



**Scott Fitzpatrick  
Missouri State Treasurer**

**REQUEST FOR PROPOSALS**

**CHECK DISBURSEMENT SERVICES**

**REQUIRED BY**

**OFFICE OF THE TREASURER**

**STATE OF MISSOURI**

Submit Proposals to:  
Scott Fitzpatrick, State Treasurer  
Truman Building, Suite 780  
301 West High Street  
Post Office Box 210  
Jefferson City, MO 65102  
(573) 751-2411

## CONTENTS

	Page
I. INTRODUCTION	
A. Purpose of RFP	4
B. Bidders Conference	4
C. Submission Instruction	4
D. Award and Implementation	5
E. Bid Evaluation and Selection Criteria	5
F. Anticipated Timetable	6
II. SCOPE OF SERVICES	
A. Overview	7
B. Mandatory Requirements	10
C. Specific Questions for Bidders	24
III. GENERAL INFORMATION AND CONTRACT PROVISIONS	
A. Contractual Agreement and Amendment	39
B. Contract Period, Default, Cancellation or Termination	40
C. Liability and Responsibility	42
D. Records, Access and Confidentiality	42
E. Compliance with Applicable Laws	44
F. Assumption of Liability, Insurance and Indemnification	46
G. Proposal Acceptance or Rejection	47
H. Proposal Preparation Costs	47
I. Implementation and Conversion Costs	47
J. Replacement Equipment and Training	47
K. Substitution of Personnel	48
L. Review of Services	48
M. Assignment	48
N. Jurisdiction	48
O. Conflict of Interest	48
P. Estimated Volumes	49
Q. Collateral	49

IV. COMPENSATION	
A. Method of Compensation	50
B. Price Adjustments	50
C. Change in Method of Compensation	51
V. PROPOSAL CONTENTS AND SELECTION	
A. General Considerations	52
B. Format and Submission of Proposal	54
C. Clarification of Requirements	56
D. Evaluation Process	56
E. Pricing	57
F. Proposed Method of Performance	58
G. Community Investment	58
VI. GLOSSARY OF TERMS	59
VII. APPENDICES	
A. Flowcharts for Funding and Information Flows	
B. Significant Activity Indicators	
C. Check Disbursement File Formats	
D. File Transmission Information	
E. Disbursement File Confirmation Report	
F. Example Outstanding Reconciliation	
G. Examples of Advice of Credit	
H. Pricing Tables	
I. Sample Depository Contract, Pledge Agreement, and Contract for Check Disbursement Services	
J. Community Investment Questionnaire	
K. Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization	

## I. INTRODUCTION

### A. PURPOSE OF RFP

The Missouri State Treasurer's Office (STO) is accepting written proposals from financial institutions to serve as the check disbursements processor for the State of Missouri (State). The STO maintains and oversees a number of demand accounts against which various series of checks are drawn. The purpose of this Request for Proposal (RFP) is to select one financial institution to provide disbursement services for a four- (4) year period commencing July 1, 2019, and ending June 30, 2023. This RFP covers only those service needs associated with the disbursement of funds by check. Funds disbursed electronically are covered by a separate contract currently held by Central Bank.

### B. BIDDERS CONFERENCE

The STO will hold a mandatory bidders' conference at 1:00 p.m., January 28, 2019 in Room 750 of the Truman State Office Building located at 301 West High Street, Jefferson City, Missouri. Each bidder must have a representative in attendance at the bidders' conference. **No proposals will be accepted from a bidder who does not attend this conference.**

Bidders are encouraged to submit questions in writing in advance of the bidders' conference. Such questions should be e-mailed to the State Treasurer's Office at [storfp@treasurer.mo.gov](mailto:storfp@treasurer.mo.gov).

### C. SUBMISSION INSTRUCTIONS

Proposals must be completed, signed and returned (in the volumes required and with all necessary attachments) to the STO (Truman State Office Building, Suite 780, Jefferson City, Missouri) **by 11:00 a.m. Central Standard Time, February 15, 2019.** The response must include five (5) copies of Volume I in addition to the original document containing Volumes I and II. *Responses must be in paper form and delivered directly to the STO by the deadline date and time.* (Neither faxed copies nor electronic submissions of proposals will be accepted.) In addition, included with the original copy of the response, bidders shall provide an electronic copy of the proposal sections as required in section V.B., Format and Submission of Proposal, on CD-ROM or flash drive. (If any discrepancies occur between the paper copy and the electronic copy, the paper copy will prevail.)

Each proposal must include the following:

Volume I:

- ◆ Cover or transmittal letter including the signature of the bank officer responsible for the proposal (must be an officer with authority to bind the bidder to the described services)
- ◆ Eligibility Certification (see section V.A.6)
- ◆ Clear, unambiguous, documented acceptance of the mandatory requirements or an alternative solution to provide the requirements (see section II.B.)
- ◆ Answers to the specific questions posed to the bidders by the STO (see section II.C.)
- ◆ Disaster Recovery (see Section II.C.18.).
- ◆ Community Investment (see section V.G. and **Appendix J**)
- ◆ Desired Contracts and Agreements (see item II.C.21.c.)
- ◆ Completed applicable portions of the Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization (see section III.E.6 and **Appendix K**)

Volume II:

- ◆ Completed Pricing Tables (see **Appendix H**).
- ◆ Other supplemental pricing information if needed

#### **D. AWARD AND IMPLEMENTATION**

The STO expects to award this contract within sixty (60) days of the proposal due date. Proposals must include an implementation schedule (see Section II.C.21). The Contractor must be prepared to assume responsibility for state check disbursement services effective July 1, 2019. The STO will work with the Contractor as necessary to complete implementation in a timely manner.

#### **E. BID EVALUATION AND SELECTION CRITERIA**

The award of a contract resulting from this RFP shall be based in accordance with the evaluation criteria stated below:

<b>Price</b>	<b>50%</b>
<b>Proposed Method of Performance</b>	<b>20%</b>
<b>Experience, Quality and Reliability</b>	<b>25%</b>
<b>Community Investment</b>	<b>5%</b>

The STO reserves the right to reject any and all proposals submitted by bidders. Award of this contract will be given to the bidder whose overall capabilities will best serve the needs as described in accordance with this RFP.

## **F. ANTICIPATED TIMETABLE**

Release RFP	January 18, 2019
Bidders Conference	January 28, 2019
Last Date to Submit Questions	February 8, 2019
Proposals Due	February 15, 2019
Presentations by Selected Bidders	February 27, 2019
Evaluation Committee Recommendation	March 15, 2019
Contractor Selection	April 8, 2019

## II. SCOPE OF SERVICES

### A. OVERVIEW

The Missouri State Treasurer's Office (STO) currently maintains three (3) demand accounts against which various series of checks are drawn. Two (2) accounts requested are controlled disbursement accounts and one (1) is a general disbursement account. All disbursement accounts utilize payee positive pay on checks issued and on-line stop payment capability. A separate demand account is maintained through which all funding for check clearings is processed.

Flowcharts for funding and information are provided in **Appendix A**. Activity indicators on each account are provided in **Appendix B**. State check volumes are decreasing an average of three percent (3%) annually; however Lottery check volumes continue to grow.

Check issuance files created by the State, as well as files produced by the Contractor for delivery to the State are transmitted via secure FTP. The formats for check issuance files are provided in **Appendix C**. See **Appendix D** for file transmission information.

On-line access to account balances and transaction information via the Internet is required for all Contractor established demand deposit accounts (DDAs) covered by the Contract. The STO also requires the ability to perform on-line transfers between accounts. Final clearing information on the General Disbursement and DSS Disbursement accounts must be reported to the STO no later than **9:00 a.m., CST** each morning for investment purposes.

*In 1997, the STO secured its own transit routing number, which has been implemented for the receipt of ACH transactions, but not for disbursements by check. The STO will consider implementing this transit/routing number for checks during this contract if a compelling reason is presented to the STO and the STO is assured that using the transit routing number on checks will not interfere or conflict with its use for ACH transactions. At this time, the STO does not intend to utilize its transit routing number on state issued checks.*

As noted in Section IV.A., Method of Compensation, end of day account balances shall not be assessed charges for reserve requirements, FDIC insurance premiums, or any similar balance related charges. End of day collected balances in the accounts shall be included in determining the compensating balance to which earnings credits are applied.

The STO does not prefund check issuance transactions. The STO plans to initiate a wire transfer from the State's custodial Contractor or the electronic banking services Contractor each day to fund the anticipated check clearings for that day. Settlement of the funding wire transfer is anticipated to occur between 11:00 a.m. and 12:00 p.m. each day. Please see the flowchart in **Appendix A** showing funds flow for the STO.

The following are descriptions of the accounts currently in use:

## 1. GENERAL DISBURSEMENT ACCOUNT

This is the state's primary checking account on which seven (7) types of checks are written: state vendor payments (A series), sales tax refunds (B series), corporate income tax refunds (C series), withholding tax refunds (D series), individual tax refunds (F series), miscellaneous tax refunds (G series), and state payroll (P series). In addition, motor fuel tax refunds (E series) checks will be written by the Department of Revenue beginning in 2020.

These check series are prepared at the Office of Administration's (OA) State Data Center (SDC). The payments originate in OA's Division of Accounting (A and P series) or the Department of Revenue's (DOR) Division of Taxation (B, C, D, E, F, and G series). (Note: E series is not currently active.)

Each originating agency generates check issuance files on a daily basis for the above check series. Check issuance files are processed by the STO and select data fields are passed on to the Contractor. The Contractor receives the files electronically from the STO (see **Appendix C** for file formats and **Appendix D** for transmission information) and utilizes the data to create and maintain an outstanding checks file.

The Contractor provides the STO with the following items daily: paid check files; complete file of outstanding checks; summary totals of outstanding checks grouped by month of issuance; a reconciliation of the beginning outstanding to the ending outstanding balance; a file of all stop payments placed as well as released on the Contractor's positive pay system; and images of paid checks.

This is a controlled disbursement account with payee positive pay and seven (7) active check series issued (A, B, C, D, F, G and P). (Numeric equivalents of the check series are provided to the Contractor after award.)

This account will zero balance transfer to the Disbursement Consolidation Account daily. (The consolidation account retains the compensating balances left with the Contractor and is the primary account into which funds are electronically transferred to cover daily clearings. Funds to cover clearings in the other accounts are transferred from the consolidation account to the other accounts by STO staff.)

*Note: If the check disbursement contractor maintains any other STO banking service areas, account funding will be consolidated through internal account transfers, or zero balance account (ZBA) transfers, prior to any wire transfers being initiated.*

## 2. DEPARTMENT OF SOCIAL SERVICES DISBURSEMENT ACCOUNT

This account was established to handle and account for payments made by the Department of Social Services (DSS). By statute, the department has the authority to prepare its own payments for certain types of benefits. Payments are funded by the issuance of a covering warrant written against the state's General Disbursement Account or originated from the state's Electronic Disbursement Account (maintained under a separate contract).

