update of deposit and wire activity. At a minimum, the State expects the following availability schedule:
 - a. Same day for items on depository, ACH deposits, wire transfer, and cash (for items deposited by 4:30 PM ET at a minimum). The responding financial institution should also provide same day availability for any check deposits for which the banking institution will receive same-day credit.
 - b. Next day for items from institutions located within the same Federal Reserve Bank district as the State.
 - c. For all other items the banking institution should provide the same availability it receives to the State of Vermont.
 - d. All funds transferred electronically into the State’s accounts will be credited to that day’s deposit and considered collected funds.
2. The financial institution must provide daily account statements for the previous day's activity via a secure Internet application to include balance forward, daily debit and credit items, adjustments made that day, and ending balance (back-up documentation to be forwarded monthly).
3. The financial institution shall give all deposits received by closing credit as good ledger balance funds for the same day. The financial institution shall identify the time and branches where final daily deposits will be accepted. The closing time(s) of the available branch(es) will also be identified. The State expects available deposit hours to be similar to those currently offered by the current primary bank of record. In addition, the State of Vermont has offices and other operations in many municipalities across Vermont, some of which may be geographically far from any branch of the financial institution. The financial institution shall provide details on all available options for State deposits to be transported to the financial institution’s nearest branch for timely deposit.
4. The State of Vermont uses deposit tickets with serial numbers, which include a department identifier and a deposit sequence number. The financial institution must have the ability to record deposit serial numbers for each deposit, and make this information available in online banking systems and databases for research purposes. The State must be able to research and/or review deposits using the deposit sequence numbers.
5. The financial institution shall provide standard depository bags to those agencies and departments requiring their use. In addition, some departments may use keyed secured bins or specialized bags supplied by the department. The financial institution shall provide night deposit services as needed by the State for departments receiving revenues during non-

- business hours or on weekends. Check deposits placed in night deposit receptacles will be processed on the next banking day for credit according to the bank's regular availability schedule. Deposits of loose coin and currency of various denominations will be processed the next banking day for credit on that banking day. A designated representative of the State will pick up the processed bags along with deposit slips for each such deposit.
6. Deposit slips will not be altered. Any errors will be brought to the attention of the Office of the State Treasurer, and the designated agency if applicable, immediately. Overages will be credited; shortages will be debited and back-up for all transactions will be forwarded to the Office of the State Treasurer daily.
 7. Deposit slips and deposited items will be imaged. Images should be available via the financial institution's secure internet application for at least 90 days from the date of deposit. In addition, two sets of images should be provided to the state monthly for each core depository and check disbursement account, on portable media. An application for indexing and viewing the images should be provided. The bidder should provide information on the current physical item retention requirements and its retention schedule in the proposal. The state anticipates a physical retention period of at least 90 days.
 8. Remote deposit capture software and equipment must be available. The Department of Taxes (high volume) and the Office of the State Treasurer (low volume) currently utilize this technology for check deposits. The State anticipates increased utilization of this technology in the future. Some State departments are implementing imaging systems which include the imaging of payment documents. The ability of the bidder to accept external image files for deposit may be an added benefit to the state.
 9. The State receives check payments with checks drawn on Canadian banks in US and Canadian dollars, and checks from other foreign countries, from time-to-time. The financial institution will provide credit for the Canadian items on a regular availability schedule. Checks drawn on banks in other foreign countries will be processed on a collection basis by the financial institution; with the proceeds, net of collection fees, credited to a State deposit account when collected. State departments will generally deposit Canadian and other foreign currency checks separately from other check deposits.
 10. The State receives a small amount of foreign currency, primarily Canadian dollars, in the course of business. The financial institution will accept the foreign currency for deposit, and provide the State a competitive exchange. The financial institution may segregate the foreign currency into a separate deposit, and provide the State with an adjustment to the original deposit, and separate documentation for the deposit of foreign currency.
 11. The financial institution will represent all items returned for NSF, which were deposited in the State's primary depository account, before returning them to the State for collection. NSF checks returned a second time will be debited against the depository account unless otherwise specified. The original deposit identification number must be included on the debit memo. The actual returned items will be delivered the following day to the Office of the State Treasurer. Returned item notices must include the following information at a minimum: Serial number of original deposit ticket, original deposit date, item account number, item serial number, item amount, and item sequence number. In a few cases, primarily Department of Taxes accounts, NSF debits will be directed to accounts other than the depository account.
 12. The State of Vermont is planning to implement controlled disbursement for the primary vendor checking account initially, including full reconciliation service. In addition, six other disbursement accounts will be operated on a positive pay basis. Over time, additional disbursement accounts may be added to the positive pay system, and or converted to the controlled disbursement processes at the discretion of the State.

13. The selected financial institution shall establish a controlled disbursement account for the State's primary check payment account. The financial institution shall report to the State daily by 10 A.M. with the check presentments. Notification must be through secure on-line systems. The check presentments shall appear on the bank statement as the total paid for the day. The outstanding checklist will be reduced by the same amount each day. The State will then transfer sufficient funds to cover these clearances daily. The earliest notification time frames possible, consistent with accurate and efficient cash management, will be required. The account will be funded every morning to satisfy Federal Reserve and Clearinghouse presentments. The method of funding the disbursement accounts can vary. The State will consider ACH and other options that do not provide for same day settlement. Priority, however, will be given to options that emphasize same day settlement and reduce imprest or minimum funding requirements. Checks presented at the financial institution for over-the-counter payment shall be included in the next business day presentment.
14. Issue files are transmitted daily by the Office of the State Treasurer and delegated agencies in the format listed in attachment C. This format must be available on all outstanding check, stop/delete and paid check reports, portable media, or electronic transmissions returned to the State. The paid check file must be updated and transmitted the next business day by the financial institution to the Office of the State Treasurer or delegated agency in the format listed in attachment C.
15. Checks issued by the State of Vermont's primary disbursement account are valid for 120 days from the date of issuance. For some accounts other valid date ranges exist. The responding financial institution should provide information on its ability to monitor State of Vermont checks for stale dating, and any fees associated with such monitoring.
16. The State's primary checking accounts will be managed on a positive pay basis. Items to be paid must be matched to an issuance file. The financial institution must notify the Office of the State Treasurer or delegated agencies when items inconsistent with the issuance file are presented. These include: 1) paid, no issue; 2) issue amount does not agree with presented amount; 3) presented, stop payment issued; and 4) stale dated. Notification must be available through secure on-line systems. The State's primary checking accounts will be managed on a notification/reject basis. If the State does not clear presented items not matching the issuance file through on-line update, the financial institution will reject the item. The State will require a 2:00 pm ET deadline to review and authorize/reject items through the on-line positive pay system. Images of checks that are inconsistent with the issue file should be available on-line.
17. On-line ability to retrieve images, front and back, of paid items is required for a minimum of 90 days after the paid date. For items not available on-line, the financial institution must provide expeditious processing of check photocopy requests. The Office of the State Treasurer is also interested in applications that will allow the financial institution to deliver images to the State monthly in an electronic format which the Office of the State Treasurer will be able to load into an image database for research, image retrieval, and image printing. Account numbers should be able to be security screened on check images.
18. Checks for the Office of the State Treasurer checking accounts are produced using generic laser printed stock. At its option, the State may require the financial institution to provide check stock. The selected bidder shall provide these services at cost. Any cost reductions in these services during the course of the contract shall be passed on to the State. The financial institution shall also supply checks for all specialized accounts, as requested, at cost. In all cases, the State will approve the vendor and the design of the check(s) or laser stock.
19. On a monthly basis the disbursing financial institution shall delete from positive pay checking accounts stale-dated outstanding checks that have been outstanding one year or more. The disbursing financial institution shall forward the information electronically, with portable

- media backup in a format that can be uploaded into a database file. The Office of the State Treasurer may exclude some positive pay checking accounts from this requirement.
20. The financial institution must be able to accept item issue data via secure internet connectivity and via portable media as a backup. The proposal should include the financial institution's supported methods of file transfer.
 21. The financial institution must have the capacity to store any physical checks it processes on State accounts for a minimum of 90 days, and for a certain department for a minimum period of three years.
 22. The office of the State Treasurer, and possibly delegated agencies, will provide the banking institution with data files to void items. These files will be in a format that is agreed upon between the Office of the State Treasurer and the banking institution, and will be sent via a secure electronic method that is acceptable to the State of Vermont. The banking institution shall provide a confirmation report to the Office of the State Treasurer that will summarize the successfully voided items, individually list any exception items, and provide a total of the voided items included in the file.
 23. Cashing State of Vermont checks is an extremely important routine service to be provided by the selected bidder. State aid and benefit payments checks should be cashed upon presentment of proper identification according to banking industry best practices, and at no charge to the payee or the State.

Full Account Reconciliation:

1. Full account reconciliations and electronic bank statements must be provided monthly for accounts set up with controlled disbursement and positive pay. The cutoff for reconciliations and bank statements will be the last regular business day of each calendar month. Cutoff for transmission to the State will be the third business day of each calendar month. The Office of the State Treasurer will accept electronic statement delivery via a secure website. Delivery of hard copy statements for some delegated agency accounts may be required. The financial institution must have the ability to provide outstanding item lists in electronic format when requested by the state; printed copies of these lists must also be available, and must be able to be produced in item number order. The reconciliation shall show the outstanding balance at the beginning of the period, a listing of the total of each deposit with the deposit date and deposit identification number, listings of items paid, stopped, or voided, a listing of all adjustments during the period, and the outstanding balance at the end of the period. The reconciliation shall include a cover page showing the outstanding balance at the beginning of the period, the daily total for each category of transactions listed above, and the ending outstanding balance.
2. On a monthly basis, the responding banking institution shall provide full reconciliation of the State's depository bank accounts.
3. Notices of adjustments to accounts shall be provided to the Office of the State Treasurer on the day the adjustment is posted. Such notices must be available for access through the responding banking institution's secure electronic banking systems. The following items, at a minimum, shall be provided for each notice of adjustment.
 - Account number;
 - Posting Date;
 - Amount;
 - Debit / Credit identifier;
 - Transaction identifier, if available;
 - Initial transaction information, when available; and
 - Vendor or payee name, when available.

ACH:

1. The State will provide an input file in ACH format, which will typically be sent to the financial institution electronically one day prior to the settlement date. Files will include direct deposit transmissions for the State's primary vendor payment EFT account (daily), the State's three Retirement systems (monthly), State payroll (biweekly), Department of Taxes tax refunds (daily), the Office of Child Support (daily), and the Department for Children and Families Economic Services Division (daily). The State's systems do not permit generation of payments where appropriation/funding is not in place. All payment files are compared daily to appropriation/allotment files and may be "released" subsequent to the normal schedule as funding issues are resolved. As a result, multiple files of a single type may be submitted to the financial institution on one day. Direct deposits must be processed so that they meet the ACH requirements permitting deposit in the appropriate financial institution and accounts by opening of business. Emergency situations may occur when the State cannot have the file forty-eight hours prior to settlement. The State makes payments on daily and weekly warrants to vendors using accepted NACHA ACH file formats. All EFT transmissions are self-settling.
2. The financial institution must be able to process all ACH files, each business day, meeting the Federal Reserve's window deadlines for the settlement as prescribed in the file. Services shall include removal of the items drawn on the service financial institution and transfer of remaining items to the Automated Clearing House.
3. The State will provide this information by electronic transmission. The financial institution must provide an FTP server to send/receive encrypted files over the Internet. Encryption software used by the financial institution must be of a type that is acceptable to the Office of the State Treasurer. The financial institution must have a back-up system in the event of primary system failure. The financial institution must provide all file formats and schedule information.
4. The State will establish ACH debit filters and blocks for several different EFT disbursement accounts. Filters would typically limit ACH debits to those originated by the State, or would establish maximum amounts for external direct debits. Check disbursement and other non-EFT disbursement accounts may have full ACH debit blocks established.
5. Direct deposit and EFT deletions and rejections will not be handled by fax notifications. The Office of the State Treasurer and selected delegated agencies will require a secure Internet application to initiate these corrections for either direct deposit or EFT transactions.
6. The direct deposit and EFT calendar will be maintained by the financial institution. The financial institution will notify the State if the files are not sent in conformance with the calendar. Confirmation of all direct deposit and EFT transmission files is required per State instruction.
7. The financial institution must provide a secure Internet application enabling the Office of the State Treasurer to create ACH transactions on site and in selected agencies. This application must have the capability to create both debit and credit transactions with addenda records. The financial institution will process and forward the file to the ACH network for automatic settlement on the date the Office of the State Treasurer specifies. The financial institution must provide reports that include, but are not limited to: individual profiles (individual and financial institution account information), individual transactions, transactions by settlement date, pre-release transactions, repetitive items by individual, settlement report by effective date, and end-of-month summary reports. The Internet application must be able to import data from the current provider's secure Internet browser and transfer this data to the selected bidder's system.

8. Notices of change (NOCs) for ACH transactions originated by the State of Vermont shall be provided to the Office of the State Treasurer on the day the NOC is received by the banking institution. Such notices must be available for access through the responding banking institution's secure electronic banking systems. The following items, at a minimum, shall be provided for each NOC.
 - Account number;
 - Original transaction date;
 - Amount;
 - Debit / Credit identifier;
 - Transaction identifier, if available;
 - Initial transaction information, when available; and
 - Vendor or payee name, when available.

This information should be available on the banking institution's secure online application.

9. The financial institution must provide an automated ACH transfer facility (secure Internet browser) to enable the Office of the State Treasurer to receive reports that include data (including addenda information) on all ACH credit and debit items to post each day to the Office of the State Treasurer's accounts. The information must be able to be exported to Excel. This information should be available no later than opening of the business day. All other ACH debits and credits that are presented at a later Federal Reserve ACH processing window time for same day settlement should be provided on subsequent reports, available that same day, on an "on demand," interim basis.
10. The financial institution must establish security procedures for the transmission and confirmation of ACH files between the Office of the State Treasurer and the financial institution (i.e., confidential test code calculations or passwords). Verify total debit and credit amounts, entry counts, and the effective entry date of the transmittal. ACH schedules/calendars will be provided by this office to assist in this procedure.
11. The ability to back value bank-related errors is required.
12. Future value dating must be available on all direct deposit and EFT transactions.

Wire Transfers

1. The financial institution must provide either a modem or a secure Internet browser that will allow the Office of the State Treasurer and selected agencies to initiate one-time and semi-repetitive outgoing wire transfers, including EFTPS Tax Wires with sub-category breakdowns (secondary authorization required on all outgoing wire transfers) and receive information on incoming wire transfers. This system should have the capability to provide on-line reports detailing daily incoming/outgoing wire transfer activity on demand.
2. The system must provide reasonable security procedures for the initiation of wire transfers, including a security feature that prevents a single individual from releasing funds from the Office of the State Treasurer's accounts. The system must have the ability to provide details of each wire transfer to verify account information (account number, dollar amount, comment fields, etc.) before secondary authorization is given. The system must also include the capability to view all wires (repetitive and non-repetitive) initiated on a given day and their current status (pending, approved, released, Fedwire or internal control number) so that all wire activity can be verified.
3. All financial institution wires, including intrabank transactions, will be posted to the account within one hour of receipt. This information should be available through on-line reports detailing incoming activity. On special occasions, the financial institution may be asked to expedite the transfer of funds in order to meet extraordinary requirements (i.e., debt service

payments, investment purchases, savings bond purchases, Electronic Benefit Transfer (EBT) settlement payments).

4. The wire transfer system should support various report options including sort by:
 - Account #
 - Log-On ID (for outgoing wire transfers only)
 - Day
 - Amount (minimum and maximum)
 - Time
 - Pending items requiring action.

 - Reports must include:
 - Account number and account title being debited/credited
 - Time the wire was sent
 - Status of wire: “DONE,” “CANCELED,” “IN PROGRESS,” or similar categories.
 - Amount of wire
 - Sender of wire (account information of sender - financial institution, financial institution account, name)
 - Fed reference number
 - Total wire amounts to be credited and/or debited summarized by account number.
5. Future value dating must be available on all wires.
6. Files must be authenticated and encrypted.
7. The ability to back value bank-related errors is required.
8. Back-up systems for originating and confirming wire transfers are required; including at a minimum telephone and fax initiation and authorization. These backup systems must prevent a single individual from entering a wire transfer request, and releasing the wire transfer.

Daylight Overdraft Capacity:

1. The Office of the State Treasurer is seeking a banking institution with the ability to support a minimum \$50 million daylight overdraft for the State of Vermont. This daylight overdraft capacity is designed to allow the State of Vermont to process payments and deposits during each banking day, and to settle its concentration account in the afternoon of each banking day. On certain dates this capacity must be at least \$175 million to support education funding and other payments. The Office of the State Treasurer will provide notification of dates upon which the daylight overdraft will exceed the minimum.

Stop Payments and Voids

1. Due to the urgency of stop payments, it is essential that the financial institution be able to post these immediately. At a minimum, the State requires a system that permits State personnel access to on-line inquiry using a check number. Additional inquiry options are also encouraged. The State requires, at a minimum, 24-hour (overnight batch update) execution of all stop payment requests. The State will, however, give additional consideration to proposals that provide for immediate on-line stop payment authorization.
2. Stop payments placed by the state of Vermont should not have an expiration date.
3. The responding banking institution will provide secure online access for authorized State employees to place stop payments on issued checks. The stop payments should be applied to the banking institution at the time they are entered in the system. The banking institution should provide a daily listing of all stop payments placed or removed. This summary should be provided by secure, encrypted electronic methods.

Non-sufficient Funds (NSF) Return Items Processing:

1. The banking institution will automatically represent checks returned as NSF that are deposited in the State's primary depository accounts. The banking institution will only return the item and debit the State's account if the item is returned a second time or marked "Do not represent" or with similar language.

"On-us" Transactions:

1. The responding banking institution will search electronic transaction files, deposit or payment, and will pull "on-us" transactions, i.e., transactions to routing and transit numbers owned by the banking institution. These transactions will be posted on the banking institution's accounts by the banking institution. These transactions will not be processed through external services, such as the ACH system or electronic presentment systems. Payment transactions will post according to the effective date in the normal manner for the banking institution. Deposits will receive same-day credit if received prior to the banking institution's cut-off time for deposits.

Residual Cash Management:

1. The Office of the State Treasurer is seeking as broad a range of overnight and short-term investment options as possible, within its statutory, fiscal responsibility, and fiduciary constraints. The responding banking institution should consider money market accounts and funds, repurchase agreements, certificates of deposit with provisions for regularly scheduled, no-penalty, deposits and withdrawals. The responding banking institution may offer other cash management investment options that meet the requirements of the Office of the State Treasurer.
2. The short-term investment guidelines may be found on the Vermont State Treasurer's website; see:

<http://www.vermonttreasurer.gov/cash-investments/statues-guidelines>.

Line of Credit:

1. The responding banking institution should provide details of line of credit products that would be available to the State of Vermont. The State could use lines of credit for short-term funding to cover situations where available deposits were not sufficient to cover expected withdrawals. Lines of credit could be used instead of the issuance of revenue anticipation notes.

Float Analysis:

1. The responding banking institution will provide monthly reporting on check deposit availability and disbursement float. Both types of reporting should included daily detail and monthly average information. The check deposit availability reporting should provide details of clearing times, to include same-day, next day, two-day, and greater than two days. For check payments, the disbursement float reporting should provide the aggregate of items paid by number of days outstanding from one to 30 days, and then in the following groupings: outstanding 31 to 60 days, outstanding 61 to 90 days, outstanding 91 to 120 days, outstanding 121 to 180 days, outstanding more than 180 days. The disbursement float should also be made available in the format described by the federal government's Cash Management Improvement Act of 1990.

Collateral Agreement:

1. The responding banking institution shall enter into a collateral agreement with the State of Vermont. The agreement shall cover substantially all deposits of the State of Vermont, which could reach \$250 million or more. The agreement will cover types of acceptable collateral, methods of collateralization, collateralization limits, reporting requirements, and such other terms as shall be negotiated between the banking institution and the Office of the State Treasurer. Separate collateral agreements may be required for individual State accounts under certain circumstances, such as the Bank in Vermont program. The banking institution must be willing to establish separate collateral agreements and to adhere to the terms of all collateral agreements at all times.

Branch Listing:

1. The responding banking institution shall provide lists of all branch, office, and remote ATM locations within Vermont. The list should be provided in hard-copy, electronic, and graphical (map) formats.

Information Systems:

1. The banking institution must provide the ability to retrieve data through a secure Internet browser-based application as outlined in various parts of this RFP.
2. At a minimum, the financial institution must have a password-protected system operating via an Internet browser that provides:
 - Daily reporting of ledger, collected and available balances in aggregate for all linked accounts and for individual accounts;
 - Account detail for the current month and two months prior;
 - For the pooled concentration account, daily interaction reporting to linked accounts;
 - Wire transfer initiation and authorization;
 - For controlled disbursement accounts: daily information as to presentments, items paid, stop payments, stop payment removals, manual adjustments to the issuance file, and exception items;
 - Upload/transmission of ACH transactions; and
 - State originated stop payments of checks.
3. The daily statement will indicate an ID field next to each deposit. The MICR encoding on the deposit slips will provide this ID field. The account statement should summarize deposit activity by this ID field (agency number). The daily statement should identify electronic deposit/withdrawal activity, i.e., distinguish between ACH and wire items, for both debits and credits.
4. The State will require monthly statements on all accounts. The cutoff for bank statements will be the last regular business day of each calendar month. The Office of the State Treasurer will accept electronic statement delivery via the financial institution's secure website. Delivery of hard copy statements for some delegated agency accounts may be required.
5. The State's primary check disbursement account requires full reconciliation service. In addition, the state may request full reconciliation for some of the other core check disbursement accounts operating on a positive pay basis. It is the State's intent to electronically transmit issue and stop/void data and to obtain reconciliation services including a listing of paid and outstanding checks, paid no issues, exception processing and stop payment reconciliation. The State will ask respondents to make full descriptions of the reconciliation services available in the questionnaire and may adopt alternative

methodologies as deemed appropriate. Some delegated agency accounts may be excepted from the full reconciliation services requirement.

6. Any credit deposits that are subjected to a back value will be reported monthly on a back value log.
7. The financial institution will provide an Item Tracking System or Item Detail Report of all checks deposited, listed by deposit. Preferably, this report should be available on-line for prior day deposits and be available for download. Data should also be sent electronically or on portable media and include trace number, deposit date, dollar amount, deposit amount, and transit routing number. If a check copy is necessary, the Treasurer will provide the deposit date, check amount, and trace number of the check within the deposit.

2.2.2 Service Group 2, Lockbox Services:

General:

1. The State of Vermont utilizes a series of lockbox operations for revenue collection. The departments currently utilizing lockbox include the Department of Motor Vehicles, Agency of Human Services, Department of Corrections, and the Retirement Services Division of the Office of the State Treasurer. The Vermont Department of Taxes currently collects revenues internally.

Objectives:

- Provide for improved cash management in the processing of various payments, through receipt of these payments at a central location(s);
- Reconcile payments to accompanying documents;
- Deposit payments in a timely manner to the appropriate State of Vermont accounts;
- Secure economies of scale pricing schedules for the State of Vermont;
- Provide lockbox and payment processing services for the following State of Vermont Departments and Agencies, as specified in Attachment B:
 1. Department of Motor Vehicles
 2. Agency of Human Services, Department of Child Support
 3. Agency of Human Services, Economic Services Division
 4. Office of the State Treasurer, Vermont State Employees' Retirement System
 5. Office of the State Treasurer, Vermont State Teachers' Retirement System
 6. Office of the State Treasurer, Vermont Municipal Employees' Retirement System
 7. Office of Vermont Health Access (OVHA)
 8. Department of Corrections (Currently utilizing two lockbox services)

Lockbox Operations:

1. Retail and wholesale lockbox operations must be provided.
2. Payments must be able to be captured by manual entry, OCR, CAR/LAR EFT, or a combination of these methods.
3. Receipts, documents and deposits must be processed within 24 hours of mail pickup.
4. Mail pickups must be made daily at or before 8:00 AM ET. Multiple daily mail pickups may be required for some lockboxes.
5. Each lockbox service must be able to have a unique post office number.

6. Priority processing must be available based on instructions from the State for certain types of processing and/or dollar amounts.
7. Scan-line and barcode technology must be supported.
8. Some State departments with high volume lockboxes may require processing of lockbox items in batches of a defined number of items.
9. The vendor must be able to transmit receipts to the State via Fedwire, ACH, Zero balance account, or book transfer.
10. Each item processed must be assigned a unique tracking number to provide a full audit trail.
11. All items processed for deposit must be restrictively endorsed and imaged.
12. All batches must be independently balanced.
13. Deposits, or transfers, into State depository accounts shall be made daily. The daily deposit cycle for the State shall run for an agreed-upon 24-hour cycle, e.g., 8:00 AM to 7:59AM. Good, collected funds shall be determined, at a minimum, based on the Federal Reserve Bank availability schedule.
14. Processing on the last business day of the State's fiscal year, ending June 30, must be able to be extended such that all receipts received on that day are credited to that day.
15. The vendor will redeposit/represent items returned for Not Sufficient Funds prior to returning the item to the State and debiting the State's account. Returned items shall not be "netted" from deposits, but instead will be handled separately and individually.
16. Reporting of funds collected, transaction totals, and float information must be made available to the Office of the State Treasurer as early each business day as possible. The daily reporting information should be available via a secure internet application or secure data transmission. The following information should be available daily:
 - Dollar amount deposited
 - Dollar amount to be transferred to State concentration account
 - Account number(s) to which credit was applied
 - Number of deposit transactions.
17. Each bank account or internal account used for processing lockbox items for the State shall have a monthly analysis report prepared. The report should show the detail of all activity to the State's account for the month. These reports are to be delivered to the Office of the State Treasurer. The cutoff date for these reports shall be the last calendar/business day of each calendar month.
18. Statement rendering and distribution services must be available. Certain state departments currently utilize these services. The vendor will produce statements and/or payment coupons, the associated mailing envelopes, and must be able to distribute the statements based on recipient information received electronically from the State. Statement and coupon formats will be provided by the State.
19. The Department of Motor Vehicles, a high-volume lockbox user, is implementing a new motor vehicle information system referred to as VT Drives. DMV and the selected bidder will develop an interface to VT Drives to transfer data related to transactions processed by the lockbox to allow records to be updated electronically and required output documents to be printed. Files relating to revenue collected by defined category, processed transactions and exception transactions are also required. In addition, images of the registration applications and checks must be transferred in the required format so that they can be merged with DMV's imaging system. Detailed specifications outlining the input files and reports that must be provided, and the image file format, are available upon request.

2.2.3 Service Group 3, Merchant Card Processing Services

General:

The financial institution/vendor will provide all services necessary to continue to process bank card payments, to include credit cards (both card present and not present), PIN-based debit, and signature-based debit. The scope of services includes: credit and debit card authorization and settlement for both; providing equipment as necessary, such as terminals, printers, pin pads and supplies at payment locations; on-line transaction reporting; training, transaction fee invoicing, reporting; and VISA, MasterCard, Discover, and American Express acceptance.

The objectives of this request are to:

- secure a contractor to provide credit and debit card processing services, along with other related merchant services to multiple state agencies with varying requirements;
- secure economies of scale pricing;
- ensure timely and reliable authorization of credit/debit transactions;
- secure reporting products that meet the requirements of both the individual state agencies and the State Treasurer's Office; and,
- Establish a single point of contact for coordination of all activities related to this contract, including adding new agencies/locations, problem resolution (settlement, billing, reporting, etc.), new technologies, etc.

Merchant Card Processing Operations

1. The selected bidder must provide processing for multiple "brands" and types of cards. The selected bidder must be able to process both MasterCard and VISA, as well as both Discover and American Express transactions.
2. The selected bidder must provide for and support the acceptance of debit cards.
3. The selected bidder shall provide authorization of transactions through the appropriate authorization and settlement networks. At a minimum, the selected bidder must provide settlement to the State such that the proceeds from the payment and card records are deposited into the State account, preferably within 24 hours, but no later than 48 hours after the payment and credit records are sent.
4. The selected bidder shall provide gross settlement using the ACH (Automated Clearing House) to designated State bank accounts for all payments and credit records processed. Debits to the State accounts for fees are not permitted; therefore, fees are billed on a monthly basis to each agency separately by the fifth calendar day of the following month.
5. The selected bidder shall ensure that the ACH record provides sufficient identifying information to enable the Treasurer's Office to determine which State agency is to be credited for the funds. This will be accomplished by the assignment of a unique location number for each agency which will follow through on the ACH record. At a minimum, the selected bidder must address the ability of their system to break down information by agency, and in some cases by agency location, section, or program, and to fully disclose when money will be transmitted for deposit to the designated State bank account.
6. The selected bidder shall provide research and problem resolution related to transactions and/or settlement discrepancies. At a minimum, the selected bidder must provide a 24-hour seven days a week 1-800 or other help desk facility for customer assistance to State agencies.
7. The selected bidder shall provide daily and monthly detail and summary reports to each individual agency application to provide the information necessary to receipt the payment to the proper accounts. All reports must be available in an electronic format. Online reports

must be available for download – not just viewing and should be in a Microsoft Excel format (current version) when downloaded. Reports delivered to the State via email (file attachment) will be available in Excel format as well as PDF or similar graphical format. The selected bidder is responsible for managing access to information by the State agencies, whether the information is delivered via online reporting systems, email or hardcopy. The intention here is to ensure that the agencies are privy only to information that is germane to their own operations. Only the State Treasurer’s Office may have access to information at a statewide level, as well as at an agency or individual merchant level. Reporting capabilities should be flexible to allow the agency the ability to choose a report that is formatted to meet its needs, but at a minimum provide both daily and monthly totals by Merchant ID for credit and debit (sales, returns, net sales and transaction counts). Some agencies will require multiples of merchant and/or terminal ID to be “rolled up” into a higher level. For example, the Department of Liquor Control operates 76 State-owned stores, each with a separate merchant ID number.

8. The selected bidder shall provide a monthly report to the Treasurer’s Office summarizing the activity for all agencies by agency, card type, and include gross sales, returns, net sales and transaction counts for all card types.
9. The selected bidder shall provide a monthly report to the Treasurer’s Office detailing year-to-date sales for all agencies by agency, card type, and include gross sales, returns, net sales and transaction accounts for all card types.
10. The selected bidder shall provide a monthly invoice to each State agency for all transaction costs associated with the payment and credit records processed. The selected bidder must provide a level of detail and subtotals that include, at a minimum, the following: the selected bidder processing fee, interchange fees, special program fees, one-time fees, hardware purchase, rental or leasing fees, maintenance fees and pass-through fees. An electronic copy of the individual statements, and if possible a statement summarizing the individual statements, shall be delivered to the Treasurer’s Office monthly.
11. The selected bidder shall provide a monthly report to the Treasurer’s Office summarizing the fees for all agencies by agency for all transaction costs associated with the payment and credit records processed.
12. The selected bidder shall establish merchant numbers and terminal identification numbers for each State agency application that will enable the State agency to identify each location processing transactions.
13. The selected bidder shall provide training to agency personnel as required related to payment and credit/debit card processing requirements, such as procedures for handling retrieval requests, charge backs, accessing reports and transaction data, and/or processes and procedures which may be required, and PCI/DSS requirements.
14. The selected bidder must be able and willing to support departments in any processing network transitions. Such support would include all aspects of the transition from planning through implementation and technical support for design, mapping, testing, and any other required system changes project processes.
15. The selected bidder shall work in consultation with the Treasurer’s Office and State agency personnel contemplating implementation of credit/debit card applications, to advise the agency regarding the most cost efficient alternative and/or innovative solution.
16. The selected bidder shall provide equipment and software as necessary for agencies to process credit/debit cards and future applications for new agencies accepting credit/debit cards.
17. The selected bidder is expected to support future agency implementations with requirements

that fall within the scope of this request for proposal document. It is understood that additional agencies would be supported under the same terms and conditions. The selected bidder will work in consultation with the Treasurer's Office and State agency personnel contemplating implementation of credit/debit card application, to advise the agency regarding the most cost effective alternative and/or innovative solution.