Four (4) series of checks are written from this account (J, K, L, and M) for programs such as Medicaid, Temporary Assistance for Needy Families (TANF), Children's Services, Child Support, Energy Assistance, Nursing Care and General Relief. These check series are prepared daily at the OA State Data Center, and the payments originate in the appropriate division of the DSS.

Check issuance files for DSS program payments are prepared by DSS daily. Check issuance files are processed by the STO and select data fields are passed on to the Contractor. The Contractor receives the files electronically from the STO (see **Appendix C** for file formats and **Appendix D** for transmission information) and utilizes the data to create and maintain an outstanding checks file.

The Contractor provides the STO with the following items daily: paid check files; complete file of outstanding checks; summary totals of outstanding checks grouped by month of issuance; a reconciliation of the beginning outstanding to the ending outstanding balance; a file of all stop payments placed as well as released on the Contractor's positive pay system; and images of paid checks.

This is a controlled disbursement account with payee positive pay and four (4) check series issued (J, K, L, and M). (Numeric equivalents of the check series are provided to the Contractor after award.)

Funds to cover daily clearings will be transferred by the STO into this account from the Disbursement Consolidation Account.

### **3. LOTTERY IMPREST PRIZE ACCOUNT**

This account was established by the STO to facilitate the payment of Lottery Prizes. By statute, the Lottery Commission is authorized to issue checks against an account maintained by the State Treasurer.

Checks are issued daily by the Missouri Lottery, both as scheduled processing, and on demand to pay prizewinners.

Check issuance files are prepared at the Lottery daily. The checks produced on demand for prize winners are transmitted throughout the day as single or small multiple item files. These files are passed to the Contractor electronically (see **Appendix C** for file formats

and **Appendix D** for transmission information), and are utilized to create and maintain an outstanding checks file.

The Contractor provides the Lottery with the following items daily: paid check files; summary totals of outstanding checks grouped by month of issuance; a reconciliation of the beginning outstanding to the ending outstanding balance; and a file of all stop payments placed and released on the Contractor's positive pay system. Monthly, a complete list of outstanding checks and images of paid checks are provided electronically.

This is a general disbursement account with payee positive pay and one (1) check series issued.

This account is funded by the Lottery as checks are written by electronic fund transfers from the State and wire transfers from other Lotteries.

#### **4. STO DISBURSEMENT CONSOLIDATION ACCOUNT**

This account serves to consolidate all STO activity at the Contractor, serves as the master account for accounts specified to zero balance transfer, and serves as the holding account for the compensating balance maintained by the STO.

Daily, the STO plans to fund by wire transfer the amount of clearings reported on the General Disbursement account and the DSS Disbursement account.

General Disbursement account clearings will zero balance transfer into this account.

Funding for the DSS Disbursement Account will be transferred from this account by STO staff as needed.

#### **Additional Agencies**

All services, functions, equipment and other materials and actions required of the Bank under this Contract with the STO may be utilized by other agencies and offices of Missouri state government upon the election of such other agency or office, and upon precisely the same terms, conditions, and prices secured by the STO through this Contract.

#### **B. MANDATORY REQUIREMENTS**

**ALL OF THE FOLLOWING ITEMS MUST BE INITIALED BY THE BANK OFFICER SIGNING THE BID indicating the bidder's acceptance to perform the mandatory requirements as stated. However, a bidder may asterisk an item (\*) and document an alternative solution to the requirement. If such an alternative solution**

**is as cost effective and meets the same needs as the current system, the bidder will be considered to have accepted the mandatory requirement.**

**Failure to comply in the above manner may be cause for rejection of the bidder's proposal.**

1. Eligibility Requirements – all bidders must attest to the following:
  - \_\_\_\_\_ a. The bidder is either a federal government or state government chartered banking institution.
  - \_\_\_\_\_ b. The bidder has a depository facility in the State of Missouri (not an ATM).
  - \_\_\_\_\_ c. The bidder is a federally insured banking institution.
  - \_\_\_\_\_ d. The bidder complies with Federal Regulation guidelines indicating bidder is well capitalized.
  - \_\_\_\_\_ e. The bidder has a Community Reinvestment Act (CRA) rating of “satisfactory” or better for the most recent examination conducted.
  - \_\_\_\_\_ f. The bidder has sufficient equity capital to hold the compensating balances required by the bidder’s proposal. *Note: Total balances on deposit with a Contractor may not exceed the Contractor’s equity capital.*
  - \_\_\_\_\_ g. The bidder understands and acknowledges that a successful bidder must have an IDC rating of 165 or better to qualify as a Contractor for this service. Should the Contractor’s rating fall below 125 during the contract period, the contract may be terminated and offered to the next highest scoring qualified bidder.
  
2. Establishment of Bank Accounts and Routing Number Requirements
  - \_\_\_\_\_ a. The Contractor shall establish two (2) separate disbursement accounts with payee positive pay against which the State may issue checks:
    - General Disbursement Account
    - DSS Disbursement Account

Additional processing details and account requirements are described in Section II.A., Overview of Current Services.
  - \_\_\_\_\_ b. The Contractor shall establish one general disbursement account with payee positive pay against which the Lottery may issue checks:

- Lottery Imprest Prize Account

Additional processing details and account requirements are described in Section II.A., Overview of Current Services.

\_\_\_\_\_ c. The Contractor shall establish one (1) demand deposit account which the STO shall utilize to consolidate activity. Should the Contractor maintain other accounts for the STO, this account may be designated as the master account for zero balance transfers from other STO accounts or an existing account with the contractor may be utilized in lieu of establishing the account.

Note: Of the accounts established under this contract, only the General Disbursements Account may automatically transfer to this account. Transfers to and from the DSS Disbursement account will be processed manually by STO.

- STO Disbursement Consolidation Account

\_\_\_\_\_ d. The Contractor shall establish, as requested by the STO, additional bank accounts for check disbursement purposes in accordance with the requirements of this RFP using the fee schedule provided in Volume II of the contractor's proposal. (Note: If the processing requirements of any additional accounts vary significantly from those described in this RFP or the resulting contract and any subsequent amendments, an additional fee schedule may be negotiated.)

\_\_\_\_\_ e. The Contractor shall provide the Lottery with the ability to make check deposits into the Lottery Prize account. The Lottery anticipates the receipt of less than five (5) checks per year.

\_\_\_\_\_ f. The Contractor shall provide the Lottery with recommended check cashing locations to which prizewinners will be referred by Lottery staff when checks are issued in the four area offices. The prizewinners must be able to cash their checks at these locations if they meet the identification procedures used by the locations for cashing checks.

*Note: If a prize check exceeds \$5,000, the Contractor may provide the prizewinner with \$5,000 in cash and the excess in a Cashier's or Certified check.*

\_\_\_\_\_ g. The Contractor shall provide ACH debit blocks and/or filters on any DDAs established by the Contractor under this contract as well as paper debit blocks on the Consolidation Account.

\_\_\_\_\_ h. The financial institution address printed on all checks issued under this contract must be a Missouri address.

\_\_\_\_\_ i. The transit routing (or ABA) number appearing on all checks issued under this contract must belong to a Missouri financial institution located in either the St. Louis

(0810) or Kansas City (1010) Federal Reserve Districts.

3. Automated Payment Reconciliation and Paid Check Handling

- \_\_\_\_\_ a. The Contractor shall provide full payment reconciliation services for the check series drawn on all accounts established in Item 2. The General Disbursements account (A, B, C, D, E, F, G and P) and the DSS Disbursements account (J, K, L, and M) utilize a numbering sequence that precedes the check number in the MICR line to denote check series. (Note: The Lottery account does not utilize a serial number prefix). STO will provide the numbering sequence to the Contractor after award.
- \_\_\_\_\_ b. The Contractor shall maintain an outstanding file for each general disbursement account established and provide payee positive payment services based on that outstanding file.
- \_\_\_\_\_ c. Files for check disbursements will be created in Jefferson City for each of the general disbursement accounts established under this contract. The file formats are provided in **Appendix C**.
- \_\_\_\_\_ d. Check issuance files will be transmitted in accordance with one of the methods identified in **Appendix D**. File transmission will occur at a mutually agreed upon time or times daily.
- \_\_\_\_\_ e. The Contractor shall provide, via e-mail or other electronic means, a confirmation of the file(s) transmitted. At a minimum, the confirmation must include: each check series contained on the file, the issuance date of the checks, the beginning and ending check numbers for that issuance date, the number of checks issued, and the dollar amount issued. (An example of the confirmation is provided in **Appendix E**.) The Lottery shall receive a separate confirmation containing only Lottery checks.
- \_\_\_\_\_ f. The Contractor shall immediately notify the STO or the Lottery if any records transmitted do not load to the Contractor maintained outstanding files and the Contractor is unable to correct the problem. This pertains to both check issuance records as well as check cancel (void) records.
- \_\_\_\_\_ g. The Contractor shall provide the STO and the Lottery with the ability for designated staff to manually add payments issued to and remove payments cancelled from the Contractor maintained outstanding file.
- \_\_\_\_\_ h. The Contractor shall accept multiple electronic files daily containing data on manual checks issued by the Lottery at its regional offices and update the outstanding file accordingly. Such manual issue files may load to the Contractor's system less than a minute apart and may contain only one check or a few checks per file.

- \_\_\_\_\_ i. The Contractor shall provide payee positive pay services on all check disbursement accounts covered by this contract. As such, the Contractor shall verify all payments presented against STO and Lottery accounts against the outstanding file prior to payment to ensure that no altered checks, stop-pay checks, stale-dated (checks older than twelve (12) months from the issuance date), or unauthorized checks are paid by verifying the check number, payee name, and dollar amount of the check.
- \_\_\_\_\_ j. The Contractor shall not report to, nor ask for verification from the STO or Lottery for payments presented against STO and Lottery accounts that do not match the Contractor maintained outstanding file when caused by encoding errors or equipment rejecting or misreading the MICR line of the check or a failure to properly validate the payee name. Such items will be handled by the Contractor and the necessary corrections made to ensure all valid items are honored and posted correctly to the outstanding file.
- \_\_\_\_\_ k. If the Contractor is presented with an invalid or fraudulent item drawn on any account covered by this contract, a copy of the item (front and back) shall be delivered to the STO or Lottery and any other appropriate entity within one (1) working day of presentment to and rejection by the Contractor. The STO and Lottery do not desire to decision cases of obvious invalid or fraudulent items presented against the accounts covered by this Contract. However, any questionable items should be brought to the attention of the STO or the Lottery by mutually agreed upon means.
- \_\_\_\_\_ l. Cancelled (void) checks shall be verified against the Contractor maintained outstanding file and removed from the system upon receipt of check cancellation files. Any unmatched items must be promptly reported to the STO for resolution. Receipt of canceled check files should be acknowledged or confirmed in the same manner as checks issued files in item e. above, except the check issuance date of items cancelled need not be reported. (Subtotals by check series cancelled must be provided.) See **Appendix E** for an example confirmation.

#### 4. Reconciliation Reporting Requirements

- \_\_\_\_\_ a. The Contractor shall provide a daily reconciliation of outstanding payment totals by bank account to the STO for the General Disbursements Account and the DSS Disbursements Account and to the Lottery for the Lottery Imprest Prize Account. Each reconciliation shall document that the beginning outstanding payments balance, plus issued payments, minus payments made, minus cancellations, plus or minus any manual adjustments, equals the ending outstanding payments balance.

  - (1) The reconciliation shall present summary totals based on month of check issuance.
  - (2) Documentation or explanation of manual adjustments must be provided with the reconciliation.

(3) The Contractor is expected to agree the totals on this reconciliation to the outstanding check totals maintained by the Contractor.

(4) A reconciliation example is included in **Appendix F**.

\_\_\_\_\_ b. In addition to information required in Item 4.a., the following reports shall be available to the STO daily, and segregated by bank account. These items shall be available electronically through a secure Internet reporting tool.

(1) A list of paid checks.

(2) A check maintenance log listing each manual change to the check status on the Contractor's system. The list shall include at a minimum, the check number, dollar amount, check date, change made (such as stop pay, release stop pay, issue checks, or cancel/void), and the name of the user making the change.

\_\_\_\_\_ c. In addition to Item 4.a., the following reports shall be made available to the Lottery monthly. These items shall be available electronically through a secure Internet reporting tool.

(1) A list of paid checks.

(2) A list of outstanding checks.

\_\_\_\_\_ d. Electronic files of payments made (checks paid) on the General Disbursements Accounts and the DSS Disbursements Account must be delivered to the STO each day by 6:00 a.m., CST for payments made the prior day. Electronic files of payments made on the Lottery Imprest Prize Account must be delivered to the Lottery monthly. At a minimum, the file must include for each payment, the date paid, check number and dollar amount. The required file format and transmission methods are included in **Appendix C** and **Appendix D**, respectively.

\_\_\_\_\_ e. Daily, the Contractor shall provide the STO with an electronic file(s) of outstanding payments for the General Disbursements Account and the DSS Disbursements Account. In addition, the contractor shall provide the Lottery once monthly with an electronic file of outstanding payments for the Lottery Imprest Prize Account. Such files shall list each outstanding check number, date of issuance, and the dollar amount. The STO will compare the daily files received with internally maintained files of outstanding items to ensure there are no discrepancies. The required file format and transmission methods are included in **Appendix C** and **Appendix D**, respectively.

\_\_\_\_\_ f. Under state law, state checks are void twelve (12) months from their date of issuance. At the end of the twelfth (12th) month, the STO initiates an "outlawing"

process through which the moneys against which the checks were drawn are returned to the original funding source. To outlaw checks on the Contractor maintained outstanding file, the STO will send a cancellation/void file to the contractor on the 1<sup>st</sup> working day of the month. The Lottery is manually voiding their stale dated checks at the beginning of the following month utilizing the Contractor's system. The Contractor shall promptly remove these items from the outstanding file.

5. Stop Payment Handling

- \_\_\_\_\_ a. The Contractor must provide a system for the placement of stop payments and releases of stop payments by designated STO, DSS and Lottery personnel on outstanding state payments.
- \_\_\_\_\_ b. Stop payments on all accounts are valid for twelve (12) months.
- \_\_\_\_\_ c. The Contractor shall provide the STO and the Lottery with a daily file of stop payments placed and released on the respective accounts with the Contractor. This file must include the check number, the user ID, user name, and whether the activity was a stop payment or a release. The file format is provided in **Appendix C** and transmission methods are provided in **Appendix D**.

6. Imaging Requirements

- \_\_\_\_\_ a. Images of all payments made on the General Disbursement Account, the DSS Disbursement Account, the Trust Disbursement Account, and the Lottery Imprest Prize Account must be provided to the STO or the Lottery by the Contractor.
- \_\_\_\_\_ b. Images of payments made in accordance with Item 6.a. must be electronically transferred (see **Appendix D** for file transmission information) to the STO daily for the General Disbursement and DSS Disbursement Accounts. In addition, the images shall be electronically transferred monthly to the Lottery for the Lottery Prize Account.
- \_\_\_\_\_ c. Images must be in Tagged Image File Format (TIFF) format.

7. Forgery Endorsement Procedures

- \_\_\_\_\_ a. The Contractor will be responsible for collecting on all forged endorsement checks. In fiscal year 2018, there were 39 collections for forgery endorsement items and 5 claims were denied.
- \_\_\_\_\_ b. The STO or Lottery will provide the Contractor with a copy of the forged endorsement check, together with an original notarized affidavit of forgery signed by the

claimant.

- \_\_\_\_\_ c. The following procedures apply to forgery claims on all check series.
- (1) Upon receipt of the forgery claim, the Contractor shall make prompt and diligent efforts to obtain collection on the item.
  - (2) Upon collection of the funds, the Contractor shall immediately credit the appropriate STO or Lottery bank account and electronically transmit an Advice of Credit to the STO General Services Section or the appropriate contact at Lottery. The advice of credit shall include the check number upon which collection was made (See **Appendix G** for an example).
  - (3) Should the Contractor receive compelling written documentation challenging the authenticity of the forgery claim, the Contractor shall electronically transmit the documentation to the STO General Services Section or the Lottery contact. Upon review of the documentation, the STO or Lottery shall either take appropriate steps to deny the forgery claim or instruct the Contractor to further pursue collection.

## 8. Information Access and Account Transfers

- \_\_\_\_\_ a. The Contractor shall provide the STO and Lottery with online access to the daily ledger balance, collected balance, and all account activity for each disbursement account and the consolidation account by 7 a.m. CST for the previous day's account activity. Same day information regarding account activity must be available on-line, including wire transfers sent and received and incoming and outgoing ACH transactions effective for the current business date (memo posting). Electronic access shall be available through a secure Internet reporting tool.
- \_\_\_\_\_ b. The Contractor shall provide to the STO, no later than 9:15 a.m. each banking day, final notification of the current day's clearings for the General Disbursement Account and the DSS Disbursement Account, as well as any changes to the information available through on-line access. This information will be provided via a method mutually agreed upon by the STO and the Contractor. (This information is currently delivered as an e-mail notification.)
- \_\_\_\_\_ c. The Contractor shall provide the STO with the ability to perform same day, on-line transfers between the accounts covered by this Contract as well as any other accounts maintained by the STO with the Contractor.

## 9. Reporting Requirements

- \_\_\_\_\_ a. The Contractor must comply with the following bank statement requirements:
- (1) Daily bank statements detailing transaction activity on the state's General Disbursement Account, the DSS Disbursement Account, and the Consolidation Account for the prior day must be available to the STO. This must be available online via a secure Internet reporting tool.
  - (2) Monthly bank statements detailing transaction activity on the Lottery Imprest Prize Account must be available to the Lottery. This must be available online via a secure Internet reporting tool.
  - (3) Transaction detail on reports and statements must sufficiently identify transactions for reconciliation purposes. Upon request from the STO, the Contractor must further identify transactions to facilitate reconciliation of an account.
  - (4) When corrections/adjustments are required to bank statements to reflect actual activity, documentation must be provided to the STO or the Lottery within three (3) business days of notification of the error. Documentation must be in a form acceptable to the STO and the Lottery.
- \_\_\_\_\_ b. The state may request customized reports not detailed in this RFP on an as needed basis and will negotiate and pay a reasonable fee for such reports.

#### 10. Consolidated Balance Requirements

- \_\_\_\_\_ a. The Contractor agrees that individual demand accounts may be overdrawn as long as combined total balances maintained by the STO with the Contractor are positive.
- \_\_\_\_\_ b. The Contractor shall allow negative balances to post on all demand accounts.
- \_\_\_\_\_ c. In the event of a potential overdraft on the combined total of state demand accounts held by the Contractor (including balances held for compensation purposes), the STO will compensate the Contractor through the account analysis. An interest charge will post to the account analysis at the rate of interest equal to the STO's average overnight repo rate for the day on which the situation occurred.
- \_\_\_\_\_ d. The Contractor shall not charge for daylight overdrafts.

#### 11. Account Analysis and Monthly Reporting

- \_\_\_\_\_ a. On a monthly basis, the Contractor shall provide the STO an account analysis stating the type and amounts of each service provided, service charges incurred (as

quoted in **Appendix H**), and a computation of the accounts' average daily collected balances during the month. Uncollected overdrafts shall be included in the calculation of average daily collected balance.

\_\_\_\_\_ b. The account analysis shall state the excess or deficit position based upon the agreed prices for services as contained in the contract and their conversion to balance compensation at the current applicable Earnings Credit Rate (ECR). The STO will review the excess or deficit position for each month and will adjust balances as needed to approximate the annual level of service activity. Any excess balance from the previous month will be carried forward and used to pay for the next month's services. Any deficit balance from the previous month will be covered by future earnings (See Section IV. A., Method of Compensation). Any excess or deficit position with the Contractor shall carry forward month-to-month and year-to-year, so long as the STO maintains services with the Contractor unless otherwise agreed to by the STO.

\_\_\_\_\_ c. The STO does not foresee uncollected overdrafts related to this Contract. In the event one does occur, there shall be no charge for an uncollected overdraft. The occurrence shall be included in calculating the average daily collected balance on the account analysis. The uncollected overdraft will be compensated at the current month's ECR.

\_\_\_\_\_ d. The Contractor shall not include the Lottery Imprest Prize Account in the consolidated account analysis prepared for the STO. The Lottery analysis shall be prepared separately based on pricing quoted in **Appendix H**, and as a stand-alone account. This account will pay for its own services and shall be credited with interest earnings at the contractor's proposed rate on the average daily collected funds that exceed the compensating balance required to cover monthly service costs. This analysis statement shall be delivered to the Lottery monthly, and a copy of the Lottery analysis shall be delivered to the STO monthly.

\_\_\_\_\_ e. FDIC insurance premiums and/or assessments, any similar balance-related charges, or Federal Reserve surcharges or similar fees assessed on financial institutions shall not be passed through to the STO or the Lottery nor assessed on any accounts covered by this Contract.

## 12. ACH and Wire Transfer Requirements

\_\_\_\_\_ a. Clearings on the General Disbursement and DSS Disbursement accounts will be funded daily by wire transfer. (In the case of a contractor holding other STO contracts, all activity will be consolidated manually by the STO to determine the need for a wire transfer to the Contractor.) When a state holiday occurs on a banking business day, funding will occur by ACH utilizing clearing estimates.