18. During the past decade, the payment processing industry has made significant advances utilizing technology and integrated processing to offer faster, computerized delivery of services. While the scope of services does not include Internet services at this time, the State expects the selected bidder to stay abreast with this industry's trends and to work with agencies as they explore electronic commerce options.
19. The selected bidder must provide customer support and assistance to State agencies and assign an account representative who will be responsible for coordinating all activities necessary to service, train and implement systems with all agencies that come under this agreement. Additionally, the selected bidder must keep both the Office of the State Treasurer and State agency personnel apprised of any changes to the operating regulations as provided by the card associations. Because the bankcard associations have traditionally made it difficult for merchants to obtain these regulations, we must rely on our acquiring bank to assist us in complying with the operation regulations.
20. The selected bidder must agree to provide the necessary staffing to meet all of the requirements detailed in this RFP. The selected bidder agrees to make staff available to meet with the State as frequently as needed to ensure that the State of Vermont's needs are being met.
21. The selected bidder must agree to all terms and conditions set forth in the Standard State Contract provisions.
22. Transaction Processing. In addition to completing Attachment D – Pricing Schedule, the selected bidder will provide a detailed breakdown of how the pricing was developed. For comparison purposes during the evaluation process, the following assumptions should be made when completing the pricing schedule:

Annual Volume	\$50 Million
Trans Count	120,000 credit card and 45,000 debit card transactions
Qualifications	Card present signature captured Card not present, mail order, telephone order with address verification.

2.2.4 Other Services the State of Vermont May Consider Using

Stored Value Cards

The State of Vermont is interested in pursuing the opportunity to replace paper check payments to certain payees with stored value cards. The responding banking institution is encouraged to present a proposal to provide such card services to the State of Vermont.

The State is interested in exploring options available to agencies that have large average ticket items where standard credit card processing may not be cost effective or feasible due to the impact of credit card fees. In addition to credit cards as a payment method, the State is exploring various forms of ACH (automated clearing house) payments. This includes the ability to process checks as Point of Purchase (POP) transactions as well as process Internet-Initiated ACH (WEB/CCD) transactions.

Currently there are no State agencies processing these transactions.

2.3 Documents, Reports, and Other

All documents, reports, computer software, paper and other materials (“Papers”), except for those generally available to the public, which are provided by the State, and any copies of any such Papers that may be reproduced or otherwise procured and all information contained in such Papers, shall be deemed and shall remain property exclusively of the State and shall be available to the State’s representatives upon their request. No Papers may be reproduced or otherwise used by for purposes unrelated to the subsequent contract.

2.4 Requirements Related to Conflicts of Interest and Independence

Bidders shall identify all existing or potential conflicts of interest that would prevent the bidder from fully performing the tasks described in this RFP. Such disclosure will be a continuing requirement subsequent to award of a Contract and for the life of the Contract.

In all matters relating to work required by the State, the bidder shall remain free from personal and external impediments to independence, and verify that the organization is independent and will maintain an independent attitude and appearance with respect to the services required.

2.5 Insurance Coverage

The Selected bidder shall maintain an errors and omissions insurance policy which provides a prudent amount of coverage for the willful negligent acts or omissions of any shareholder, employee, or agents thereof. The Selected bidder shall also maintain policies pursuant to the State’s Standard Contract Provisions as defined in Attachment A.

2.6 Changes to Contracted Services and Fees

Changes in industry practices, standards, available services, or other circumstances may arise that would cause the State or the contractor to request additions, change or delete contracted services during the contract term. In any such case the Office of the State Treasurer, the contractor, and impacted agencies and departments where appropriate, shall review proposed changes and document the review process and any proposed additions, changes, or elimination of fees. Any such changes to contracted services or fees must be approved by the Office of the State Treasurer in advance, and if required an amendment to the contract must be completed under the State of Vermont’s contracting procedures prior to the changes being implemented by the contractor.

2.7 Joint Ventures

Multi-vendor solutions (joint ventures) proposals will be allowed when one of the joint venture partners is designated as the primary contractor. The primary contractor must be the sole point of contact for the State of Vermont and must accept responsibility for all performance requirements under the contract. The State expects to negotiate and contract only with the primary contractor. The primary contractor will be responsible for the management of all subcontractors. If a joint venture proposal is submitted, a copy of the joint venture agreement which clearly defines the responsibilities of the partners must be submitted.

Services specified in the proposal shall not be subcontracted without prior written approval of the State of Vermont in accordance with the requirements of the State of Vermont’s standard contracting terms.

The primary contractor shall be solely responsible for the contractual performance and management of subcontracting relationships. The primary contractor assumes all responsibility for work quality, delivery, installation, maintenance, and any supporting services required by a subcontractor. Use of subcontractors must be clearly explained in the proposal, including identification of significant subcontractors by name. Any subcontractors must meet the minimum requirements for all bidders and for the Service Group(s) under which services will be provided, and must be approved by the State of Vermont.

The primary contractor must be willing to discuss the potential for change in subcontractors during the duration of a contract with the State of Vermont, including proposed prior notification timelines and communication plans, service continuation requirements, and contingency plans if a subcontractor withdraws and a ready replacement is not available, etc.

Joint venture proposals must be a consolidated response with all costs included in the cost summary. RFP response pages shall be duplicated for each vendor if necessary.

3 PROCUREMENT AND CONTRACTUAL ADMINISTRATION

The following subsections discuss the administrative and contractual requirements that pertain to this procurement.

3.1 Bidding and Contractual Requirements

The State of Vermont reserves the right to obtain clarification or additional information necessary to properly evaluate a proposal. Bidders may be asked to give a verbal presentation. Failure of bidder to respond to a request for additional information or clarification could result in rejection of that bidder's proposal. The State reserves the right to accept or reject any and all bids, in whole or in part, with or without cause. The State reserves the right to make an award without further discussion of the proposal submitted. The State does not guarantee that an award will be made as a result of this RFP.

3.1.1 Incurred Expenses

The cost of developing and submitting the proposal is entirely the responsibility of the bidder. This includes costs to determine the nature of this engagement, preparation of the proposal, submitting the proposal, negotiating for the contract, and other costs associated with this RFP.

3.1.2 Public Records and Bidder Proprietary Information

All responses will become the property of the State of Vermont and will be a matter of public record. Pursuant to Title 1 § 317 (15), public records requests for information regarding this RFP will not be acted upon pending contract negotiations and until a signed contract has been recorded by the State.

3.1.3 Confidentiality

The State wants to assure the confidentiality of its employees' records. In the event that the bidder is selected to perform services, all bidder staff members assigned to the contract in any capacity may be required to sign statements of confidentiality.

3.1.4 Pricing

The bidder must be aware the State wants the most effective combination of price, performance, and quality possible within the constraints of its budget. Pricing must be a firm fixed price, including all expenses. The State will not accept any open-ended, time and materials bids. There may be no best and final offer procedure. Therefore, the proposal shall be submitted on the most favorable terms the bidder can provide.

3.1.5 Subcontracting

The State of Vermont will only enter into contracts with the primary contractor, and the State must approve any subcontractor contract in writing (See Attachment A, sub-Attachment C #13). The selected bidder must assume responsibility for subcontractor performance and payment. Subcontractors must abide by all conditions set forth in the contract with the primary contractor. The selected bidder will be expected to execute sub agreements for each subcontractor named in the proposal upon award of this contract. The bidder must provide a brief description in the cost proposal in regard to the basis for selecting each subcontractor (low bid, competitive negotiation, technical capabilities, etc.). The bidder must provide subcontractor cost estimates in the bidder's cost proposal.

3.1.6 Doing Business in Vermont

The bidder awarded this contract shall, upon notification of award, apply for registration with the Vermont Secretary of State's Office to do business in the State of Vermont, if not already so registered. The registration form may be obtained from the Vermont Secretary of State, Redstone Building, 26 Terrace Street, Drawer 09, Montpelier, VT 05609-1101. The telephone number is (802) 828-2386. The Office of the State Treasurer will not execute the contract until the bidder is registered with the Secretary of State's Office.

Bidders are responsible for complying with all statutory provisions applicable to doing business in the State of Vermont (see above and Attachment A), attached to this RFP, which is required to be executed after the specific details of the transaction have been inserted. Any objections, or requested changes to the standard form language must be provided with the bid, or they shall be waived by the bidder.

3.1.7 Minority Business Enterprises

The State of Vermont recognizes the important contribution and vital impact that small businesses have on the Vermont economy. In this regard, the State subscribes to a free and open bidding process that affords all businesses equal access and opportunity to compete for state contracts for goods and services. The State also recognizes the existence of businesses owned by minorities and women and has directed all state agencies and departments to make a good faith effort to encourage these firms to compete for state contracts.

3.1.8 Duration of Proposal Offer

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date of proposals. This period may be extended at the request of the State, and with the bidders' written approval.

3.1.9 Revisions to the Solicitation

The Office of the State Treasurer reserves the right to modify requirements should a bidder inquiry identify a change that is in the best interest of the State. Such modifications (or amendments) to the RFP will be posted to the Treasurer's Web site at www.vermonttreasurer.gov and will not be distributed through any other means. It is the bidder's responsibility to check the Web site for such changes.

3.1.10 General Conditions

The general conditions and specifications of the RFP, the selected bidder's response/proposal, all questions and answers, and all RFP amendments (if any) will become part of the contract by reference.

The bidder is expected to respond with due diligence by providing the requested information in the designated manner. Bidders failing to respond to this RFP as prescribed will place themselves at a comparative disadvantage or will be subject to disqualification at the discretion of the Office of the State Treasurer.

3.1.11 Contract Duration

The selected bidder(s) to this RFP can expect a contract with the State (see sample contract Attachment A), for a term of two-years, plus the option of two one-year extensions.

The selected bidder(s) will be required to execute the State's standard contract after the specific details of the transaction have been inserted. Any objections or requested changes to the standard form language must be provided with the bid, or they shall be waived by the bidder. Any additional contract language sought by the bidder must be provided with the bid, or such language requests shall be waived by the bidder. Any bidder seeking changes to the State standard form contract or to add additional language to the contract must state whether the request is a requirement of their bid, or simply a request for consideration. In the event the Office of the State Treasurer determines that an otherwise apparent winning bidder's requirements are unacceptable, it may handle the bid in the manner it deems most appropriate, including but not limited to rejecting the bid as not complying with this RFP. Bidders should be aware that the State of Vermont rarely accepts amendments to its standard contract.

4 PROPOSAL PREPARATION

This section sets forth the format that must be followed by bidders in developing their proposals in response to this RFP. The instructions provided and format requested for bidder proposals are designed to ensure a clear and complete understanding and comprehensive evaluation of each proposal. There is no intent to limit the content of the proposals or to inhibit a presentation in other than the bidder's favor.

4.1 Proposal Acceptance

The bidder is encouraged to include additional information or data as may be appropriate or to offer alternate solutions. However, the bidder should not exclude from its proposal any portion requested in this document. Proposals that vary materially from this prescribed format may be judged non-compliant and withdrawn from consideration.

The bidder must understand that the Office of the State Treasurer will view the degree of compliance with this section as an indication of the degree of cooperation to be expected from the bidder in working with the State after contract award.

4.1.1 *Proposal Packaging and Required Copies*

Cost Proposals (Part IV below) must be packaged separately from Technical Proposals (Parts I, II, and III below) and sealed in a separate envelope, so labeled.

Bidders must submit ten (10) bound copies of proposals as well as one (1) CD-ROM containing the appropriate Microsoft Word 2003, Excel 2003, and Project 2003 files to comprise a full proposal set. In addition, bidders must provide one (1) unbound master copy of the technical proposal and one (1) unbound master copy of the cost proposal, each packaged separately.

We point out that the requirement for separate Cost Proposals actually doubles the above numbers.

The information in the following table must appear on the title page of each copy of each proposal, on the CD-ROM label, and on the outside of the packages in which they are shipped (if proposals are shipped by overnight courier, the title sheet may be affixed to the package inside the courier's packaging material):

Contents of Response Cover Page

RFP title:	COMPREHENSIVE BANKING Services RFP
RFP section:	Technical or Cost
<i>Closing date and time for submission of proposals: JULY 28, 2010, 2:00 pm.</i>	
Name, address, e-mail, and (voice) telephone number of firm submitting proposal	

Proposals for this RFP must be addressed to the point of contact identified in Section 1, *Single Point of Contact*.

Bidders are to organize proposals into four parts, with a cover letter and other administrative information as follows:

Part I – Administrative	Cover page Cover Letter as described below Tax Certificate Table of Contents
Part II	Bidder Information
Part III	Technical Approach

Part IV	Bidder References
Part V (to be packaged separately)	Cost

The following subsections describe the required content of the bidder's proposal.

4.2 Bidder's Proposal Part I -Administrative Section

In addition to the cover page and table of contents, the items that need to appear in the Administrative Section of the proposal are described below.

4.2.1 Cover Letter

The proposal should contain a cover letter and introduction, including: the company name and address; and the name, e-mail address, and telephone number of the person or persons authorized to represent the bidder regarding all matters related to the response. The cover letter must contain the following statement:

"We have read the State's Request for Proposals (RFP) for COMPREHENSIVE BANKING SERVICES and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the State's requested services that we have indicated we can meet. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Office of the State Treasurer."

A person authorized to bind the firm to all commitments made in its response shall sign this letter.

In addition, the cover letter must certify that:

1. The response is genuine, and is not collusive or a sham;
2. The response is not made in the interest of or on the behalf of any person not named therein;
3. The bidder has not directly or indirectly induced or solicited any person to submit a false or sham response or to refrain from submitting a proposal;
4. The bidder has not in any manner sought by collusion to secure an advantage over any other respondent;
5. The bidder has thoroughly examined the RFP requirements, and the proposed fees cover all the requested services; the bidder acknowledges and accepts all terms and conditions included in the RFP;
6. The bidder agrees to provide services in a manner acceptable to the State, and as stipulated in the RFP and subsequent contract;
7. The bidder and key professionals do not have or anticipate a potential conflict of interest with the Office of the State Treasurer or the Boards of Trustees of the Vermont State Retirement System, the Vermont State Teachers' Retirement System or the Vermont Municipal Employees' Retirement System;
8. The bidder and key professionals do not accept fees and derive no benefit from relationships with any persons involved in the RFP;
9. The bidder has completed and submitted, with the RFP response, the Vermont Tax Certificate, provided in this RFP;

10. The bidder has submitted financial information. Publicly owned businesses agree to provide their most recent annual report, current balance sheet and income statement, and D&B report. Privately owned businesses agree to provide current company financials. Proprietary and/or confidential materials must be marked accordingly.

4.2.2 Tax Certificate

This certificate appears on page 3 of this RFP and must be completed and submitted with the response to the RFP.