\_\_\_\_\_ b. The Lottery Imprest Prize Accounts will be funded via ACH or wire transfer as

checks are written.

- \_\_\_\_\_ c. All incoming ACH transactions must be memo posted to the appropriate account by 8 a.m. on the effective date of the transaction.
- \_\_\_\_\_ d. All incoming wires must be processed and promptly posted to the appropriate account the day the wire is received by the Contractor.
- \_\_\_\_\_ e. Information on incoming wires must be communicated by the Contractor to the STO or the Lottery within 15 minutes of receipt of the wire by the Contractor via fax or e-mail.
- \_\_\_\_\_ f. The Contractor shall provide a system to allow the Lottery to initiate both repetitive and non-repetitive wire transfers.
- \_\_\_\_\_ g. The Contractor shall provide the Lottery with a system to initiate ACH transactions. A duplicate of the system shall be provided to the STO as a backup for Lottery. Lottery ACH transactions are payments sent to players as well as state withholding tax payments.

### 13. Additional Service and Location Requirements

- \_\_\_\_\_ a. The Contractor shall provide telecommunication access to the State so that STO and State agency personnel do not incur long distance charges in contacting the Contractor. Such access may be in the form of a dedicated telephone line or in-bound toll-free number.
- \_\_\_\_\_ b. All meetings between the STO or other State agency personnel and the Contractor must be held at the offices of the STO in Jefferson City unless otherwise agreed.
- \_\_\_\_\_ c. Special Service Requirements

The Contractor must provide the following services at no cost to the STO for the term of the contract (including available renewal periods):

- (1) The Contractor must cash state-issued checks for non-bank customers, but may charge the customer a reasonable fee. (The STO may be contacted to determine the validity of a state-issued check.)
  - (2) The Contractor must provide direct deposit accounts to employees, retirees and other designated groups of the State, for a reasonable fee to the account holder.
- \_\_\_\_\_ d. No portion of this contract will be handled outside the United States. See

[Executive Order 04-09.](#)

14. Quality of Service

- \_\_\_\_\_ a. The Contractor shall monitor the quality of service provided to the State and shall promptly correct any deficiencies noted by the State or the Contractor's staff with relation to the services provided to the State. Notice of such corrective actions shall be timely reported to the STO.
- \_\_\_\_\_ b. Regular contract review meetings shall be held between the Contractor and the STO as mutually agreed upon.

15. Collateral

- \_\_\_\_\_ a. Collateral acceptable to the STO will be required on the total of any compensating balances and any other funds (collected and uncollected) in STO accounts in excess of FDIC insurance coverage.
- \_\_\_\_\_ b. Funds in sweep repurchase agreements must be secured in accordance with Article IV, Section 15 of the Missouri Constitution by United States Treasury obligations or obligations of United States government agencies or instrumentalities.
- \_\_\_\_\_ c. All products or services offered must be appropriately collateralized or secured in accordance with Missouri law.
- \_\_\_\_\_ d. The acceptable collateral listing is located on the STO's website <http://www.treasurer.mo.gov/link/time.pdf> and is subject to change.
- \_\_\_\_\_ e. Collateral for balances in the Lottery Prize account shall be pledged directly to the Lottery, rather than to the STO. The Lottery Prize account shall be established under the Missouri Lottery's Federal Tax ID. The collateralization rules listed in items a. through d. immediately above still apply.

16. Confidentiality and Data Security

- \_\_\_\_\_ a. The Contractor shall maintain complete confidentiality of all records relating to services performed under the contract in accordance with state and federal laws, rules and regulations. No list, report or other materials generated from data covered under the Contract may be disclosed or transferred by the Contractor to any other person or entity.
- \_\_\_\_\_ b. The Contractor will provide written notice to the STO Director of Banking and the designated Lottery contact, as soon as possible, but in no event later than one (1)

business day, following its discovery of any data breach, data incident or system intrusion which impacts any personally identifiable information obtained by Contractor as a result of the Contract. A “data breach, data incident, or system intrusion” shall include all situations in which the Contractor determines that personally identifiable information was or was reasonably likely to have been obtained, accessed or viewed by an unauthorized person or in an unauthorized way. For purposes of this section, “personally identifiable information” shall have the same meaning as “*personal identification*” listed at [Section 407.1500 RSMo](#) in addition to any other applicable federal or state provisions governing Contractor’s obligations in regard to notifying consumers of a breach of personal information.

The initial one (1) day notice required shall include, at minimum, and to the extent known by Contractor at the time: (1) A description of the nature of the data breach, data incident or system intrusion; (2) The date or date(s) the data breach, data incident or system intrusion occurred; (3) How the Contractor discovered the data breach, data incident or system intrusion; (4) The types of information obtained or potentially obtained; (5) The number of individuals impacted; (6) The names of those impacted; and (7) In situations where the Contractor is in the process of investigating the data breach, data incident or system intrusion, an anticipated date on which it will complete its investigation and confirm its ability to report with certainty complete responses to the items above. Contractor may delay this notification only in the event it is requested to do so by a law enforcement or regulatory agency involved in an investigation of the incident, which request shall be obtained in writing. Once the law enforcement or regulatory agency advises Contractor that such notice will no longer interfere with the investigation, this notice shall be provided within one day.

Following the initial notice provided for above, the Contractor will appoint one person, who may be the State’s current Relationship Manager or another individual acceptable to the STO, who will provide ongoing communication to the State regarding the data breach, data incident or system intrusion. Such person will communicate directly with the STO Director of Banking, and the designated Lottery contact where appropriate, and will provide timely updates as needed/requested by the STO and the Lottery. Such information provided must include, but is not necessarily limited to: (1) Information regarding the status of any investigation into the data breach, data incident, or system intrusion and estimated timeframes for the completion of any such investigation; (2) Who gained unauthorized access to the personally identifiable information; (3) What steps the Contractor has taken or will take to mitigate any negative effect of the incident; and (4) What corrective action the Contractor will take to prevent similar incidents.

If requested by the State, the Contractor shall provide free credit monitoring services to impacted individuals for a period of time mutually acceptable to the State and the Contractor.

\_\_\_\_\_ c. The Contractor must comply with Section 407.1500 RSMo, and/or any other

applicable state or federal law, regarding providing notice to consumers of a breach of personal information. Any notifications provided under this section, or otherwise, must be made in consultation with the STO Director of Banking and the Lottery (if applicable), who shall be allowed to review and comment on all draft notifications before they are distributed. All costs associated with a security breach as a result of Contractor's failure to comply with the terms of this Contract, including any notification, will be the full responsibility of Contractor. Any costs incurred by the State of Missouri directly resulting from a breach of security on the part of Contractor under the Contract must be reimbursed by Contractor. The Contractor will indemnify and hold the State of Missouri harmless from any and all claims, damages, and liability arising as a result of a security breach due to Contractor's failure to comply with the terms of this Contract, including Contractor's failure to comply with Section 407.1500 RSMo and/or any other applicable state or federal law regarding providing notice to consumers of a breach of personal information.

17. Collection Accounts

- \_\_\_\_\_ a. At the request of the STO, the Contractor shall establish a consolidated collection account for use by State agencies located outside of Jefferson City for the deposit of State funds. This collection account will be primarily used for the consolidation of any existing collection accounts currently maintained by the STO with the Contractor.
- \_\_\_\_\_ b. Pricing for the collection account shall be in accordance with the fee schedule provided in Volume II of the Contractor's proposal.
- \_\_\_\_\_ c. The Contractor shall set the collection account to sweep by zero balance transfer to an account designated by the STO.
- \_\_\_\_\_ d. The Contractor shall provide ACH and paper debit blocks for the collection account.
- \_\_\_\_\_ e. The Contractor shall provide deposit slips to the STO in such quantities as are required for the collection account. Requests for deposit slips will be coordinated through the STO. These deposit slips shall be 2-part, carbonless and encoded with 6-digit location codes uniquely identifying each State agency office depositing into the collection account.
- \_\_\_\_\_ f. The Contractor shall provide for electronic access by the STO to the daily ledger balance, collected balance, and all account activity (including the location codes on the deposit tickets) for the collection account by 7 a.m. CST for the previous day's activity. Electronic access must be available through a secure Internet reporting tool.
- \_\_\_\_\_ g. The Contractor shall agree to forward for collection a second time any check returned due to insufficient funds (NSF).

\_\_\_\_\_ h. Each returned item must be identified with the location code of the deposit ticket associated with the item.

18. Disaster Recovery

- \_\_\_\_\_ a. The Contractor shall provide offsite disaster recovery support to the STO.
- (1) Should the STO be unable to access their offices, designated STO staff will be allowed to operate from Contractor's premises (2 – 5 individuals depending on duration).
  - (2) The following shall be made available to designated STO staff: Secure Internet access, one (1) printer, one (1) fax machine and one (1) land-line phone, as well as access to a copy machine and office supplies.

19. Open Records

- \_\_\_\_\_ a. The bidder understands and acknowledges that upon execution of a contract, all information submitted in response to this Request for Proposals is considered an open record under Missouri law and will be made available in response to public information requests.

**C. SPECIFIC QUESTIONS FOR BIDDERS**

**Bidders must prepare clear and complete written responses to each of the following questions. Responses should be numbered in the same manner as the individual questions, and will be used in evaluating each bidder's proposed method of performance.**

**Where applicable or appropriate:**

- **Answer yes or no.**
- **Specifically describe systems or processes**
- **Provide examples**
- **Include flowcharts**

- Describe training, user manuals and documentation provided with services
- Discuss potential improvements in approach, integration of services, or elimination of data or reporting duplications
- Explain what differentiates your services from that of other check disbursement services providers

**Failure to comply may result in rejection of the contractor's proposal.**

1. Organization and Experience

- a. Briefly discuss the history of your organization, ownership structure and lines of business.
- b. How long have you maintained check disbursement services? How long have you maintained controlled disbursement services?
- c. In the last three years, what, if any, significant organizational changes (i.e., mergers, acquisitions, business concerns, etc.) have occurred?
- d. Bidders must provide one (1) copy of the most recent Annual Report and Call Report of the financial institution. (Include this information only with the original Volume I of the proposal.)
- e. Bidders must provide a summary of current and previous work performed within the last five (5) years by the financial institution for a comparable **public sector** client which is similar in nature to that proposed for the STO under this RFP. Provide a contact name, e-mail address, and phone number. Indicate if the disbursement services are general disbursement or controlled disbursement in nature and the volume of checks processed for the client. (Listed clients may be contacted by the STO.)
- f. Bidders shall:
  - (1) Note any instances in the last three (3) years where a client receiving services similar to one (1) or more of the service areas requested in this RFP discontinued such services.
  - (2) Indicate why services were discontinued.
  - (3) List a reference person(s) from organizations which were provided the services. Include a current telephone number and e-mail address. (Listed clients may be contacted by the STO.)

- g. Bidders must provide three (3) references for check disbursement services **in addition to** the public sector client provided under item 1.e. above. Provide a contact name, e-mail address, and phone number for each reference. (At least one (1) reference shall be a customer using payee positive pay services and at least one (1) reference shall be a customer using controlled disbursement services. This may be accomplished across all three references or using any combination of them.)
- h. Bidders shall briefly summarize any other factors that may be justification for selecting the financial institution and its services.
- i. Provide the following credit and financial information:
  - (1) Net equity capital
  - (2) Your bank's rating as determined by a Nationally Recognized Statistical Ratings Organization (NRSRO), as defined by the Securities and Exchange Commission.
  - (3) Provide details with respect to significant litigation against your firm for the last ten (10) years and any significant regulatory actions taken or pending that will impact your business.

## 2. Establishment of Bank Accounts and Routing Number Requirements

- a. State the location (address) of the facility where disbursement processing will occur. What is the nature of this facility (main banking facility, branch, processing center etc.)?
- b. State the routing number to be used on all checks issued under this contract. What is the name and location (physical address) of the financial institution to which this routing number is assigned?

Note: If the bidder is proposing the use of the STO routing number, the bidder shall indicate, in detail, how implementation of the routing number will be performed and how the bidder will ensure there are no conflicts with the use of the STO routing number for ACH transactions. This discussion should specifically include the possibility of ACH and check transactions being processed by two (2) different contractors.

- c. Will the bidder process checks issued on the STO routing number if the STO determines there is a compelling reason to implement its use on state issued checks?

- d. Does the bidder use an affiliate or correspondent bank for disbursement processing? If yes, please name the correspondent bank and provide the address of the processing location.
- e. Provide the physical addresses of the branches the bidder desires the Lottery provide as a recommended check cashing location to their prizewinners receiving instant issue checks at the following Lottery offices:
  - 1. Headquarters  
1823 Southridge Drive  
Jefferson City, MO 65102
  - 2. Springfield  
1506 E. Raynell  
Springfield, MO 65804
  - 3. Kansas City  
3630 Arrowhead Road  
Independence, MO 64057
  - 4. St. Louis  
1831 Craig Park Court  
St. Louis, MO 63146

(The maximum amount of an instant issue Lottery Prize is a gross amount of \$35,000, resulting in a net prize (after taxes) of \$25,000 which could be presented for payment at the contractor's branch.)

- f. Explain the debit blocks and filters (both paper and electronic) available to the State on the established DDAs. What is the procedure for establishing a new debit block or filter?
  - g. Can specific transactions, vendors or types of activity be blocked for ACH debits and credits?
  - h. After notification that an unauthorized debit has occurred, when will the credit be received? (How quickly after notification from the STO will this occur?)
  - i. Explain the process by which the Lottery office in Jefferson City will make check deposits into the Lottery Prize Account.
3. Automated Payment Reconciliation and Paid Check Handling
- a. At what time or times does the bidder expect to receive check issuance files from

the STO and Lottery?

- b. What is the latest allowable time for transmission of checks issued with the current day's date? The next business day's date? *Note: It is the State's practice to transmit check issuance data to the Contractor one (1) or more days prior to the issuance date. However, Lottery will issue same-day manual checks at all Lottery branch offices.*
- c. Indicate the means available to the STO and the Lottery for manual entry of issuance data to the outstanding file? For manual deletions/cancellations? (Include any software or system requirements, the method of access or input, the security utilized, and provide screen shots of the process.)
- d. Within what timeframe is the bidder's outstanding file updated with files transmitted? For actions entered manually? Indicate any differences in timing for the different actions (issuance, cancellation and stop payment).
- e. The Lottery will be issuing checks with the current date throughout the day as prizewinners arrive at their offices in Jefferson City, St. Louis, Kansas City and Springfield. Please indicate what steps the bidder will take to ensure a valid item is not turned away if the item is presented at one of the locations provided by the bidder in item 2.e. within 15 minutes of its issuance by the Lottery.
- f. Indicate by what means the bidder will provide the STO and the Lottery with verification of check issuance totals and provide a sample of the confirmation report to be provided, noting any additional information not required by Item B.3.e. (Confirmations are not required on the Lottery manual prize checks, only on the daily batch file produced by the Lottery.)
- g. Within what timeframe will the STO and the Lottery receive confirmation of check issuance and check cancellations file transmissions after the transmission has occurred.
- h. Indicate the bidder's preferred method of file transmission. (See **Appendix D**.)
- i. Does the bidder offer teller positive pay services? Does the teller perform payee positive pay?
  - (1) Please explain the functionality of these services.
  - (2) Is there an additional fee for these services?
  - (3) Do checks cashed/cleared at the teller window reflect on the bidder's check inquiry system?

- (4) Within what time frame will checks cashed/cleared at the teller window be reflected on the bidder's check inquiry system?
- j. Provide screen prints of the bidder's check inquiry system available to the state including descriptions of:
- (1) How a check will be looked up by the STO, DSS and the Lottery.
  - (2) How a paid check will appear.
  - (3) How the STO, DSS and Lottery will access an image of a paid check.
  - (4) How an outstanding check will appear.
  - (5) How a check cashed by a teller on the current day will appear.
  - (6) How a check not found on the outstanding file maintained by the bidder will appear.
  - (7) How to enter a new issued item.
  - (8) How to void or cancel an outstanding item.
  - (9) How long will the following be available for look-up in the bidder's check inquiry system:
    - i. Outstanding checks
    - ii. Paid Checks
    - iii. Images of paid checks
    - iv. Cancelled checks
    - v. Stop Paid checks
- k. List all reconciliation features the bidder offers. Include information on the functionality of these services and any additional fees the STO would incur for utilizing them. (If the bidder is recommending their use, ensure they are included as optional items on the pricing page submitted with the bidder's proposal.) How do these services distinguish the bidder from other service providers?
- l. How will the STO or the Lottery be notified of payments presented that require review prior to payment by the bidder? Provide screen prints of example notifications.
- (1) By what time will notification be received?
  - (2) What turnaround time is expected?

- m. What steps will bidder take to ensure STO and Lottery are not required to decision positive pay exceptions caused by encoding errors?
- n. Explain the bidder's process, including sample reports and/or communications the State would receive and notification and credit timeframes for:
  - (1) Paid items already sent to the STO which are discovered to be encoded with an incorrect check number and subsequently matched to the wrong issued item (check mismatch).
  - (2) Paid items already sent to the State which are subsequently returned for a non-conforming image.
- o. What steps will bidder take to ensure the STO and Lottery are not required to decision positive pay exceptions resulting from obvious fraudulent/invalid items?
- p. What is the bidder's overall processing reject rate for paid items?

#### 4. Reconciliation Reporting Requirements

- a. Provide a sample reconciliation report demonstrating how the bidder reconciles the beginning Outstanding File balance maintained plus issued items, minus paid items and canceled items equals the ending Outstanding File balance maintained as required by Mandatory Item B.4.a. Include sample reconciliation reports showing the source of the information used on the outstanding file balance reconciliation.
- b. Provide sample reports of a list of paid checks and a check maintenance log as required by Mandatory Item B.4.b. Explain each field or data item presented.
- c. List all means by which the bidder could make reports available to the state (Internet, on-line, paper, fax, etc.) Be sure to identify any special communications capability or equipment requirements that would be necessary for the state to access the reports. (Any expense for the state to access reports via means not currently possessed by or available to the state will be the responsibility of the Contractor.)
- d. Within what time frame will the following reports be available to the STO and the Lottery as required by Mandatory Items B.4.a. and B.4.b.?
  - (1) Daily outstanding balance reconciliation.
  - (2) Daily list of paid checks.

- (3) Daily check maintenance log.
- e. Within what time frame will the following files be transmitted to the STO as required by Mandatory Items B.4.d. and B.4.e.?
  - (1) Daily file of payments made.
  - (2) Daily file of outstanding payments.
  - (3) Monthly file of payments made for the Lottery Prize Account.
  - (4) Monthly file of outstanding payments for the Lottery Prize Account.

5. Stop Payment Handling

- a. Indicate the system available for use by STO, DSS, and Lottery staff to place stop payments on outstanding payments. Describe and illustrate the process (including screen prints) to place a stop payment.
- b. Indicate the system available for use by STO, DSS, and Lottery staff to release stop payments on outstanding payments. Describe and illustrate (including screen prints) the process to release a stop payment.
- c. Identify any special communications capabilities or equipment requirements that would be necessary for the state to effectively place and release stop payments on outstanding payments when utilizing the system made available by the bidder.
- d. After placing a stop payment, within what time frame will the bidder's positive pay system be updated? Within what timeframe will tellers have access to this information?
- e. What is the latest time of day that a stop payment may be placed?
- f. Within what time frame will the daily files of stop payments placed and released be transmitted to the STO & the Lottery as required by Mandatory Item B.5.c.?

6. Imaging Requirements

- a. Within what timeframe will the daily file of paid images be transmitted to the STO?
- b. Provide the proposed file layout for the image transmission of paid items.

- c. Within what timeframe will the monthly file of paid images be transmitted to the Lottery?
  - d. How will the bidder ensure the quality of the images provided to the State under this contract?
  - e. How will the bidder ensure the state receives images of all paid items?
  - f. What process will be followed should the state determine an image was not received?
7. Forgery Endorsement Procedures
- a. Provide an example Advice of Credit for a forged endorsement item. Explain how these advices will be made available to the STO or Lottery.
8. Information Access and Account Transfers
- a. Provide example screen prints of the information required by Section II.B., Item 8.a. of the Mandatory Requirements and explain how the State will access this information.
  - b. Within what timeframe will same day information be available online for transactions posting to STO and Lottery accounts? If timeframes differ by transaction, please detail them.
  - c. At what time will the STO be provided with final notification of the current day's clearings as required by Section II.B., Item 8.b?
  - d. Is partial notification available earlier?
    - (1) At what time would the partial notification be available?
    - (2) Representing what percentage of the total clearings?
  - e. What notification methods are available for reporting daily clearings to the STO? (On-line, e-mail, fax, phone, etc?) Provide samples of each method of notification available.
  - f. Final clearing totals must be provided to the STO by 9:15a.m. CST (see Section II.B, Item 8.b.).