4.3 Bidder's Proposal Part II – Bidder Information

Section 4.3 in Word format [\(click here\)](#)

4.3.1 Section 1 – General

In this section, the bidder shall provide the following basic information about its firm and staff:

1. State the name and address of your company. Provide the name, title, address, telephone and fax numbers, and email address, of the contact person whom the Office of the State Treasurer should contact with questions regarding the proposal(s).
2. Give a brief history of your company.
3. Banking institutions responding to this RFP will provide the type of charter and list the applicable regulatory bodies. If the banking institution has been subject to any regulatory filings during the preceding five years, the finding(s) must be described along with the steps taken to remediate the findings.
4. Provide an organizational chart for your company and the professional staff to be assigned to this relationship.
5. Provide audited financial statements for the past three years.
6. Provide copies of the all of the following that are prepared by, or on behalf of, your company
 - SAS-70 and/or internal control audit. If both are completed, both should be submitted.
 - Most recent Call Report
 - Internal Control Opinion
 - Ethics Policy
 - Corporate Governance Policy
 - Business Continuity/Disaster Recovery Plan
7. Provide URLs for the company website, and the web pages for company history and corporate governance.

4.3.2 Service Group 1, Core Depository/Disbursement Services

A. GENERAL INFORMATION

1. Does the respondent wish to submit a proposal for core depository/disbursement services?

Yes _____ No _____

2. If the response directly above is Yes, please continue with the core depository and disbursement services questionnaire and include the applicable attachment in the sealed cost proposal. Included are yearly volumes for CDR accounts and EFT transactions. If the response directly above is No, please continue with section 4.3.3: Lockbox Services.

3. Include three (3) references in the Attachment that use this or a similar service. If a bid is submitted for multiple components, references can be combined where multiple services are provided.

4. Can the responding banking institution meet the daylight overdraft levels listed in Section 1.3?

Yes _____ No _____

5. Describe any increased daylight overdraft levels that can be supported by the responding banking institution in excess to the above limits, including the Federal Reserve Bank net debit cap category and daily and two-week average net debit caps as of the most recent call report date.

6. Describe the effects of Federal Reserve Bank daylight overdraft controls on customer wire transfers; identifying any periods during the business day when transfers may be delayed to any degree.

7. Describe how your banking institution will measure the State’s daylight overdraft status throughout the day. Will this information be available in real-time?

Yes _____ No _____

If Yes, please describe the delivery method(s).

B. DEPOSITORY SERVICES: For the “Depository Mandatory Services” outlined in part II of the “Scope of Services,” please provide the following information indicating the banking institution’s ability to provide the following. Please add a section explaining any additional comments or issues relative to the mandatory requirements.

<u>Mandatory Service Requirements:</u>	<u>YES</u>	<u>NO</u>	<u>EQUIVALENT SERVICE PROVIDED</u>
1. Notification of availability of funds no later than 7 A.M. every banking day through a secure Internet browser.	[]	[]	
Same day availability for items on depository, ACH deposits, wire transfers, cash, and for any checks for which the banking institution receives same day credit.	[]	[]	
Next day availability on checks from all local financial institutions, and for any other checks for which the banking institution receives next day credit.	[]	[]	
For all other items, the banking institution should provide the same availability that it receives to the State of Vermont.	[]	[]	
2. Provide daily balance information and detail on debit and credit items and adjustments via a secure Internet browser.	[]	[]	
3. Provide same day credit as good ledger balance for all funds deposited prior to cut-off (4:30 PM ET minimum).	[]	[]	
4. Provide standard depository bags and accept secured two-keyed bags/bins for deposits by selected agencies.	[]	[]	

5. Meet depository and NSF requirements.	<input type="checkbox"/>	<input type="checkbox"/>
6. Provide automatic daily movement of deposits in various core accounts to a master concentration account.	<input type="checkbox"/>	<input type="checkbox"/>
7. Record serial/sequence numbers from deposit tickets and make this information available for viewing and/or research of deposits.	<input type="checkbox"/>	<input type="checkbox"/>
8. Deposit slips and deposited items will be imaged, and images will be available for at least 90 days from the date of deposit on the bank's secure electronic banking application.	<input type="checkbox"/>	<input type="checkbox"/>
9. Images of deposit tickets and deposited items can be provided to the State along with a software application to index, search, and display the images.	<input type="checkbox"/>	<input type="checkbox"/>
10. Remote deposit capture software and hardware is available for high and low deposit volume agencies.	<input type="checkbox"/>	<input type="checkbox"/>
11. Meet daylight overdraft requirements previously specified.	<input type="checkbox"/>	<input type="checkbox"/>
12. Meet collateral requirements previously specified.	<input type="checkbox"/>	<input type="checkbox"/>
13. Provide overnight sweep with collateralized repos.	<input type="checkbox"/>	<input type="checkbox"/>
14. Provide line of credit services as previously specified.	<input type="checkbox"/>	<input type="checkbox"/>
15. Provide night deposit services as previously specified.	<input type="checkbox"/>	<input type="checkbox"/>
16. Provide Canadian dollar and foreign check and currency deposit services as specified.	<input type="checkbox"/>	<input type="checkbox"/>
<u>Optional/Desired Services; see also section 4.4, section 3 Proposed Value-Added Options:</u>		
1. Ability to strip bank accounts and give same day credit on the daily ACH debit transmission.	<input type="checkbox"/>	<input type="checkbox"/>
2. Exceed 4:30 PM ET daily cash deposit cut-off (specify).	<input type="checkbox"/>	<input type="checkbox"/>
3. Exceed minimum availability schedule.	<input type="checkbox"/>	<input type="checkbox"/>
4. Additional overnight sweep options (provide detail in attachment).	<input type="checkbox"/>	<input type="checkbox"/>
5. Link depository accounts to concentration by ZBA.	<input type="checkbox"/>	<input type="checkbox"/>
6. Automatically represent NSF items up to a predetermined dollar amount prior to returning them to the State (specify).	<input type="checkbox"/>	<input type="checkbox"/>

Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFP.

1. Provide a schematic of the flow of funds from the multiple depository accounts to the master concentration account. Include timelines and method of funds transfer.
2. What types of concentration methods does your banking institution offer? Are comparisons of the various methods available? If so, provide them with the response.

3. Does your banking institution offer concentration services as stand-alone products, or does it require the use of other banking services? If the use of other services is required, list these services and describe their required use.
 4. Describe any special control features that are appropriate for us to consider in selecting a concentration method.
 5. What back-up procedures does your banking institution recommend for the concentration system?
 6. Please describe additional computer-based services including imaging, ad-hoc reporting, and download capability to Excel or Word.
 7. Does the banking institution evaluate individual accounts for determination of overdraft status, or the entire relationship? Describe methodology.
 8. Describe your banking institution's policy on counting cash deposits at the teller line.
 9. Describe your banking institutions ability to do late-day repo investments. Where can the rates be located? What is the cut-off time?
 10. Do you use any third parties for collection services? If so, specify.
 11. Describe your retention schedule for the paper copies of deposit tickets and deposited checks.
 12. Describe available options for transporting deposits from State operations locations that are geographically far away from a branch of your banking institution to a branch. Include either the direct costs associated with such transportation, or the methodology that would be used to determine the cost of transportation.
 13. Provide an overview of remote deposit capture service offerings, details of batch processing options, daily cutoff times, service "up-time" history, and describe your conversion capabilities for current high-volume users of remote deposit capture.
 14. Provide copies of standard business deposit account agreements and signature cards.
- C. CONTROLLED DISBURSEMENT:** For the "Controlled Disbursement Services" outlined in part II section 2.2.1, please provide the following information indicating the banking institutions ability to meet these service requirements:

	<u>YES</u>	<u>NO</u>	<u>EQUIVALENT SERVICE PROVIDED</u>
<u>Mandatory Service Requirements:</u>			
1. Provide full account reconciliation.	[]	[]	
2. Provide electronic bank statements.	[]	[]	
3. Report the check presentments to the State of Vermont by 10 A.M. daily.	[]	[]	
4. The financial institution will transmit files of paid, stopped, or cancelled items on positive pay accounts daily.	[]	[]	
5. Ability to provide variable rules (30, 90, 120 days) for honoring checks from date of issue for specific accounts.	[]	[]	
6. Minimum 2:00 pm ET deadline for reject/approval of positive pay items.	[]	[]	
7. On-line imaging available for positive pay system investigation of suspect checks.	[]	[]	
8. On-line check inquiry and stop payment orders with minimum of overnight processing of stop pays.	[]	[]	
9. On-line ability to retrieve images of paid items.	[]	[]	
10. On-line printing of canceled checks copies.	[]	[]	
11. Supply check stock for all accounts includes in this service group.	[]	[]	
12. Provide an outstanding checklist in check number sequence.	[]	[]	
Optional/Desired Services:			
1. On-line, real-time processing of stop pays (stop authorized at time of entry).	[]	[]	

Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFP.

1. Based on the last business day of the month cut-off, when will the Office of the State Treasurer receive bank statements and the reconciliation?
2. How long will your banking institution keep images and/or microfilm of paid checks?
3. How long does it take to provide a copy of a paid check?
4. Describe your banking institution's approach to controlled disbursement for general expense/payable. Include a flow chart of the process and time frames.
5. Identify the site(s) of controlled disbursement operation for the State of Vermont. Include location and whether it is a branch/operations facility, affiliate, or a correspondent financial institution.
6. For each applicable location, identify date operation began, the number of active customers and volume data. Volume data should include daily clearing (dollars and items) and its percentage of current system total capacity.

7. If the location is an affiliate or correspondent financial institution, what service guarantees are in place? Provide a financial assessment.
8. If the controlled disbursement location is an affiliate or a correspondent financial institution, how does your banking institution guarantee it will be able to pay all State of Vermont checks?
9. Is any part of your controlled disbursement service outsourced to third parties? If so, describe.
10. What is the average length of time required to process checks after presentment?
11. If rejected or damaged checks are cleared after notification, how is the resulting overdraft handled?
12. How are rejected items, including damaged checks, reprocessed? How long does it take?
13. Describe the check presentment process, including the time frames for check presentment and notification to the State of Vermont. Please provide the following check presentment information. Include the following:
 - The time notification is received from the Federal Reserve and clearinghouses.
 - The time of first notification to the State of Vermont.
 - The percentage of daily clearings included in first notification for your banking institution's customers.
 - The time frame for other notifications during the day and your banking institution's percentage of daily clearings associated with these.
14. Explain your banking institution's policy for accepting over-the-counter presentments, including the latest time they will be accepted. How will they be handled for cash management purposes?
15. Explain your banking institution's policy for accepting direct sends, including the latest time they will be accepted. How will they be handled for cash management purposes?
16. Provide the percent of average daily total dollar amount represented by over-the-counter presentments and direct sends.
17. For each time your banking institution has missed the first notification deadline during the past 90 days, please provide the dates, circumstances, and the time frame when notification was subsequently made.
18. In addition to the on-line balance reporting system, what back-up systems are available to report presentments?
 - Fax
 - Telephone
 - Other: _____
19. How are rejected items reported in the notification of total clearings?
20. Provide a complete explanation of your banking institution's requirements for ACH or other next-day funding methods.
21. Provide the locations of each branch that would cash "on us" checks. In the event your banking institution does not have branch capability, provide written agreements that allow checks drawn on your banking institution to be cashed fee free. Provide your financial institution's check cashing policy in detail.
22. What is the maximum daily limit on over-the-counter presentments?
23. Describe additional Information technology services including imaging, ad-hoc reporting and download capability to Excel or Word.

D. ACH

<u>Mandatory Service Requirements:</u>	<u>YES</u>	<u>NO</u>	<u>EQUIVALENT SERVICE PROVIDED</u>
1. Files can be received through electronic transmission.	[]	[]	
2. Magnetic tape or portable media are available as backup for file transfer.	[]	[]	
3. Financial institution must provide processing in multiple fed windows on a daily basis.	[]	[]	
4. Files are authenticated and encrypted.	[]	[]	
5. ACH transmissions accepted in all NACHA approved formats.	[]	[]	
6. The banking institution must provide a daily file transmission, in NACHA format, of all notifications of direct deposit and ACH credit returns and rejections, ACH pre-note rejections, and notifications of change.	[]	[]	
7. Return notifications (Rejections, Notification of Changes) must be made available through on-line PC-based systems.	[]	[]	
8. The direct deposit and EFT calendar is maintained by banking institution.	[]	[]	
9. Banking institution notification if files not sent in conformance with calendar.	[]	[]	
10. Confirmation of all transmissions of direct deposit and EFT files per the instruction.	[]	[]	
11. The ACH system will support the following report options: <ul style="list-style-type: none"> - Individual profiles (individual and financial institution account information) - Individual transactions - Transactions by settlement date - Pre-release transactions - Repetitive items by individual - Settlement report by effective date - End-of-month summary reports 	[]	[]	
- Individual profiles (individual and financial institution account information)	[]	[]	
- Individual transactions	[]	[]	
- Transactions by settlement date	[]	[]	
- Pre-release transactions	[]	[]	
- Repetitive items by individual	[]	[]	
- Settlement report by effective date	[]	[]	
- End-of-month summary reports	[]	[]	
12. In addition to automated transmission, on-line bank system will permit ACH initiation.	[]	[]	
13. On-line reports must be capable of being exported to excel, or other databases.	[]	[]	
14. The banking institution can process ACH debit transactions and interface with The State of Vermont's web-based electronic payment programs.	[]	[]	
15. Security procedures for the transmission and confirmation of ACH files (describe in an attachment).	[]	[]	
16. Back value will take place on all bank-related errors.	[]	[]	
17. Future value dating is available on all direct deposit and EFT transactions (specify maximum).	[]	[]	
18. The financial institution shall remove items drawn on itself from ACH files prior to transmitting files to the ACH network.	[]	[]	

Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFP.

1. Does your financial institution provide acknowledgments when it receives a file transmission? If so, describe the level of detail, the information required, and the reconciliation procedures involved. Is notification of transmission incumbent on the State of Vermont?
2. Describe the financial institution's process for pre-notification.
3. Describe how your financial institution handles returned pre-notifications.
4. Describe how returned money items are handled.
5. Will your financial institution provide any assistance in marketing direct deposit to our employees or EFT to our vendors? If so, describe what your financial institution offers.
6. Does your financial institution provide on-line access to a master database of ABA transit routing codes? If so, describe how this can be accessed, whether there are any limitations on its use and how updates to the database are handled.
7. How can your financial institution help correct ABA transit routing numbers for closed or merged institutions?
8. Describe your financial institution's process for reversing and deleting items.
9. Can your financial institution provide an ACH warehousing capability? If so, indicate the maximum warehousing periods (by ACH transaction type) and how long changes can still be made before release from warehouse status.
10. Please list your fed windows and the time you require the file to be received and balanced in your system.
11. For each of the ACH formats listed below, by what methods can the financial institution deliver remittance information to the customer? Please attach a sample of each type of report you send.

Delivery Method	ACH Format			
	CCD	CCD+	CIE	CTX
Transmission to mainframe				
Transmission to PC				
Transmission to network				
Bank information reporting service				
Tape/cartridge				
Secure Internet delivery				
Disk				
Email				
Fax				
Hard copy report				
Other (Describe)				

12. Are there a maximum number of characters that the financial institution can report in a reference number, e.g., invoicing number, purchase order number, contract number? If yes, how many characters can be reported?
13. Does the financial institution report payment and remittance information to the customer:
 - a. On the day it is received?
 - b. On settlement date?
 - c. On the day following settlement?