- (1) Will the bidder's final notification figure represent 100% of the day's clearings?
  - (2) If no, does the bidder have a service that will guarantee 100% within final notification? If yes, please explain.
  - (3) Please provide the bidder's average final presentment times over the last 12 months.
- g. Will the bidder accept over-the-counter presentments after notification cutoff? If so, how are they handled?
  - h. By what time will the bidder guarantee reporting of the current day's final clearings to the STO? (STO understands that Fed processing delays may impact file delivery times on rare occasions.)
  - i. Describe the systems and processes to be used by the STO to perform on-line (same day) transfers between accounts and the security features of the systems. If multiple options are available, indicate which will be the most economical and which will be the easiest to use. Provide screen prints of the process and samples of any reports available.

## 9. Reporting Requirements

- a. For on-line access (via the Internet) to daily bank statements and other reports, please indicate the length of time such information will be available to the State in this environment. If some information is to be provided via other means, indicate how the STO and the Lottery will access this information and the length of time such information will be available in that environment.
- b. If a correction to a bank statement is necessary, how will the correction be documented? When will the correction and documentation be performed? When will the corrected information be available/provided to the STO or the Lottery and in what format (on-line, hardcopy)?
- c. Please provide examples of the reports that will be provided to the STO. If applicable, explain how availability will be reported.
- d. What will be the timing of delivery for the monthly bank statement to the Lottery as required by Section II.B., Item 9.a.(2)?

## 10. Consolidated Balance Requirements

- a. What services will be available to facilitate the requirements of Section II.B., item 10. of the Mandatory Requirements? Please explain how the bidder will facilitate these requirements should they hold multiple stand-alone (non-ZBA) accounts.

11. Account Analysis and Monthly Reporting

- a. Will the bidder show a detailed line-item adjustment on the account analysis? If no, please explain how adjustments will be shown.
- b. What will be the timing of delivery for the monthly account analysis?
- c. Will the bidder offer the ability to view the account analysis on-line? Please indicate how the online analysis will be accessed and when it will be available for viewing. Can it be downloaded and into what format(s)?
- d. Will subsequent adjustments to the analysis be available for viewing? Within what timeframe after adjustment?

12. ACH and Wire Transfer Requirements

- a. For incoming wire transfers, indicate the method of notification the bidder will utilize to notify the STO and the Lottery of wire transfers received. Provide screen prints or sample reports of the notification the state will receive.
- b. ACH Origination
  - (1) Describe the service delivery method and the confirmation process (Internet/web-based system, PC-based, faxed request, etc.) the bidder recommends for the initiation of ACH credit items by the Lottery. (The STO will require identical access for backup purposes.) Provide screen prints to illustrate this process and samples of any reports available. Include initiation, approval and release in the illustration.
  - (2) Are there any alternative methods which will meet the State's needs? Please explain.
  - (3) What deadlines apply to initiating ACH credits?
  - (4) What type of confirmation of outgoing ACH credits will be provided? In what form, and within what timeframe, will the Lottery receive confirmation?
- c. Wire Transfer Initiation

- (1) Describe the service delivery method and the confirmation process (internet, fax, phone, etc.) the bidder recommends for the initiation of wire transfers by the Lottery. Provide screen prints to illustrate this process, and samples of any reports available. Include initiation, approval and release in the illustration.
- (2) Are there any alternative methods which will meet the State's needs? Please explain.
- (3) What deadlines apply to initiating and executing wires?
- (4) What type of confirmation of outgoing wire transfers will be provided? In what form, and within what timeframe, will the Lottery receive confirmation?

13. Additional Service and Location Requirements

There are no questions for this Item.

14. Quality of Service

- a. How will the bidder monitor the quality of service provided to the STO and the Lottery?
- b. What steps will be taken to correct deficiencies noted by the bidder, the STO, or the Lottery?
- c. What quality standards will the bidder use to measure disbursement services?
- d. How has the bidder's performance been relative to the standards stated in response to item 14.c. for the past year?
- e. What safeguards are built into the bidder's system and processes to prevent rejects, incorrectly reported items, and misapplied transactions due to encoding errors?

15. Collateral

- a. Indicate how the bidder will provide sufficient collateral to secure each day's ledger and repo sweep account balances for the STO and Lottery.

- b. Who will be the STO's contact regarding collateral? The Lottery's?

16. Confidentiality and Data Security

- a. Please describe how the bidder will establish and maintain security safeguards and procedures to guarantee the confidentiality of all data obtained from the State or its clients.
- b. Please describe in detail any of the bidder's established procedures for responding to a data breach or an incident of unauthorized access to data.

17. Collection Accounts

- a. Provide a list of branches, including street addresses, city and zip code, where the STO could direct State agency personnel to deposit into a statewide collection account if one were established with the bidder.

18. Disaster Recovery

*(Note: Please do not provide confidential information.)*

- a. Provide a summary of the bidder's disaster recovery plan as it relates to the services requested in a separate appendix.
- b. Where are off-site facilities for disaster recovery purposes located? (City and State is sufficient.)
- c. Where is the "hot" site for disaster recovery located? (City and State is sufficient.)
- d. How quickly can the "hot" site be implemented in the event of an emergency?
- e. Where will the STO offsite location be? Provide the address and a description of the facility and the area available to the STO. (e.g., West side branch conference room or operations facility cubicles.)

19. Open Records

There are no questions for this item.

20. Customer Service

- a. Who will be the STO's primary contact? Who will be the Lottery's primary contact? What is the current client load of this person or persons?
- b. Who will manage the resolution of any day-to-day operational problems? What is the current client load of this person?
- c. Who will respond to inquiries regarding paid item discrepancies, missing images, or research requests?
- d. Who will contact the STO and Lottery regarding items to be decisioned?
- e. Who will handle policy issues?
- f. Who will handle pricing issues?
- g. What daily hours will the above-stated contacts be available?
- h. Describe the responsibilities of the customer service personnel listed above, including their supervisors and the chain of command for problem resolution.
- i. Include résumés of key representatives the STO and Lottery will interact with, including each of the above stated contacts. Each résumé should include the representative's education and relevant experience providing the services covered by this RFP and applicable ongoing training.

21. Implementation

- a. Provide an implementation plan for assuming responsibilities for the State's check disbursement services.
- b. Please indicate the State's responsibilities and critical timing during the implementation.
- c. Provide a copy of all agreements and forms the bidder desires the STO and the Lottery to complete and approve to contract for check disbursement services and any other services associated with this Contract. (Acceptance of a bidder's proposal does not indicate acceptance of the terms of any agreements provided in response to this item.)
- d. Will a project manager be assigned to manage implementation? If so, provide the name and résumé of the project manager.
- e. Describe the on-site support you provide to new and existing clients during implementations.

- f. Indicate your plans for educating and training STO, DSS, and Lottery staff in the use of your systems.

22. General

- a. What is distinct about your capabilities for check disbursement and related services that we should know about?
- b. Are there value-added services or capabilities in addition to the services described in this RFP that you will provide to the State of Missouri as part of the contract?
- c. Provide information on any other cash management services currently provided or planned by the bidder in the next twelve (12) months that may benefit the State.
- d. Describe your current planned enhancements with regard to services and technology for 2019 and 2020.
- e. Will the bidder subcontract any of the services contained in this RFP, or have plans to do so? Please explain.
- f. Is the bidder currently involved in, or planning any major system changes, acquisitions, or conversions? Please explain your plans and include the potential impact to the STO and this contract.
- g. Is the bidder's balance reporting system an in-house system? Please describe.
- h. Can reports from the balance reporting system be transmitted and downloaded into an Excel spreadsheet? Provide examples.
- i. How many times in 2018 did the bidder miss the following deadlines?
  - (1) Prior day balance reporting.
  - (2) Current day balance reporting.

### III. GENERAL INFORMATION AND CONTRACT PROVISIONS

#### A. CONTRACTUAL AGREEMENT AND AMENDMENT

1. The contract between the STO and the Contractor shall consist of (a) a Depositary Contract, Pledge Agreement, Demand Deposit Contract and contract for Check Disbursement Services (see **Appendix I**); (b) this RFP and any amendments thereto; and (c) the Contractor's response to this RFP including any and all attachments and additional responses. These documents shall collectively be referred to as "the contract". In the event of a conflict between (b) and (c) above, the provisions and requirements set forth and/or referenced in this RFP (item (b) above) shall govern. However, the STO reserves the right to clarify any contractual relationship in writing with the concurrence of the Contractor, and such clarification shall govern in case of conflict with the applicable requirements stated in the RFP or successful bidder's response. In all other matters not affected by the written clarification, if any, this RFP shall govern.
2. The STO reserves the right to negotiate with the Contractor for changes in services or additional service items, subject to mutual agreement. Any proposed change in the contract must be accomplished by a formal written contract amendment signed and approved by and between the duly authorized representatives of the Contractor and the STO. Any amendment to the Contract shall (a) specify an effective date; (b) specify any increases or decreases in the amount of the Contractor's compensation, if applicable; (c) describe changes, if any, to the provisions of the Contract; (d) be entitled as an "Amendment"; and (e) be signed by duly authorized representatives of the Contractor and the STO. The Contractor expressly and explicitly understands and agrees that no other method and/or no other document, including correspondence, acts, and oral communications by or from any person, shall be used or construed as an amendment to the Contract.
3. It is understood that in certain situations the Contractor may utilize the services of related financial institutions (i.e., banks within the same holding company as the Contractor) in performing certain services required under the Contract. In all such situations, the Contractor retains sole, direct and primary responsibility for securing the required contractual performance from such related institution as well as sole, direct and primary responsibility for assuring that all contractual provisions, including all applicable legal, financial and eligibility requirements are continuously met by such related institution. All rights and remedies vested in the STO by the Contract apply with equal force and effect to a Contractor's related institution. Conversely, all rights and remedies vested in the Contractor by the Contract rest solely with the Contractor and not the related institution. The Contractor agrees to indemnify, save and hold the STO harmless from any expense, liability or payment arising out of the actions of a

related institution pursuant to the Contract or made by a related institution as a result of the Contract.

4. In the event the Contractor subcontracts any of the services, the Contractor must ensure that any subcontracts include appropriate provisions and contractual obligations to guarantee the successful fulfillment of all contractual obligations agreed to by the Contractor and the STO. In all such situations, the Contractor retains sole, direct and primary responsibility for securing the required contractual performance from such subcontractor as well as sole, direct and primary responsibility for assuring that all contractual provisions, including all applicable legal, financial and eligibility requirements are continuously met by such subcontractor. All rights and remedies vested in the STO by the Contract apply with equal force and effect to a Contractor's subcontractor. Conversely, all rights and remedies vested in the Contractor by the Contract rest solely with the Contractor and not the subcontractor. The Contractor agrees to indemnify, save and hold the STO harmless from any expense, liability or payment arising out of the actions of a subcontractor pursuant to the Contract/subcontract or made by a subcontractor as a result of the Contract/subcontract. In addition, the Contractor must obtain the approval of the STO prior to establishing any new subcontracting arrangements and/or before changing any subcontractors.
5. The aforementioned documents in this Section represent the full and complete agreement between the parties.

## **B. CONTRACT PERIOD, DEFAULT, CANCELLATION OR TERMINATION**

1. Except where specifically noted, the STO anticipates the Contract will run through June 30, 2023. The Contract may provide for a limited extension beyond the stated period at the option of the STO. Due to the nature of the services, the Contractor will continue processing checks issued against its accounts under this Contract for a period of thirteen (13) months following the final expiration or termination of the Contract unless other arrangements are made by the STO. All associated services included in this Contract must continue to be provided during this transitional time, at the prices set forth by the Contract.
2. If, in the sole discretion of the STO, the STO concludes that the Contractor has substantially defaulted in any manner in performing any of the contractual terms and conditions, and such default is not cured by the next banking day (as that term is defined in [Section 400.4-104, RSMo](#) (as amended)) or, at the discretion of the STO, in some other commercially reasonable period of time after notice of such default is given to the Contractor, the STO may immediately terminate the Contract and withdraw all State of Missouri funds on deposit with the Contractor.

3. The STO may terminate the Contract, in whole or in part, at any time for a breach of any contractual obligation. Should the STO exercise its right to terminate the Contract for such a reason, the termination shall become effective on the date specified in a written notice of termination sent to the Contractor.
4. The STO reserves the right to terminate the Contract, in whole or in part, at any time, for the convenience of the State of Missouri, without penalty or recourse, by giving written notice to the Contractor at least 120 days prior to the effective date of such termination. In the event of termination pursuant to this paragraph, all documents, data, reports, supplies, and accomplishments prepared, furnished or completed by the Contractor pursuant to the terms of the Contract shall, at the option of the STO, become property of the State of Missouri. The Contractor shall be entitled to receive just and equitable compensation for the work completed pursuant to the Contract prior to the effective date of termination.
5. The Contractor may terminate the Contract by giving written notice to the STO at least 120 days prior to the effective date of such termination. In the event of termination pursuant to this paragraph, all documents, data, reports, supplies, and accomplishments prepared, furnished or completed by the Contractor pursuant to the terms of the Contract shall, at the option of the STO, become property of the State of Missouri. The Contractor shall be entitled to receive just and equitable compensation for the work completed pursuant to the Contract prior to the effective date of termination.
6. The Contractor further agrees and understands that any payment due under the terms of the Contract shall be made only (a) after the successful completion of all requirements set forth in the Contract; and (b) after approval and acceptance by the STO of the Contractor's performance, services and/or supplies required by the terms of the Contract.
7. No provision in this document or in the Contractor's proposal shall be construed, expressly or impliedly, as a waiver by the STO of any existing or future right and/or remedy available by law in the event of any claim of default or breach of Contract.
8. Any written notice to the Contractor shall be deemed sufficient when presented to an authorized employee of the Contractor at its address as listed on the signature page of the Contract or deposited in the United States mail, postage prepaid, and addressed to the Contractor at its address as listed on the signature page of the Contract, or at such address as the Contractor may have requested in writing.

### **C. LIABILITY AND RESPONSIBILITY**

1. The Contractor shall be liable for any loss of funds as a result of the Contractor's failure to properly execute a Contract obligation when such error is within the Contractor's control. This includes system and or processing down time that is not restored in a timely manner.
2. The Contractor shall compensate the State of Missouri for the loss of interest as a result of the Contractor's error or of the Contractor's failure to execute a transfer request on the date requested, unless due to an error not within the Contractor's control. The compensation shall be for a period not exceeding the date of actual transfer or error correction. The compensation must be in the form of a reimbursement equal to the average of the daily Federal Funds interest rate (as reported on Bloomberg) plus five (5) basis points for the period and amount in question computed on a daily basis.
3. The Contractor agrees that it will indemnify and hold the STO and the State of Missouri harmless from any third party claims for damage resulting from any negligent act or omission or willful misconduct on the part of the Contractor or on the part of any subcontractor or other person employed by or under the supervision of the Contractor.
4. The Contractor shall defend, protect, and hold harmless the STO and the State of Missouri, its officers, agents and employees against all claims, demands, lawsuits, and liability resulting from copyright and/or patent infringement concerning the Contractor's performance or products produced under the terms of the Contract.
5. The Contractor shall be deemed to have exercised ordinary care if the Contractor has followed established procedures agreed to by the Contract in executing a transfer. The Contractor agrees that it shall be deemed not to have exercised ordinary care if it has deviated from these established procedures agreed to under the Contract in executing a transfer without prior written authorization from the STO.

### **D. RECORDS, ACCESS AND CONFIDENTIALITY**

1. The Contractor shall maintain financial and accounting records and supporting evidence pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified by the STO.

2. All such reports, records, tapes, files or other materials developed or acquired by the Contractor as a specified requirement of the Contract shall become property of the STO.
3. The Contractor shall permit reasonable access by the STO during the Contract period and any extension periods, and for an eighteen- (18) month period beyond the end of the Contract, for purposes of performing audit procedures relating to any aspect of the services provided by the Contractor to the STO in connection with the Contract.
4. Any and all information supporting the contract and any and all tapes, files and data files maintained by the Contractor for such purpose shall be provided to the STO, or a designated STO representative, at no cost to the STO or designated representative, upon request by the STO, at the end of the Contract.
5. In addition to the reports specifically required by the Contract, the Contractor must provide, for an agreed price, additional financial and analytical reports as the STO may request.
6. The STO reserves the right to reject or request changes in all reports, systems, on-line inquiry features, and procedures.
7. If the STO requests a service be performed on a specific day, and that day is not a banking day, the Contractor must provide the service on the next banking day, unless otherwise indicated by the STO or by mutual agreement between the Contractor and the STO.
8. The Contractor shall maintain complete confidentiality of all data and all records, including, but not limited to, information regarding any tax report or return, and any personally identifiable information of any person, relating to services performed under the Contract. No list, report or other materials generated from data covered under the Contract may be disclosed or transferred by Contractor to any other person or entity. Specifically, Contractor affirms that it shall abide by all applicable state and federal laws, rules and regulations regarding the confidentiality of such information, including, but not limited to 26 USC 7213, [Section 32.057 RSMo](#), and [Section 407.1500 RSMo](#). The Contractor shall take any and all steps necessary, in the discretion of the STO to ensure that its employees, subcontractors and/or any other persons under Contractor's control with access to such information (1) are aware of and abide by such laws, rules and regulations regarding the confidentiality of such information and (2) are aware of the potential for criminal prosecution for failing to abide by such laws, rules and regulations. The Contractor agrees to indemnify and hold harmless the State of

Missouri for any damages, costs, fees or other liability (including counsel fees) arising as a result of Contractor's failure to comply with the applicable laws, rules and regulations regarding the confidentiality of the data and records provided to Contractor under the Contract.

#### **E. COMPLIANCE WITH APPLICABLE LAWS**

1. The Contract shall be construed according to the laws of the State of Missouri. To the extent that a provision of the Contract is contrary to the Constitution or laws of the State of Missouri or of the United States, such provisions shall be void. However, the balance of the Contract shall remain in force between the parties unless terminated by consent of both the Contractor and the STO.
2. The Contractor shall comply with all local, state and federal laws and regulations related to the performance of the Contract, to the extent that the same may be applicable, and must be registered with and maintain good standing with the Missouri Secretary of State, the Division of Finance of the Missouri Department of Insurance, Financial Institutions, and Professional Registration and/or any other Missouri State office or agency, as may be required by law or regulation.
3. The Contractor represents itself to be an independent contractor and shall not represent itself or its employees to be an employee of the State of Missouri. Therefore, the Contractor shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers compensation, employee insurance, minimum wage requirements, overtime, etc., and agrees to indemnify, save, and hold the State of Missouri, its officers, agents, and employees, harmless from and against, any and all loss, cost (including attorney fees), and damage of any kind related to such matters.
4. In connection with the furnishing of supplies or performance of work under the Contract, the Contractor agrees to comply with the Fair Labor Standard Act, Fair Employment Practices, Equal Employment Opportunity Act, the Americans With Disabilities Act (ADA), and all other applicable federal and state laws, regulations, and executive orders to the extent that the same may be applicable and further agrees to insert the foregoing provision in all subcontracts awarded hereunder. If the Contractor is found to be in violation of any applicable state, federal or local law or regulation, the STO shall have the right to cancel the Contract immediately without penalty or recourse. In addition, the Contractor shall agree to fully cooperate with any audit or investigation from any federal, state or local law enforcement agency.
5. Contractors with the State of Missouri must comply with Article XIII of [Executive](#)

[Order #87-6](#) pertaining to discrimination and affirmative action. Failure to comply may result in appropriate action including cancellation of the Contract resulting from this RFP.

6. Pursuant to [Section 285.530, RSMo](#), if the Contractor meets the definition of a “business entity under [Section 285.525 RSMo](#). (a “section 285.525 business entity”), the Contractor must affirm the Contractor’s enrollment and participation in the E-Verify federal work authorization program with respect to employees hired after enrollment in the program who are to work in connection with the services requested herein. The Contractor should complete the applicable portions of **Appendix K** Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization. The applicable portions of **Appendix K** must be submitted prior to an award of a contract. In accordance with Section 285.530.2 RSMo, the Contractor should renew their Affidavit of Work Authorization annually. A valid affidavit of Work Authorization is necessary to award any new contracts.

Also, pursuant to 285.530 RSMo, if the Contractor’s business status changes to become a Section 285.525 RSMo business entity during the life of the Contract, then the Contractor shall, prior to the performance of any services as a business entity under the Contract: (a) enroll and participate in the E-Verify federal work authorization program with respect to the employees hired after enrollment in the program who are proposed to work in connection with the services required herein; and (b) Provide to the STO the documentation required in **Appendix K** entitled Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization affirming Contractor’s enrollment and participation in the E-Verify federal work authorization program; and (c) Submit to the STO a completed, notarized Affidavit of Work Authorization as provided in **Appendix K**.

7. Contractors with the State of Missouri must comply with [Executive Order #04-09](#) pertaining to outsourcing of employment. Failure to comply may result in appropriate action including cancellation of the Contract resulting from this RFP.
8. The STO will not contract for goods or services with a Contractor if the Contractor or an affiliate of the Contractor fails to properly pay or to collect and remit taxes owed to the State of Missouri. Contractor’s failure, or the failure of any affiliate to the Contractor, to maintain good standing with the State of Missouri Department of Revenue may result in appropriate action including cancellation of the Contract resulting from this RFP.
9. The parties are advised and acknowledge that pursuant to the Missouri Sunshine Law, Sections 610.010 *et seq.*, upon execution of the Contract, the Contract (including any

and all materials provided by all bidders in the RFP process) and all records related to the Contract are considered to be open records and will be made available in response to public information requests.