E. WIRE TRANSFER

<u>Mandatory Service Requirements:</u>	<u>YES</u>	<u>NO</u>	<u>EQUIVALENT SERVICE PROVIDED</u>
1. The following (domestic U.S.) funds transfer initiation capabilities are available through the on-line system:			
- Automated, repetitive	[]	[]	
- Automated, non-repetitive	[]	[]	
- Manual, repetitive	[]	[]	
- Manual, non-repetitive	[]	[]	
- Drawdown transfers	[]	[]	
- Freeform transfers	[]	[]	
- Internal bank (book) transfers	[]	[]	
All of the above must be available through back-up systems, including:			
- Phone authorization	[]	[]	
- Fax authorization	[]	[]	
- On-line authorization	[]	[]	
2. On-line inquiry on status of wires is available on demand through on-line systems.	[]	[]	
3. All properly executed wires, including intrabank and interbank, will be posted within one hour of receipt.	[]	[]	
4. Wire transfer system reports. Provide samples/outlines of reporting options in an attachment.	[]	[]	
5. Future value dating is available on all wires.	[]	[]	
6. Files are authenticated and encrypted.	[]	[]	
7. Back value will take place on all bank-related errors.	[]	[]	

Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFP.

1. Describe your financial institution's controls to prevent file loss, duplicate transmissions, and acceptance of duplicate returns, and whether these controls differ by type of application.
2. Describe your financial institution's security system in general, indicating any procedures that are required for specific transactions.
3. Does your financial institution operate its own money transfer system or does it operate through a correspondent financial institution or a third-party vendor? Please describe your system, including the interface to Federal Reserve.
4. What are the deadlines associated with each form of wire initiation by type (intradistrict, interdistrict, book, drawdown) and methods?
5. For future value dating, how long can these be established from date of entry?
6. What are the hours of operation of the money transfer division or department? Is there an emergency contact?
7. Describe the steps necessary to establish repetitive and non-repetitive funds transfer, e.g., set up, steps, and notification time.

8. How often does the financial institution update the file for financial institution confirmation and Fedwire reference numbers?
9. Do we have the ability to change, add or delete an item after transmission to your financial institution? If yes, describe the procedures.
10. To what extent is there financial institution personnel direct intervention in wires? Are wires automatically released or is there manual review prior to release? How are we notified of problems? How are we notified of returned items?
11. In the event of an error how are back value adjustments handled?
12. Provide data for the past year showing the amount of downtime for your financial institution's processing system.
13. Describe how you will deal with a wire request after normal hours of operation.

F. OTHER CORE DEPOSITORY AND DISBURSEMENT SERVICES

<u>Mandatory Service Requirements:</u>	<u>YES</u>	<u>NO</u>	EQUIVALENT SERVICE PROVIDED
1. Ability to support a minimum \$50 million daylight overdraft, with \$175 million capacity on certain defined dates annually.	[]	[]	
2. Ability to apply stop payments and voids on the business day on which they are entered by the State.	[]	[]	
3. Entry and reporting of stop payments and voids by State employees via a secure internet application	[]	[]	
4. Items returned as Not Sufficient Funds shall be represented prior to being returned to the State. Only items returned twice or marked "Do Not Represent" or with similar language will be charged back to the State	[]	[]	
5. The financial institution has the ability to pull "on-us" transactions from deposits and payment files and process them internally without sending the items into the collection and payment networks.	[]	[]	
6. A range of overnight and short-term investment options are available to the State for cash management purposes.	[]	[]	
7. Line of credit products are available if needed by the State for short-term funding should the State's cash flow projections indicate a period when disbursements were expected to exceed deposits.	[]	[]	
8. Monthly float analysis reporting is available that is compatible with CMIA reporting requirements.	[]	[]	
9. Collateralization of substantially all State deposits can be provided to the expected level defined above.	[]	[]	

Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFP.

1. Describe the overnight and short-term investment options available to the State.
2. Describe line of credit options available to the State, and the policies and procedures which would be used in relation to a line of credit with the State.

G. INFORMATION SYSTEMS

<u>Mandatory Service Requirements:</u>	<u>YES</u>	<u>NO</u>	EQUIVALENT SERVICE PROVIDED
1. The ability to retrieve on-line data on a secure Internet browser.	[]	[]	
2. Password protected system operating via a modem or secure internet browser that provides:	[]	[]	
- Daily reporting of ledger, collected and available balances in aggregate for all linked accounts and for individual accounts.	[]	[]	
- Account detail for the current month and one-month prior.	[]	[]	
- For the pooled concentration account, daily interaction reporting to linked accounts.	[]	[]	
- Wire transfer initiation and authorization.	[]	[]	
- For controlled disbursement accounts: daily information as to presentments, items paid, stop payments, stop payment removals, manual adjustments to the issuance file, and exception items.	[]	[]	
- Upload/transmission of ACH transactions.	[]	[]	
- State of Vermont originated stop payments of checks.	[]	[]	
3. The MICR encoding on deposit slips will be cross-referenced to the system, which will report this as an identifier on the daily report.	[]	[]	
4. ACH and wire debits and credited must be separated.	[]	[]	
5. Monthly statements of accounts must be available.	[]	[]	
6. Electronic transmission will be used to transmit full reconciliation data on disbursement accounts identified by the Office of the State Treasurer. A hard copy is also required.	[]	[]	
7. All credit deposits that are subjected to a back value will be reported on back value log.	[]	[]	
8. Item tracking system is available on all deposits.	[]	[]	
9. Provide a monthly float and check clearance report.	[]	[]	

Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFP.

1. Describe your information system product, including optional modules. Describe what current and historical information is kept in the system and what transactions can be implemented through this system.
2. Provide a sample copy of a concentration account and other related reports. Indicate which reports are accessible on-line. Data on presentation and method of calculation of cash balances and cash position should be included.
3. How long is information maintained? Is the full history accessible on-line? If not, describe the procedures for accessing the information.
4. Will the postings from controlled disbursement accounts and other accounts linked to the main account be accessible through a detailed report of the main account, or must we access each account separately? Provide a sample or describe the level of detail available in both cases.

5. Provide your financial institution's minimum and recommended hardware and software requirements.
6. Describe the system security alternatives your financial institution offers, including what passwords, authentication and/or encryption techniques are available, and how sophisticated and flexible they are. Include any appropriate comparisons.
7. Describe your financial institution's security measures and their performance in comparison to industry benchmarks.
8. Describe financial institution's contingency plans for cases where your system is inaccessible on-line. Also indicate the number of occasions and amount of system downtime over the past year.
9. Describe the procedures for adding, modifying or eliminating a reporting (collection) location.
10. Where are master file and transaction information maintained? How can this information be accessed?
11. Are there different controls for repetitive, non-repetitive and freeform wire transfers? If so, describe them.
12. Can an ACH concentration be changed after it has been reported but before it has been cleared? If so, describe the procedures, including deadlines, liabilities (for changes) and other limitations.
13. Are there specific times during the business day or during the month when wire transfers are more likely to be delayed?
14. Describe how returned items for checks and ACH transactions are handled. How and when will we be notified about returned items?
15. Do you offer on-line access to returned items, including images of the front and back of checks? If so, describe the service. Include cost data in the sealed dollar cost bid under optional services.
16. Are there dollar limits on any concentration transactions? If so, describe these limits.
17. Can we establish controlled disbursement accounts that can be tied to our main concentration account? Are there any limitations on the type, e.g., depository account vs. disbursement account? Describe any limitations.

4.3.3 Service Group 2, Lockbox services

This service group will be analyzed separately from the other component banking services. Failure to propose on this item will not exclude the financial institution/vendor from consideration for other component services. Lockbox services may be awarded separately although integration with the other component banking services will be considered a factor in making the selection. Please see Attachment D for the pricing forms.

The Cost Proposal must be submitted under separate cover in a separate sealed envelope. Failure to meet this requirement will result in disqualification of the bid.

A. PROPOSAL SUBMISSION

1. Does the financial institution/vendor wish to submit a proposal for lockbox services?
Yes _____ No _____
2. If the response directly above is yes, please continue with the lockbox questionnaire and include the applicable attachment in the sealed cost proposal. If the response is no, please continue with Section 4.3.4 Merchant Card Processing Services.
3. Attach three (3) references that use this or a similar service. If a bid is submitted for multiple components, references can be combined where multiple services are provided.

For the following Mandatory Services, please indicate availability by your financial institution/vendor by marking the appropriate column. If “Equivalent Service Provided” column is marked, please provide a narrative explanation. Individual Lockbox requirements can be found in Attachment B.

<u>Mandatory Service Requirements:</u>	<u>YES</u>	<u>NO</u>	<u>EQUIVALENT SERVICE PROVIDED</u>
1. Provide both wholesale and retail lockbox services that can be customized to meet State needs.	[]	[]	
2. Data from all payments must be captured by either a combination of OCR and manual entry, EFT, or entirely by manual entry.	[]	[]	
3. Process all receipts and documents received within twenty-four hours of mail pick-up.	[]	[]	
4. Make mail pick-ups daily prior to 8 A.M.	[]	[]	
5. Make multiple daily mail pickups if required	[]	[]	
6. Unique post office box numbers will be established for all accounts as requested by the State.	[]	[]	
7. Accommodate specific priority processing instructions issued by the State based on types of processing and dollar amounts.	[]	[]	
8. Must have the ability to accommodate both scan-line and barcode technology.	[]	[]	
9. Batches will not consist of more than 100 transactions validated in numerical order from 00 through 99. Batches will be limited to types of items per instructions provided by the State.	[]	[]	
9. Receipts can be transmitted to the State by the following methods: <ul style="list-style-type: none"> - Internal Book Transfer - Fedwire - ACH - Zero balance concentration 	[]	[]	
10. A validation tracking number must be assigned to all checks and supporting documentation to provide a full audit trail.	[]	[]	
11. All checks and money orders must be restrictively endorsed and microfilmed or imaged.	[]	[]	
12. Balance all batches.	[]	[]	
13. A daily deposit cycle will commence at 6:00 A.M. and close at 6:00 P.M. of the next business day, unless otherwise instructed. All work presented during that time will be considered the work of the date closing.	[]	[]	
14. On the last day of the fiscal year, cut-off can be amended so that receipts received through the end of that day can be segregated from other receipts for the cycle.	[]	[]	

15. Office of the State Treasurer and other participating agencies and departments must receive the total funds collected, one and two-day float by 9 A.M. each day. The selected financial institution/vendor must implement an on-line network to provide the following information daily:		
- Dollar amount deposited	<input type="checkbox"/>	<input type="checkbox"/>
- Dollar amount to be transferred	<input type="checkbox"/>	<input type="checkbox"/>
- Account number(s) to which credit was applied	<input type="checkbox"/>	<input type="checkbox"/>
- Number of deposit transactions	<input type="checkbox"/>	<input type="checkbox"/>
16. Good funds will be determined, at a minimum, based on the Federal Reserve availability schedule.	<input type="checkbox"/>	<input type="checkbox"/>
17. Good funds will be transferred daily.	<input type="checkbox"/>	<input type="checkbox"/>
18. Checks returned for Not Sufficient Funds will be re-deposited by the financial institution/vendor prior to being returned to the State.	<input type="checkbox"/>	<input type="checkbox"/>
19. Provide a detailed disaster recovery plan.	<input type="checkbox"/>	<input type="checkbox"/>
20. Provide an analysis of each depository account monthly, with a copy delivered to the contract manager and the State Treasurer.	<input type="checkbox"/>	<input type="checkbox"/>
21. The facility at which the lockbox items will be processed is a secure facility, meaning secure and limited access	<input type="checkbox"/>	<input type="checkbox"/>

Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFP.

GENERAL

1. How long has your financial institution/vendor been providing wholesale and retail lockbox services?
2. Are processing facilities owned, managed or operated by a third party? If so, where is the lockbox facility located? What provisions are made to guarantee service quality and continuance? What is the physical address of the primary facility at which State of Vermont lockbox items would be processed?
3. For both retail and wholesale lockbox operations (list separately), list the average monthly volumes for the last twelve months, i.e., items, dollars, number of lockboxes, number of customers.
4. How does the current level of service relate to your overall capacity?
5. Provide a flow chart and narrative to describe your proposed method of lockbox processing from receipt of mail at the lockbox through assignment of availability. Include a description of each key task/function, the provider of the service (financial institution or third party), cutoff times, the associated time frames for completion, and security over each step of the process. State specific variances to general financial institution processes must be outlined here.
6. List the type and quantity of equipment to be used for lockbox processing for the State. This listing should be comprehensive and include specific equipment used for opening, extraction, sorting, data capture, MICR encoding, endorsement, microfilming (if used), remittance processing, and data transmission.

7. If the same equipment is used for other clients, both wholesale and retail processing, how is the work prioritized?
8. List your peak processing periods and describe the method of accommodating these volume fluctuations.
9. For each site and work shift, provide the number of proposed full- and part-time employees to be involved in the following lockbox functions in operations servicing State accounts. This may be submitted as an attached schedule.
 - Supervision
 - Processing
 - Customer Service
 - Support (mailroom, proof/encoding, computer operations, and other clerical tasks)
10. What are the average years of experience of staff assigned to lockbox operations and the average turnover percentage for supervisory, processing, customer service and support staff?
11. Describe your company's service offerings related to optical character recognition, scan-line processing, character amount recognition, and legal amount recognition, and describe how these service offerings would be applied to lockbox processing for the State of Vermont.
12. List all holidays, inactive weekend hours, or any other days and times when receipts will not be processed. Describe how these will impact funds availability.
13. Describe your lockbox customer service support function, including the number of accounts each representative handles and the average turnaround time on inquiries.
14. Is there a specific service representative assigned to each account?
15. Are there standard turnaround times for customer service requests? If so, specify for specific tasks (i.e., check photocopies, fax copies, lockbox transmission). Does the financial institution/vendor measure its performance against these standards? Specify results.
16. List the key quality and quantity control measures or techniques used to monitor and evaluate processing. Describe error control procedures that are employed.
17. Describe what differentiates your lockbox services from other lockbox service providers. How do you plan to keep this product line current and competitive?
18. Do you participate in the Bank Administration Institute's Cash Management Quality Forum? If so, please provide your report on primary quality indicators (error rates) for the past year. Also, include any additional error reports or service quality measures you provide to your lockbox customers. If your financial institution does not participate in the quality forum, please provide service quality reports using other benchmarks.
19. Will an audit trail be printed as a cross-reference on each check and remittance document?
20. Describe your contingency plans for equipment, power or other failures that could affect lockbox services or information reporting of lockbox data.
21. What is the anticipated lead-time necessary to bring the State on as a new customer? What is the required lead-time for changes in processing requirements?
22. Do you outsource any of the services requested in this RFP? If yes, please discuss.
23. Describe the process that would be used to communicate and manage any significant change in service, e.g., a change in primary lockbox processing site or changes to coupons or statement rendering, during the term of a contract with the State of Vermont.

24. Provide three to five references and contact information, preferably within our industry or with comparable processing needs, which are currently using your lockbox services. Select a mix of long-standing and new customers and indicate how long they have been customers.
25. The Office of the State Treasurer is open to new ways to conduct business. If you have an innovative way to provide the services requested, please include your proposal in a separate presentation. Please note you must bid on the specifications outlined in this section.

PROPOSED SERVICES

Based on the proposing financial institution's/vendor's review of Attachment B, please provide an overview of your proposed plan and arrangements to complete the scope of work. This plan should include any recommended alternatives or approaches to meeting service needs. The ability to respond to this question and analyze the delivery of these services and provide recommendations is considered essential to the provision of lockbox services.

DISASTER RECOVERY AND BACK-UP

Provide any additional information specific to lockbox system disaster recovery and back-up that is not already included in the financial institution/vendor's answers to the general response section above.

POSTAL SERVICES

1. Which post office or substations will you use to provide services? What is the proximity to the lockbox operation site?
2. Do you offer 5- or 9-digit unique zip codes?
3. Is your zip code included in the first sort at the post office?
4. Do you or the post offices perform the fine sort by box number?
5. If you perform the fine sort, describe the equipment used and its capability (e.g., can it read bar codes?).
6. How long does it take from mail pick-up at the post office to delivery at the lockbox department?
7. Does your personnel or contract courier pick up mail? Describe any contractual requirements with a third party that could impact the State's processing.
8. List your post office processing hours for each day of the week.
9. List your post office pick up schedule for each day of the week.

LOCKBOX PROCESSING

1. What are the scheduled deposit times and, for each, indicate estimated percent of daily mail received and percent of daily deposit completed?
2. Describe how checks that are received after our deposit cutoff time will be handled.
3. What is the average processing time (from receipt time at lockbox to point of deposit) for a lockbox item?
4. Do you guarantee that all checks will be processed within a specific time after they are received at the financial institution/vendor? If so, what is the maximum time you guarantee and what

- happens if you fail to meet the deadline? If not, please provide an estimate of how long processing should take.
5. List all barcode types that can be accommodated.
 6. Where are checks MICR encoded?
 7. How is availability assigned? Is it done on an item-by-item basis? Is a “float factor” used? Describe in detail.
 8. Will our checks be assigned availability continuously as they are released for collection, or will assignment be made periodically on a batch basis during the day?
 9. Provide a copy of the availability schedule that will be used for our account.
 10. How frequently will your financial institution/vendor update our availability schedule? What factors are used to analyze this?
 11. Can you provide an availability end-point analysis on a periodic basis? If so, explain how this report can be obtained. Any charges for such a report should be included in an attachment of the sealed dollar cost bid as an optional service.
 12. Provide the number of drawee financial institution/vendors in the geographic area serviced by our lockbox for which we will receive immediate availability on weekdays.
 13. Provide the number of direct sends in the geographic area served by our lockbox that will be made on normal weekdays:
 - Direct sends to: Number/day
 - Correspondent banks
 - Federal Reserve Bank
 - Regional Check Process Centers (RCPCs)
 - High dollar group sorts

IMAGING

1. Do you offer image enabled lockbox processing services, e.g., image lift, image capture? If so, describe available service and pricing options.
2. Do you offer remote lockbox services? If so, describe available service and pricing options.
3. How long have you been offering imaging services?
4. How many customers use your imaging services? If your financial institution/vendor uses image processing, provide the image retention period for customer service purposes.
5. Do you include accompanying documents as part of the imaged file, or only copies of the checks?
6. Is CD/DVD technology available for storage of data? How is it accessible? What indices are used?
7. Describe the financial institution/vendor’s process for ensuring that all checks and documents are imaged and that the images are readable, i.e., clear, straight, not overlapping.
8. Describe the security measures in place to prevent unauthorized access to physical or electronic copies of checks and other lockbox documents.
9. For what period of time are images available online?

LOCKBOX INFORMATION REPORTING

1. What mechanisms are available to transfer funds from a lockbox depository account to the State’s concentration account? Please specify any financial institution/vendor internal requirements? What are the time frames associated with transmission.
2. At what time of day are DDA balances available?
3. Can you combine multiple deposits into one daily ledger credit and provide separate information as to the amount and time of each deposit?
4. List the electronic payment formats your lockbox can accept, along with the timing of ledger credit and the transfer of payment information to us.
5. Describe any special or priority processing services you offer for key customers.
6. Do you separate ledger credits and related information for remittances processed on weekends and holidays?
7. Can your financial institution/vendor's system accommodate multiple batch numbers for different types of processing (e.g., paid-as-billed, paid differently, etc.)?
8. How are out-of-balance problems detected and corrected?
9. Is an audit trail maintained for all processed items linking them to output reports? What documentation or audit trail is provided for corrections made by the operator?
10. Will copies of remittance documents and back-up information processed by the lockbox be available to the State the next day? How will this be accomplished?
11. Describe any plans you have for modifying your lockbox services, such as acquiring new hardware, over the next year. How will these impact the State?

4.3.4 Service Group 3, Merchant Card Processing Services

1. General Information

1. Does the financial institution wish to submit a proposal for merchant services?
Yes _____ No _____
2. If the response directly above is yes, please continue with the merchant services questionnaire and include the applicable attachment in the sealed cost proposal. If the response is no, please continue with Section 4.4
3. Include three (3) references that use this or a similar service. If a bid is submitted for multiple components, references can be combined where multiple services are provided.

For the following Mandatory Services, please indicate availability by your financial institution/vendor by marking the appropriate column. If “Equivalent Service Provided” column is marked, please provide a narrative explanation.

<u>Mandatory Service Requirements:</u>	<u>YES</u>	<u>NO</u>	<u>EQUIVALENT SERVICE PROVIDED</u>
1. Process MasterCard, VISA, Discover and American Express Transactions.	[]	[]	
2. Process Debit Card Transactions.	[]	[]	

3. Process transactions through settlement networks such that the State receives credit within 48 hours after the payment and credit records are sent.	<input type="checkbox"/>	<input type="checkbox"/>
4. Provide sufficient information on deposit credits to allow the State to identify which department or agency location is receiving the credit.	<input type="checkbox"/>	<input type="checkbox"/>
5. Periodic reporting can be provided according to the requirements defined above.	<input type="checkbox"/>	<input type="checkbox"/>
6. Establish separate merchant numbers and terminal ID numbers for each agency and location accepting credit and debit card payments to allow the Office of the State Treasurer to identify each location processing transactions.	<input type="checkbox"/>	<input type="checkbox"/>
7. Provide training to State personnel for payment acceptance, processing, retrievals, PCI/DSS, etc.	<input type="checkbox"/>	<input type="checkbox"/>
8. Provide support for the development and implementation of new applications and new agencies accepting card payments.	<input type="checkbox"/>	<input type="checkbox"/>
9. Provide a dedicate account manager, and dedicated customer service personnel	<input type="checkbox"/>	<input type="checkbox"/>
10. Accept data transmission via dial-up modem	<input type="checkbox"/>	<input type="checkbox"/>
Additional Optional Services		
1. Provide alternatives for departments with high dollar average transactions where card processing fees may make credit/debit card payment cost prohibitive.	<input type="checkbox"/>	<input type="checkbox"/>
2. Provide development, implementation, training, and support, for internet based card processing applications as requested by State departments.	<input type="checkbox"/>	<input type="checkbox"/>

Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFP.

1. List all payment networks with which you currently interface for merchant card processing, and the technical requirements instituted by each network for communications interface. The bidder should be prepared to complete technical specifications for all communications protocols for each payment network on request.

4.4 Bidder's Proposal PART III – To Be Completed by all Bidders - Technical Approach

This part of the bidder's proposal shall address the following:

- *Section 1* – Proposed Value-Added Options – The State will consider any option proposed by the bidder as a value-added option that will substantially reduce costs and improve efficiency of operations. This Section is optional (but desirable) in the bidder's proposal.
- *Section 2* – Assumptions and Exceptions – Identification of all assumptions that the bidder made in preparing its proposal as well as any exceptions that the bidder takes with regard to the requirements expressed in the RFP. This section must contain a list of **all** assumptions and exceptions, with a cross-reference to the specific section of the RFP to which the assumption or exception applies.

4.5 Bidder's Proposal PART IV – Bidder References

The bidder shall provide a minimum of «Bidder__references» references. At least two must be for public sector clients. For each reference, the bidder must include the name, address, e-mail address, and telephone numbers of individuals qualified to provide information from both the management and technical viewpoints. For each reference, the bidder must specify:

- The length of time during which services were performed;
- A description of the specific services provided;
- Project statistics such as size of funds, number of investment types, number of indices, etc.

4.6 Bidder's Proposal PART V – Cost (Submit as instructed below)

The bidder must provide an all inclusive cost proposal; see Attachment D – Questions/Pricing Forms for Each Component. The bidder must include any fees, charges or ancillary costs which would be charged to the State that are not listed in Attachment D.

NOTE: This part of the proposal must be bound separately and sealed in an envelope separate from the technical proposal, and must be labeled “Cost Proposal.” Cost information is NOT to be provided in any other part of the bidder’s proposal.

5 BIDDER EVALUATION AND SELECTION CRITERIA

5.1 Bidder Evaluation

The Office of the State Treasurer will conduct a fair and impartial evaluation of the proposals received in response to this RFP.

Fees and compensation will be an important factor in the evaluation of responses. The Office of the State Treasurer is not required to select the low-cost bidder, but may select the bid that demonstrates the “best value” overall, including proposed alternatives, and that meets the objectives of this RFP. The Office of the State Treasurer reserves the right to negotiate a change in any element of contract performance or cost identified in the RFP.

Evaluation of Proposals
<ul style="list-style-type: none">• Financial Strength and Capacity of the Bidder• Availability of Core and Optional Services• Information Systems• Quality Assurance Indicators• Best Value/Cost to the State

Financial Strength shall be measured based on financial reports submitted and analyses to be completed by Office of the State Treasurer staff based on data provided in these reports, as well as bank ratings.

Availability of Core Services will include an assessment of services to be provided, time schedules, and reporting options. Certain required services are mandatory, as noted. Failure to provide these or an equivalent substitute that meet the State of Vermont’s needs will result in a determination of disqualification and failure to proceed to the next step of review. Scoring of these services will pay particular attention to the integration of the required services into an effective banking services relationship for the State.

Availability of Optional Services will include an assessment of services to be provided, time schedules and reporting options. These services include items that, if not provided, would not result in disqualification, but are of interest to the State. These include any services detailed by the bidder in the “Proposed Value-Added Options” section that will substantially reduce costs, and improve efficiency of operations. These services may or may not be specifically referenced in this RFP document.

Quality Control will include: a) an assessment of the financial institution’s disaster recovery/business continuity plans and contingencies and past performances in either real or test environments; b) an assessment of industry standards including but not limited to BAI benchmarks and quality measures; and c) an assessment of the current auditor’s report of internal control.

CRA and Community Services will include a review of CRA ratings and other community service data provided by the prospective bidder.

Best Value will be evaluated across all service categories on a unit basis-using fee for services subsequent projection of monthly service costs. These will be combined with float factors (collection and disbursement), earnings on interest-bearing demand accounts and sweep accounts, FDIC charges, and the earnings credit rate. These cost factors will be evaluated in concert with the provision of services and the stated objectives of the

RFP to evaluate proposals in terms of best value. Please note that your cost response must include both an unbundled and a bundled price for each service requested. Cost proposals must be separately sealed.

The Office of the State Treasurer reserves the right to seek clarification of any proposal submitted, request oral presentations, and select the proposal considered to best promote the public interest.

Note: Cost proposals will be opened and reviewed only for those bids that meet the established minimum technical thresholds.

The State of Vermont is conscious of and concerned about collusion. It should therefore be understood by all that in signing the bid and contract documents they agree that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitive company.

ATTACHMENT A – STANDARD CONTRACT PROVISIONS

1. **Parties.** This is a contract for services between the State of Vermont, _____ (hereafter called “State”), and _____, with ___ principal place of business in _____, (hereafter called Contractor”). Contractor’s form of business organization is _____. It is the contractor’s responsibility to contact the Vermont Department of Taxes to determine if, by law, the contractor is required to have a Vermont Department of Taxes Business Account Number.

2. **Subject Matter.** The subject matter of this contract is services generally on the subject of _____. Detailed services to be provided by the contractor are described in Attachment A.

3. **Maximum Amount.** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$_____.00.

4. **Contract Term.** The period of contractor’s performance shall begin on _____, 20__ and end on _____, 20__.

5. **Prior Approvals.** If approval by the Attorney General’s Office or the Secretary of Administration is required (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.

- Approval by the Attorney General’s Office /is/is not/ required.
- Approval by the Secretary of Administration /is/is not/ required.
- Approval by the CIO/Commissioner DII /is/is not/ required.

6. **Amendment.** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.

7. **Cancellation.** This contract may be canceled by either party by giving written notice at least _____ days in advance.

8. **Attachments.** This contract consists of ___ pages including the following attachments which are incorporated herein:

Attachment A – Specifications of Work to be Performed

Attachment B – Payment Provisions

Attachment C – “Standard State Contract Provisions,” a preprinted form (revision date 12/5/2008),

Attachment D – Other Contract Provisions

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS CONTRACT.

by the **STATE OF VERMONT:**

by the **CONTRACTOR:**

Date: _____

Date: _____

Signature: _____

Signature: _____

Name: _____

Name: _____

Agency: _____

Title: _____

**Attachment A:
Specifications of Work to Be Performed**

To be entered by the State.

**Attachment B:
Payment Provisions**

To be entered by the State.

**Attachment C:
Standard State Contract Provisions
FOR CONTRACTS AND GRANTS**

- 1. Entire Agreement:** This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
- 2. Applicable Law:** This Agreement will be governed by the laws of the State of Vermont.
- 3. Definitions:** For purposes of this Attachment, "Party" shall mean the Contractor, Grantee, or Subrecipient with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement.
- 4. Appropriations:** If this Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Agreement,

the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority. In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and in the event federal funds become unavailable or reduced, the State may suspend or cancel this Grant immediately, and the State shall have no obligation to pay Subrecipient from State revenues.

- 5. No Employee Benefits For Party:** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers' compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
- 6. Independence, Liability:** The Party will act in an independent capacity and not as officers or employees of the State.

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party.

- 7. Insurance:** Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the state through the term of the Agreement. No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

Workers' Compensation: With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations
Products and Completed Operations
Personal Injury Liability
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence
\$1,000,000 General Aggregate
\$1,000,000 Products/Completed Operations Aggregate
\$ 50,000 Fire/Legal/Liability

Errors and Omissions: Bidders for each section of this RFP must carry errors and omissions insurance on a per occurrence basis. Minimum coverage amounts shall be :

- Service Group I, Core Depository/Banking Services – \$5,000,000.00 per occurrence minimum, subject to higher available maximums.
- Service group 2, Lockbox Services - \$1,000,000.00 per occurrence minimum, subject to higher available maximums.
- Service group 3, Merchant Services - \$1,000,000.00 per occurrence minimum, subject to higher available maximums.

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

Automotive Liability: The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than \$1,000,000 combined single limit.

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

- 8. Reliance by the State on Representations:** All payments by the State under this Agreement will be made in reliance upon the accuracy of all prior representations by the Party, including but not limited to bills, invoices, progress reports and other proofs of work.
- 9. Requirement to Have a Single Audit:** In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and if this Subrecipient expends \$500,000 or more in federal assistance during its fiscal year, the Subrecipient is required to have a single audit conducted in accordance with the Single Audit Act, except when it elects to have a program specific audit.

The Subrecipient may elect to have a program specific audit if it expends funds under only one federal program and the federal program's laws, regulating or grant agreements do not require a financial statement audit of the Party.

Subrecipient is exempt if the Party expends less than \$500,000 in total federal assistance in one year.

The Subrecipient will complete the Certification of Audit Requirement annually within 45 days after its fiscal year end. If a single audit is required, the subrecipient will submit a copy of the audit report to the primary pass-through Party and any other pass-through Party that requests it within 9 months. If a single audit is not required, the Subrecipient will submit the Schedule of Federal Expenditures within 45 days. These forms will be mailed to the Subrecipient by the Department of Finance and Management near the end of its fiscal year. These forms are also available on the Finance & Management Web page at: <http://finance.vermont.gov/forms>

- 10. Records Available for Audit:** The Party will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the Agreement and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Agreement.
- 11. Fair Employment Practices and Americans with Disabilities Act:** Party agrees to comply with the requirement of Title 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement. Party further agrees to include this provision in all subcontracts.
- 12. Set Off:** The State may set off any sums that the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.
- 13. Taxes Due to the State:**
 - a. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.

- b. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
 - c. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
 - d. Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.
- 14. Child Support:** (Applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date the Agreement is signed, he/she:
- a. is not under any obligation to pay child support; or
 - b. is under such an obligation and is in good standing with respect to that obligation; or
 - c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.
- Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.
- 15. Sub-Agreements:** Party shall not assign, subcontract or subgrant the performance of his Agreement or any portion thereof to any other Party without the prior written approval of the State. Party also agrees to include all subcontract or subgrant agreements and a tax certification in accordance with paragraph 11 above.
- 16. No Gifts or Gratuities:** Party shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.
- 17. Copies:** All written reports prepared under this Agreement will be printed using both sides of the paper.
- 18. Certification Regarding Debarment:** Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs or programs supported in whole or in part by federal funds.

Attachment E: Other Provisions

Confidentiality: Sometimes agencies have legitimate needs to protect confidential information. The RFP can require contractors to maintain confidentiality, although the contract ultimately should duplicate this requirement. Conversely, bidders sometimes want to know how the State will treat the bidder's proprietary information. The RFP should state whether such information will be returned or retained by the agency.

Identity of workers: The Contractor will assign the following individuals [list individuals] to the services to be performed under the provisions of this contract, and these individuals shall be considered essential to performance. Should any of the individuals become unavailable during the period of performance, the State shall have the right to approve any proposed successors, or, at its option, to cancel the remainder of the contract.

Individually identifying information: Contractor must not use or disclose any individually identifying information that pursuant to this contract is disclosed by the State to the contractor, created by the contractor on behalf of the State, or used by the contractor for any purpose other than to complete the work specifications of this contract unless such use or disclosure is required by law, or when contractor obtains permission in writing from the State to use or disclose the information and this written permission is in accordance with federal and state law.

Legal services: Contractor will be providing legal services under this contract. Contractor agrees that during the term of the contract he or she will not represent anyone in a matter, proceeding, or lawsuit against the State of Vermont or any of its agencies or instrumentalities. After termination of this contract, contractor also agrees that he or she will not represent anyone in a matter, proceeding, or lawsuit substantially related to this contract.

Owner's protective liability insurance: The contractor shall carry liability insurance protecting the State and the contractor from all claims because of bodily injury or death and property damage arising out of the work performed under the contract. The liability insurance shall be in an amount not less than \$1,000,000 and a certificate of insurance shall be furnished to the State before commencement of work. **Comment:** *Owner's Protective Liability Insurance should be utilized when a contractor's business involves work at multiple job sites (not necessarily all for the State) and it is unclear whether the contractor would have adequate insurance coverage in the event of multiple occurrences at different sites. For example, contracts with large construction companies should include such a clause.*

Professional liability insurance: Before commencing work on this contract and throughout the term of this contract, contractor shall procure and maintain professional liability insurance for any and all services performed under this contract, with minimum coverage of \$[insert amount] per occurrence. **Comment:** *Professionals with whom the State contracts, such as lawyers, architects, engineers, and health care providers, must be required to maintain professional liability insurance in sufficient amounts to protect the State's interest from the consequences of negligence. The Director of Risk Management will determine the minimum amount appropriate for different classes of professionals.*

Prior approval/review of releases: Any notices, information pamphlets, press releases, research reports, or similar other publications prepared and released in written or oral form by the contractor under this contract shall be approved/reviewed by the State prior to release. **Comment:** *All material published in connection with activities performed under State contract should be reviewed and approved by the*

appropriate official before release. When academic freedom becomes an issue, agency review but not agency approval may be appropriate.

Progress reports: The contractor shall submit progress reports to the State according to the following schedule. [*insert schedule*] Each report shall describe the status of the contractor's performance since the preceding report and the progress expected to be made in the next successive period. Each report shall describe contractor activities by reference to the work specifications contained in Attachment A of this contract and shall include a statement of work hours expended, expenses incurred, bills submitted, and payments made. **Comment:** *This clause may be used either in Attachment A (Specifications of Work to be Performed) or here. It provides information for interim evaluation of the contractor's work and assists in detecting difficulties that may lead to necessary modification or cancellation of the contract. If payments are to be conditioned on receipt of progress reports, this should be clearly set forth in Attachment B: Payment Provisions.*

Work product ownership: Upon full payment by the State, all products of the contractor's work, including outlines, reports, charts, sketches, drawings, art work, plans, photographs, specifications, estimates, computer programs, or similar documents, become the sole property of the State of Vermont and may not be copyrighted or resold by contractor.

ATTACHMENT B – LOCKBOX DETAILS

Agency Lockbox Summary Data and Specific Requirements

Department of Motor Vehicles (DMV)				
Purpose	Currently Retail or Wholesale	Category	Average Daily Volume FY2010	FY2009 Volume
Mail-in registrations and renewals for automobiles, commercial vehicles, snow mobiles, and watercraft	Retail	Items processed	1,229	379,663

Documentation Required:

1. End of day processing summary and revenue received reports. These reports are required for financial reporting and audit purposes. These reports may be delivered electronically.
2. Correspondence received with the lockbox item, and the lockbox item received with the coupon.
3. Listing of items which cannot be processed, for validation of items forwarded to the State.

Turnaround Time:

The timely and accurate processing of all incoming documents and payments is of the utmost importance and will be a factor for assessing vendor performance during the term of the contract. The selected vendor should be aware that the turnaround time of these items will be monitored and that turnaround time will be an important component of performance audits conducted during the term of the contract.

Processing time from receipt to successful completion shall be same day for 100% of the payment processing items.

Processing time from receipt to successful completion of data entry updating of customer records shall be same day unless otherwise agreed by the department and the selected contractor.

Bar Coded Envelopes:

Bar coded envelopes are not currently used for this lockbox.

Optical Character Recognition (OCR):

OCR and or CAR/LAR technology is used in the processing of the coupons.

Electronic Transmission:

Data is captured from the coupons and compiled in a fixed length data file containing a header record and detail records. This file will be transmitted via a secure electronic method agreed upon by the department and the selected vendor. These files are currently delivered using a secure messaging feature of the vendor's secure online services application.

Statement Rendering:

N/A for this lockbox.

Special Handling Requirements:

- For items which cannot be processed according to the processing rules, the envelope and all contents shall be set aside and delivered to the department daily by courier.
- During FY2009 approximately 14 thousand coupons were manually processed for data entry.

Processing Instructions / Notes:

- Serialized deposit tickets are used for processing deposits to the State's depository accounts to facilitate reconciliation/research. During FY2009 one deposit was processed for this lockbox each business day, with approximately 334 thousand checks processed through this lockbox.
- In June or July of some years the fee amounts received may change due to fee changes passed during the legislative session. The lockbox system must be updated and be able to handle the previous and current amounts during the timeframe when fees change.
- The Department of Motor Vehicles is implementing a new motor vehicle information system referred to as VT Drives. DMV and the selected bidder will develop an interface to VT Drives to transfer data related to transactions processed by the lockbox to allow records to be updated electronically and required output documents to be printed. Files relating to revenue collected by defined category, processed transactions and exception transactions are also required. In addition, images of the registration applications and checks must be transferred in the required format so that they can be merged with DMV's imaging system. Detailed specifications outlining the input files and reports that must be provided, and the image file format, are available upon request.

Agency Lockbox Summary Data and Specific Requirements

Department for Children and Families (DCF)				
Purpose	Currently Retail or Wholesale	Category	Average Daily Volume FY2010	FY2009 Volume
Payments for State sponsored healthcare programs	Retail	Items Processed	1,337	307,621

Documentation Required:

1. End of day processing summary and revenue received reports. These reports are required for financial reporting and audit purposes. These reports may be delivered electronically.
2. Correspondence received with the lockbox item, and the lockbox item received with the coupon
3. Listing of items which cannot be processed, for validation of items forwarded to the State

Turnaround Time:

The timely and accurate processing of all incoming documents and payments is of the utmost importance and will be a factor for assessing vendor performance during the term of the contract. The selected vendor should be aware that the turnaround time of these items will be monitored and that turnaround time will be an important component of performance audits conducted during the term of the contract.

Processing time from receipt to successful completion shall be same day for 100% of the payment processing items.

Processing time from receipt to successful completion of data entry updating of customer records shall be same day unless otherwise agreed by the department and the selected contractor.

Bar Coded Envelopes:

Bar coded envelopes are used for this lockbox

Optical Character Recognition (OCR):

OCR and or CAR/LAR technology is used in the processing of the coupons.

Electronic Transmission:

Data is captured from the coupons and compiled in a fixed length data file containing a header record and detail records. This file will be transmitted to the department via a secure electronic method agreed upon by the department and the selected vendor. These files are currently delivered using a secure messaging feature of the vendor's secure online services application.

Statement Rendering:

The lockbox vendor will print coupons for this lockbox, render statements, and post the mail for this lockbox. During FY2009 approximately 428 thousand statements were produced.

Special Handling Requirements:

- For items which cannot be processed according to the processing rules, the envelopes and all contents shall be set aside and delivered to the department daily by courier.
- During FY2009 approximately 4.3 thousand items were manually processed for data entry.
- The State's primary bank of record accepts payment of these lockbox coupons at its Vermont branches.

Processing Instructions / Notes:

- Serialized deposit tickets are used for processing deposits to the State's primary depository accounts, to facilitate reconciliation/research. During FY2009 one deposit was processed for this lockbox each business day, with approximately 307 thousand checks processed through this lockbox.
- In years the amounts received may change due to statutory changes passed during the legislative session. The lockbox system must be updated and be able to handle the previous and current amounts during the timeframe when fees change.

Agency Lockbox Summary Data and Specific Requirements

Office of Child Support (OCS)				
Purpose	Currently Retail or Wholesale	Category	Average Daily Volume FY2010	FY2009 Volume
Payments for child support from non-custodial parents either via employers (payroll deduction) or directly from non-custodial parents	Retail	Items processed	865	260,570

Documentation Required:

1. End of day processing summary and revenue received reports. These reports are required for financial reporting and audit purposes. These reports may be delivered electronically.
2. Correspondence received with the lockbox item, and the lockbox item received with the coupon.
3. Listing of items which cannot be processed, for validation of items forwarded to the State.

Turnaround Time:

The timely and accurate processing of all incoming documents and payments is of the utmost importance and will be a factor for assessing vendor performance during the term of the contract. The selected vendor should be aware that the turnaround time of these items will be monitored and that turnaround time will be an important component of performance audits conducted during the term of the contract.

Processing time from receipt to successful completion shall be same day for 100% of the payment processing items.

Processing time from receipt to successful completion of data entry updating of customer records shall be same day unless otherwise agreed by the department and the selected contractor.

Bar Coded Envelopes:

Bar coded envelopes are used for this lockbox

Optical Character Recognition (OCR):

OCR and or CAR/LAR technology is used in the processing of the coupons.

Electronic Transmission:

Data is captured from the coupons and compiled in a fixed length data file containing a header record, detail records, and a trailer record. This file will be transmitted via a secure electronic method agreed upon by the department and the selected vendor.

Statement Rendering:

There are two coupon formats for this lockbox; one for direct remittance by a non-custodial parent, and one for remittance by an employer for payroll deduction. The lockbox vendor will print coupons for this lockbox, render statements and post the outgoing mail for this lockbox. During FY2009 approximately 346 thousand coupons were generated, and 238 thousand statements were rendered.

Special Handling Requirements:

- For items which cannot be processed according to the processing rules, the envelopes and all contents shall be set aside and delivered to the Department daily by courier.
- During FY2009 approximately 10.4 thousand items were manually processed for data entry.

Processing Instructions / Notes:

- Remittances may contain multiple coupons and one payment of the total amounts.
- Serialized deposit tickets are used for processing the deposits to the State's primary depository account, to facilitate reconciliation/research. During FY2009 one deposit was processed for this lockbox each business day, with approximately 152 thousand checks processed through this lockbox.
- Images of coupons, deposit tickets, and deposited items are delivered to the department monthly on CD/DVD ROM.

Agency Lockbox Summary Data and Specific Requirements

Retirement systems – State Teachers’, Municipal DB Plan and Municipal DC Plan				
Purpose	Currently Retail or Wholesale	Category	Average Daily Volume FY2010	FY2009 Volume
Payments to the State’s retiree funds	Retail	Items processed	43	10,665

Documentation Required:

1. End of day processing summary and revenue received reports for each system listed above. These reports are required for financial reporting and audit purposes. These reports may be delivered electronically.
2. Correspondence received with the lockbox item, and the lockbox item received with the coupon.
3. Listing of items which cannot be processed, for validation of items forwarded to the State.

Turnaround Time:

The timely and accurate processing of all incoming documents and payments is of the utmost importance and will be a factor for assessing vendor performance during the term of the contract. The selected vendor should be aware that the turnaround time of these items will be monitored and that turnaround time will be an important component of performance audits conducted during the term of the contract.

Processing time from receipt to successful completion shall be same day for 100% of the payment processing items.

Processing time from receipt to successful completion of data entry updating of customer records shall be same day unless otherwise agreed by the department and the selected contractor.

Bar Coded Envelopes:

Bar coded envelopes are not currently used for this lockbox

Electronic Transmission:

Data is captured from the coupons and compiled in fixed length a data file for each system, based on the coupon format for that system. The coupons are similar, however each contains unique information. The data files contain detail records. This file will be transmitted via a secure electronic method agreed upon by the department and the selected vendor.

Statement Rendering

N/A for this lockbox.

Special Handling Requirements:

- For items which cannot be processed according to the processing rules, the envelopes and all contents shall be set aside and delivered to the department daily by courier.
- During FY2009 approximately 555 items were manually processed for data entry.

Processing Instructions / Notes:

- There are currently three separate lockboxes, one for each retirement system as listed above.
- Remitters of Municipal DC coupons have the option to pay by direct deposit and so some remittances for this system contain only a coupon.
- Processed coupons and a deposit summary are delivered to the department daily.
- Serialized deposit tickets are used for processing the deposits to the State's primary depository account, to facilitate reconciliation/research. During FY2009 one deposit was processed for each system each business day, with approximately 12 thousand checks processed through these lockboxes.
- Images of coupons, deposit tickets, and deposited items are delivered to the department monthly on CD/DVD ROM.

Agency Lockbox Summary Data and Specific Requirements

Department of Corrections – Probation and Parole				
Purpose	Currently Retail or Wholesale	Category	Average Daily Volume FY2010	FY2009 Volume
Payments made in association with probation and parole conditions. http://doc.vermont.gov/custody-supervision/offender-payment-coupon/view , and payments to inmate commissary accounts.	Wholesale, manual spreadsheet	Items Processed		

Documentation Required:

1. End of day processing summary (manually prepared) and revenue received reports. These reports are required for financial reporting and audit purposes. These reports may be delivered electronically.
2. Correspondence received with the lockbox item, and the lockbox item received with the coupon.
3. Listing of items which cannot be processed, for validation of items forwarded to the State.

Turnaround Time:

The timely and accurate processing of all incoming documents and payments is of the utmost importance and will be a factor for assessing vendor performance during the term of the contract. The selected vendor should be aware that the turnaround time of these items will be monitored and that turnaround time will be an important component of performance audits conducted during the term of the contract.

Processing time from receipt to successful completion shall be same day for 100% of the payment processing items.

Processing time from receipt to successful completion of data entry updating of customer records shall be same day unless otherwise agreed by the department and the selected contractor.

Bar Coded Envelopes:

Bar coded envelopes are not currently used for this lockbox

Electronic Transmission:

Yes, the remittance data is captured in an Excel spreadsheet, which is transmitted to the department daily via secure electronic delivery.

Statement Rendering:

N/A for this lockbox.

Special Handling Requirements:

- For items which cannot be processed according to the processing rules, the envelopes and all contents shall be set aside and delivered to the department daily by courier.
- For FY2009 approximately three hundred items required extra manual processing

Processing Instructions / Notes:

- There are currently two separate lockboxes operated by the Department of Corrections, as listed above
- Copies of processed coupons and a deposit summary are delivered to the department daily.
- Serialized deposit tickets are used for processing the deposits to the State's primary depository account, to facilitate reconciliation/research. During FY2009 one deposit was processed for each system each business day, with approximately 10 thousand checks processed through these lockboxes.

Agency Lockbox Summary Data and Specific Requirements

Office of Vermont Health Access – Supplemental Rebate				
Purpose	Currently Retail or Wholesale	Category	Average Daily Volume FY2010	Estimated FY2010 Volume
Payments from drug manufacturers for rebates on medications purchased by Medicaid recipients / funded through SOV	Wholesale, manual spreadsheet	Items Processed	1	260

Documentation Required:

1. End of day processing summary and revenue received reports. These reports are required for financial reporting and audit purposes. These reports may be delivered electronically.
2. Correspondence received with the lockbox item, and the lockbox item received with the coupon.
3. Listing of items which cannot be processed, for validation of items forwarded to the State.

Turnaround Time:

The timely and accurate processing of all incoming documents and payments is of the utmost importance and will be a factor for assessing vendor performance during the term of the contract. The selected vendor should be aware that the turnaround time of these items will be monitored and that turnaround time will be an important component of performance audits conducted during the term of the contract.

Processing time from receipt to successful completion shall be same day for 100% of the payment processing items.

Processing time from receipt to successful completion of data entry updating of customer records shall be same day unless otherwise agreed by the department and the selected contractor.

Bar Coded Envelopes:

Bar coded envelopes are not currently used for this lockbox

Optical Character Recognition (OCR):

N/A for this lockbox.

Electronic Transmission:

Yes, the remittance data is captured in an Excel spreadsheet, which is transmitted to the department daily via secure electronic delivery.

Statement Rendering

N/A for this lockbox

Special Handling Requirements:

- For items which cannot be processed according to the processing rules, the envelopes and all contents shall be set aside and delivered to the department daily by courier.
- Manual data entry is completed for the remittances.

Processing Instructions / Notes:

- Serialized deposit tickets when deposits made to SOV account to facilitate reconciliation/research.
- Payments received via Postage-Paid envelopes.

ATTACHMENT C – FILE FORMATS

C.1 – Daily and aggregate monthly cleared check files.

The successful bidder shall provide to the State a file of checks cleared daily for each checking account set up with positive pay. The successful bidder shall also provide a monthly aggregate file of this data for each such account. These files shall contain records which include the account number, check serial number, amount, check cleared date, and a transaction code. These files shall be produced in a fixed length text file format in a record sequence established by the State. These files will be delivered to the State via a secure electronic method agreed upon by both parties.

C.2. – Positive pay issuance files

The State will produce positive pay issue/void files daily for each checking account set up with positive pay. These files are fixed length text files, which contain a header record, issue records for each item issued, and void records for voided items. These files will be delivered to the successful bidder by the State via a secure electronic method agreed upon by both parties.

C.3. – Daily summary and detail information files

The successful bidder shall provide to the State a daily summary and activity information files in the BAI2 format. This file will contain information for the State's core banking accounts, including all checking accounts set up with positive pay. This file contains summary and detail information

Note: Files will be delivered via a secure electronic method agreed upon by both parties. A contingency procedure for delivering the files manually shall be developed and implemented as close to the contract date as possible.

ATTACHMENT D – PRICING MATRIX

To obtain this section in Word format [\(click here\)](#)

NOTE: See section 4.6 Bidder's Proposal PART V – Cost for submission requirements and additional instructions related to the Cost Proposal.

Questions/Pricing Forms for Each Component

D.1. Core Depository, Controlled Disbursement, and Electronic Payment Services

D.2. Lockbox Services

D.3. Merchant Card Processing Services

A. The following pricing questions only have to be answered once if you are bidding for more than one part of this RFP. However, if the response is not the same for both or all parts, please specify.

The volumes on D1 and D2 are to be used as a guideline. Declining volumes of checks issued and lockbox payments processed are expected as the use of EFT's and web based payment processing is expanded in the State of Vermont payments processes.

1. Can the State of Vermont compensate your financial institution for services by explicit fees, compensating collected balances or a combination of the two? Describe any limitations or policies related to compensation methods.
2. What is your financial institution's compensation horizon for fee compensation? How frequently must any undercompensation be resolved? How regularly must full compensation be made? Does this also apply to fee-balance combinations?
3. If compensating balances are used: how long can excess balances be rolled over to be used for future compensation? Does this also apply to fee-balance combinations?
4. If charges are paid by explicit fees, describe how fee payments are made, including acceptable payment methods and timing.
5. Provide the formula for conversion of fee for service charges to balance requirements for compensation. What was the earnings credit rate used in preparing the compensating balance estimate for the proposal? Note that the compensating balance formula should use an average daily ledger balance without further adjustment for float. If another, methodology is used, or float factored in to arrive at a tiered earnings credit (see below), please show adjustments for float/funds availability.
6. How is your financial institution's monthly earnings credit rate derived? If tiered, please state the structure? If an adjustment is made for "Required Reserve Balances", state the rate. Provide historical rates for the past year.
7. If the service charge used in the calculations are different for fee for service and balance compensation, please explain.
8. Does your financial institution charge for daily ledger and/or collected balance overdrafts if the average ledger and/or collected balance in the account for the month is positive? If so, what rate is used?
9. Describe how your financial institution would calculate charges related to cash overdraft positions.

10. How long will your financial institution guarantee the prices shown in the proposal? Describe historical pricing levels, annual price changes and any other aspects of your financial institution's pricing policies that are applicable to this proposal.
11. If the State of Vermont were to pay by compensating balances instead of fees, would per unit cost be different? If yes, please explain.

B. Positive Pay Accounts – Yearly Check Volume

AGENCY/ACCOUNT	FY 2010 ESTIMATED VOLUME
Vendor	200,000
Payroll	5,200
Office of Child Support	170,000
Dept for Children and Families	65,000
Tax Refund	11,000
Municipal Employees Retirement DBP	2,500
State Employees Retirement DBP	3,300
Teachers Retirement DBP	3,000
Totals	460,000

**D.1. Core Depository and Electronic Payment Services
Pro-forma Pricing Matrix
Based on Estimated 2010 Monthly Volume**

	Estimated Monthly	Unit	Total
Services	Volume	Price	Price
Core Depository:			
Demand Account Maintenance			
Sweep Account Maintenance			
Negative Ledger Fee – Occurrence			
Electronic and Other Debits			
Electronic and Other Credits			
Deposits Made	2,103		
Checks Deposited – Remote Capture	51,804		
Checks Deposited – Non-Local	225,880		
Return Item Redeposit	200		
Return Deposit Item Buyback			
Incoming Fedwire Transfer	37		
Outgoing Fedwire Transfer – Freeform	6		
Outgoing Fedwire – Phone Initiated			
Outgoing Fedwire – Manual – Repetitive	64		
Wire – Book Transfer			
Incoming Wire Mail Advice	1		
Drawdown Request Initiation			
Controlled Disbursement:			
Controlled Disbursement Funding Account			
Controlled Disbursement Maintenance			
Positive Pay Bank Match Maintenance	Based on checks issued		
Checks Paid – Controlled Disbursement			
Refer to yearly volumes			
Stop Payments	106		
Reconciliation Processing – Full	Based on checks issued		
CD-ROM Reports			
• CD Maintenance Charge			

**D.1. Core Depository and Electronic Payment Services Continued
Pro-forma Pricing Matrix
Based on Estimated 2010 Monthly Volume**

	Estimated Monthly	Unit	Total
Services	Volume	Price	Price
• CD Image Archive – Paid Checks	Based on Checks Issued		
• CD Long-term Image Archive	Based on Checks Issued		
Check Image Archive by Bank – Short Term			
Check Image Archive by Bank – Long Term			
On-line Check Inquiry – History			
Six Month Paid Item Report	Based on Checks Paid		
CD Microfilm	Based on Checks Paid		
CD Blip Microfilm	Based on Checks Paid		
CD Data Transmission	Based on Checks Issued		
Electronic Payments:			
ACH Monthly Maintenance			
ACH File Transmission			
ACH Item Originated	74,741		
ACH Originated – Debit Transactions	23,698		
ACH Originated – Credit Transactions	4,267		
ACH Deletion Items – Manuel Request			
ACH Reversal Manual			
ACH Transaction Reports			
ACH FTP TRNS	72		
ACH Returned Items – Posted to Account	208		
ACH Notification of Change	91		

Detail any additional costs associated with the core depository and electronic payment services requested in this RFP.

**D.2. Lockbox Services
Pro-forma Pricing Matrix
Based on 2009 Average Monthly Volume**

Lockbox	Volume	Unit Price	Total Price*
Department of Motor Vehicles			
Currently Wholesale or Retail	Retail		
Estimated Monthly Check Volume	27,813		
Estimated Monthly Deposits	21		
Estimated Monthly ACH Debits	0		
Number of Records/Forms Returned to the Agency	multiple pages		
Copies of Checks	exception basis only		
Other	Forms delivered by courier		
Other			
Office of Vermont Health Access			
Lockbox 1	Currently Wholesale or Retail	Wholesale	
Estimated Monthly Check Volume	15		
Estimated Monthly Deposits	13		
Estimated Monthly ACH Debits	0		
Number of Records/Forms Returned to the Agency	30		
Photo Copy			
Regular Item Processing	15		
Other			
Department of Public Safety			
Currently Wholesale or Retail	Wholesale		
Estimated Monthly Check Volume	821		
Estimated Monthly Deposits	21		
Estimated Monthly ACH Debits	0		
Number of Records/Forms Returned to the Agency	1,657		
Copies of Checks	0		
Other			
Other			
Department for Children & Families – Vermont Health Access			
Currently Wholesale or Retail	Retail		
Estimated Monthly Check Volume	25,572		
Estimated Monthly Coupons Processed	25,635		
Estimated Monthly Deposits	21		
Estimated Monthly ACH Debits			
Number of Records/Forms Returned to the Agency	Items Imaged		
Copies of Checks			
Other (Coupon and envelope printing)	35,650		
Other(Statement rendering and mailing)	35,650		

Office of Child Support				
Currently Wholesale or Retail	Retail			
Estimated Monthly Check Volume	12,648			
Estimated Monthly Coupons Processed	20,847			
Estimated Monthly Deposits	21			
Estimated Monthly ACH Debits	0			
Number of Records/Forms Returned to the Agency	Items Imaged			
Copies of Checks				
Other (Coupon and envelope printing)	28,822			
Other(Statement rendering and mailing)	19,845			
Office of the State Treasurer - Retirement Services Division				
Currently Wholesale or Retail	Retail			
Estimated Monthly Check Volume	970			
Estimated Monthly Deposits	62			
Estimated Monthly ACH Debits	0			
Number of Records/Coupons Processed	843			
Copies of Checks	Exception basis only			
Other	Manual entry as required			
Other				

*If a volume is not provided, please provide the unit price.

**Documentation to be returned incorporates multiple pages.

NOTE: If the proposing financial institution/vendor is recommending a change in lockbox type (wholesale vs. retail) and this will result in a change in price, please specify in a separate spreadsheet using the above format.

Detail any additional costs associated with the lockbox services requested in this RFP.

**D.3. Merchant Card Processing Services
Pro-forma Pricing Matrix**

This portion of the Pricing Matrix is meant to allow vendors to address all costs of merchant card processing services. Please ensure that all costs associated with providing merchant card processing services as described in this RFP are included. Any fees not fully documented in the proposal will not be allowed during the course of the contract.

The state is seeking responses that recognize the unique nature of government transactions, i.e. lower fraud risk, need for lower transaction costs, etc. The state is seeking responses that recognize volume discounts for all agencies based on total volume for the state as a whole. Also, the state is seeking pricing parity between those agencies with low average dollar transaction and those with high average dollar transactions. Please comment on your ability to accomplish this requirement.

Service	Unit	Price per Unit
Monthly service charge / Maintenance; specify terms for monthly charge, e.g. per agency, per merchant ID, etc.		
Transaction fees (Other than interchange):		
Processor transaction fees		
Acquirer fees		
Settlement institution fees		
Other (Specify)		
Authorization fees:		
Discover/Novus		
American Express		
Debit card transaction fees		
Reporting Fees; specify terms, i.e. prices are per month, per report, etc.		
Daily reporting		
Monthly reporting		
Annual reporting		
Data file		
Monthly report for State Treasurer		
Software		
Other (Specify)		
Help desk; specify terms		
Transaction authorization & processing software for personal computer application (Specify)		
Hardware:		
Terminals (Specify equipment)		
Printers (Specify equipment)		
Pin/Pad (Specify equipment)		
Terminal/Printer (Specify equipment)		
Keyboard swipe (Specify equipment)		
Other (Specify equipment)		
Other (Specify equipment)		
Lease/rental equipment for pilot projects: (Specify)		
Equipment maintenance/repair		

Continued on next page

Detail discounts available if transaction volumes or average ticket amounts reach specified levels.

Detail any additional costs associated with the merchant card services requested in this RFP.

ATTACHMENT E – STATE OF VERMONT LOCATIONS

Following is a listing of Vermont municipalities, followed by the county in which the municipality is located, in which the State of Vermont has office space or other operations:

Barre, Washington	Hyde Park, Lamoille	Rutland, Rutland
Bennington, Bennington	Mendon, Rutland	South Burlington, Chittenden
Bellows Falls, Windham	Middlebury, Addison	Springfield, Windsor
Berlin, Washington	Middlesex, Washington	Saint Albans, Franklin
Bomoseen, Rutland	Montpelier, Washington	Saint Johnsbury, Caledonia
Bradford, Orange	Moretown, Washington	South Shaftsbury, Bennington
Brandon, Rutland	Morrisville, Lamoille	Vergennes, Addison
Brattleboro, Windham	Newport, Orleans	Waterbury, Washington
Burlington, Chittenden	New Haven, Addison	Weathersfield, Windsor
Chelsea, Orange	North Hero, Grand Isle	West Brattleboro, Windham
Colchester, Chittenden	Orleans, Orleans	White River Junction, Windsor
Derby, Orleans	Pittsford, Rutland	Wilder, Windsor
Duxbury, Washington	Randolph, Orange	Williston, Chittenden
Essex, Chittenden	Rockingham, Windham	Windsor, Windsor
Essex Junction, Chittenden	Royalton, Windsor	Winooski, Chittenden

Following is a listing of Vermont municipalities, followed by the county in which the municipality is located, in which there are Vermont state parks:

Addison, Addison	Hubbardton, Rutland	Rutland, Rutland
Alburl, Grand Isle	Island Pond, Essex	Saint Albans Bay, Franklin
Ascutney, Windsor	Jamaica, Windham	Salisbury, Addison
Barton, Orleans	Killington, Rutland	Shaftsbury, Bennington
Charlotte, Chittenden	Elmore, Lamoille	Springfield, Windsor
Colchester, Chittenden	Londonderry, Windham	Stowe, Lamoille
East Dorset, Bennington	Ludlow, Windsor	Townsend, Windham
Enosburg Falls, Franklin	Marshfield, Washington	Underhill, Chittenden
Fair Haven, Rutland	Milton, Chittenden	Vergennes, Addison
Ferrisburgh, Addison	Morrisville, Lamoille	Waterbury, Washington
Grand Isle, Grand Isle	North Hero, Grand Isle	White River Junction, Windsor
Groton, Caledonia	Plymouth, Windsor	Wilmington, Windham
Guildhall, Essex	Poultney, Rutland	Windsor, Windsor
Guilford, Windham	Randolph, Orange	Woodford, Bennington

- End RFP -