The STO shall have no obligation to contact or inform the Contractor or any bidder prior to providing the Contractor or bidder's documents in response to a public records request.

## F. ASSUMPTION OF LIABILITY, INSURANCE AND INDEMNIFICATION

1. The Contractor shall be responsible for any and all claims, actions, liability, injury or damage (including court costs and attorneys' fees) incurred as a result of the Contractor's breach of the Contract, negligence or willful misconduct in providing any service rendered under the terms and conditions, requirements or specification of the Contract. In addition to the liability imposed upon the Contractor for personal injury, bodily injury (including death) or property damage suffered as a result of the Contractor's performance under the Contract, the Contractor assumes the obligation to save the State of Missouri, including its agencies, employees, and assigns, from every claim, expense, action, liability, injury or damage arising out of any negligent act or any willful misconduct of the Contractor. The Contractor also agrees to hold the State of Missouri, including its agencies, employees, and assigns, harmless for any negligent act or omission or willful misconduct committed by any subcontractor or other person employed by or under the supervision of the Contractor under the terms of the Contract. However, the Contractor shall not be responsible for any injury or damage occurring solely as a result of any negligent act or omission or willful misconduct committed by the STO or the State of Missouri, including its agencies, employees and assigns. This provision is not intended to waive any claim of sovereign immunity to which a public entity is entitled under Missouri or federal law.
2. The Contractor shall understand and agree that the State cannot save and hold harmless and/or indemnify the Contractor or its employees against any liability incurred or arising as a result of any activity of the Contractor or any activity of the Contractor's employees related to the Contractor's performance under the Contract. Therefore, the Contractor shall maintain adequate liability insurance to protect the State of Missouri, its agencies, its employees, its assigns, its clients, and the general public against any loss, damage, and/or expense related to its performance under the Contract. The insurance coverage shall include, but shall not necessarily be limited to, general liability, errors and omissions, professional liability, etc. **The State of Missouri shall be a named party on the policy and written evidence of the insurance coverage shall be provided by the Contractor to the STO (such as a certificate of insurance).** The evidence of insurance shall include, but shall not necessarily be limited to: effective dates of coverage, limits of liability, insurers' names, policy numbers, endorsement by representatives of the insurance company, etc. Evidence of self-insurance coverage or

of another alternate risk financing mechanism may be utilized provided that such coverage is verifiable and irrevocably reliable. The evidence of insurance coverage must be submitted before or upon award of the Contract. In the event the insurance coverage is in any way changed, the STO must be notified by the Contractor immediately.

#### **G. PROPOSAL ACCEPTANCE OR REJECTION**

The STO reserves the right, in its sole discretion, to accept or reject any proposals, in whole or part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with any or all qualified bidders in any manner necessary to serve the best interests of the State of Missouri. The STO also reserves the right, in its sole discretion, to award a Contract based on the written proposals received without prior discussions or negotiations.

#### **H. PROPOSAL PREPARATION COSTS**

The STO will not reimburse any bidder responding to this RFP for costs incurred in preparing documentation, making presentations, or any other costs incurred as a result of this RFP.

#### **I. IMPLEMENTATION AND CONVERSION COSTS**

Any equipment installation, software or data file conversions, or any other costs associated with start-up and implementation shall be the responsibility of the Contractor.

#### **J. REPLACEMENT EQUIPMENT AND TRAINING**

1. As requested by the STO, the Contractor shall provide periodic training or retraining of STO, or, when appropriate, personnel of other State agencies, in the use and operation of the equipment, software, or systems provided under the Contract.
2. In the event that the Contractor's systems or any of its components are rendered permanently inoperative, the Contractor must have the capability to reconstruct necessary data files and operate on replacement equipment within one (1) calendar day of any disaster.

**K. SUBSTITUTION OF PERSONNEL**

The STO's agreement to the Contract is predicated, in part and among other considerations, on the utilization of the specific individual(s) and/or personnel qualification(s) as identified and/or described in the Contractor's proposal. In the event that any of the specific individuals and/or personnel qualifications change, Contractor must immediately notify STO. The Contractor further agrees that any substitution of individuals or personnel qualifications made pursuant to this paragraph must be equal to or better than originally proposed and that the notification of a substitution shall not be construed as an acceptance by the STO of the substitution's performance potential. STO reserves the right to reject any substitutions of individuals or personnel qualifications made if those substitutions, in the discretion of STO, are not equal to or better than originally proposed. If the Contractor fails to utilize individuals and personnel qualifications that are equal to or better than originally proposed, the STO may terminate the Contract pursuant to Section III.B, Item 3.

**L. REVIEW OF SERVICES**

The STO will conduct regular service reviews with the Contractor. Such reviews will include a review of the quality of services and discussion of any specific concerns of the STO or the Contractor, and will be documented in a mutually agreed upon format.

**M. ASSIGNMENT**

The Contractor shall not assign any interest in the Contract nor transfer any interest, whatsoever, in the same (whether by assignment or notation) without prior written consent of the STO.

**N. JURISDICTION**

Each party irrevocably and unconditionally (i) submits to the exclusive jurisdiction of any United States Federal or Missouri State court sitting in Cole County, Missouri, and any appellate court from any such court, solely for the purpose of any suit, action or proceeding brought to enforce its obligations under the Agreement or relating in any way to the Agreement or any Transaction under the Agreement; and (ii) waives, to the fullest extent it may effectively do so, any defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and any right of jurisdiction on account of its place of residence or domicile.

**O. CONFLICT OF INTEREST**

The Contractor covenants that it presently has no interest and shall not acquire any interest,

directly or indirectly, which would conflict in any manner or degree with the performance of the services hereunder. The Contractor further covenants that no person having any such known interest shall be employed by the Contractor or conveyed an interest, directly or indirectly, in the Contract.

**P. ESTIMATED VOLUMES**

Any statistics or estimates of workload in this RFP are for informational purposes only and do not imply that they accurately represent expected future activity.

**Q. COLLATERAL**

Collateral acceptable to the STO will be required on the total of any compensating balances and any other funds (collected and uncollected) in STO and State accounts covered by this Contract in excess of FDIC insurance coverage. Funds in sweep repurchase agreements must be secured in accordance with Article IV, Section 15 of the Missouri Constitution by United States Treasury obligations or obligations of United States government agencies or instrumentalities. All products or services offered must be appropriately collateralized or secured in accordance with Missouri law. The [acceptable collateral listing](#) is subject to change.

## IV. COMPENSATION

### A. METHOD OF COMPENSATION

1. The Contractor must uphold all service and pricing commitments. All costs bid are firm, fixed costs for the duration of the contract period (including available renewal periods).
2. The STO shall strive to maintain an average daily collected balance with the Contractor throughout the service period sufficient to compensate the Contractor for services provided which are the responsibility of the STO. The level of compensating balance shall be based upon the volume of services provided, agreed-upon prices, earnings credit rate (ECR), and required reserves. Balances will be reviewed monthly and adjusted as needed to approximate the level of service activity. Any excess balance from the previous month will be carried forward and used to pay for the next month's services. Any deficit balance from the previous month will be covered by future earnings. Any excess or deficit position with the Contractor shall carry forward month to month and year to year, so long as the STO maintains services with the Contractor unless otherwise agreed to by the STO.
3. The ECR on balances maintained in all accounts shall be quoted at a spread from the average of the yields from the regular 3-month Treasury Bill auctions of the preceding month. (See Pricing Table 2 in **Appendix H**) The ECR shall be verified with the STO before preparation of an account analysis.
4. End of day balances in the account(s) (DDAs, repos, or other products) with the Contractor shall not be assessed charges for reserve requirements, FDIC insurance premiums, or any similar balance related charges.
5. If balances are swept into repurchase agreement account(s), they shall be included in determining the compensating balance on deposit with the Contractor; and the Contractor will enter into a Master Repurchase Agreement with the STO.

### B. PRICE ADJUSTMENTS

1. All prices included in the proposal are effective for the entire term of the Contract, including available renewal periods, unless otherwise specified below.
2. If included in the proposal, the Contractor may request an adjustment for changes in

pass-through charges. The Contractor shall submit documentation verifying such rates when requesting adjustment.

3. Prices for any changes or additional services during the contract period (including the available renewal periods) shall be negotiated between the STO and the Contractor, documented in writing, and signed by both parties.

#### **C. CHANGE IN METHOD OF COMPENSATION**

The STO currently compensates Contractors on a compensating balance basis. During the term of the Contract, the STO specifically reserves the right to switch from the compensating balance format described in this section (Section IV) to a direct fee-for-service format.

There shall be no change to the prices indicated in this proposal should there be a subsequent change to a direct fee-for-service method.

## V. PROPOSAL CONTENTS AND SELECTION

### A. GENERAL CONSIDERATIONS

1. Each of the mandatory requirements contained in Section II.B. must be initialed by the authorized bank officer signing the bid to indicate the bidder's acceptance to perform the requirement as stated.
2. Bidders must prepare concise and complete written responses to each of the specific questions for bidders contained in Section II.C. Responses should be numbered in the same manner as the questions and will be used in evaluating each bidder's proposed method of performance. The responses to the questions shall also be submitted in Microsoft Word format or Portable Document Format (PDF) to facilitate the evaluation process.
3. Bidders are free to recommend any changes to approach or systems which they believe would be beneficial or cost-effective to the State. This can include recommendations for enhancing, streamlining or eliminating redundant or superfluous processing or reporting, and opportunities for integrating services or systems. Bidders should note, however, that proposals will be evaluated and the Contractor will be chosen on the basis of the Contractor's commitment to meet and deliver the mandatory service requirements at the most competitive price. Thus, recommendations which increase the cost of a proposal beyond that necessary to meet and deliver the mandatory service requirements may place the bidder at a competitive price disadvantage relative to bidders who price their proposals strictly in terms of the mandatory service requirements. The State shall be the final and sole arbiter of whether such alternative solution proposals meet the State's requirements and are cost effective.
4. **Bidders may submit more than one proposal.** Additional proposals may be prepared in an abbreviated form following the same format as the primary proposal (which shall be labeled as such), but containing only that information that differs in a substantive way from that contained in the primary proposal. Each proposal must be bound separately and prepared in accordance with Part B of this section.
5. Bidders may submit a proposal that does not satisfy all of the specific mandatory requirements of the RFP by offering an alternative solution to the approach depicted in the RFP. Such proposals must be clearly identified by the bidder as "Alternative Solution Proposals". In all cases to be considered for evaluation, alternative solution proposals must clearly meet the intent of the mandatory requirements of the RFP, be cost effective, as well as meeting the overall objectives of the procurement and the

State's needs as stated in Section II, the Scope of Services. Alternative solution proposals must be prepared in accordance with Part B of this section. The State shall be the final and sole arbiter of whether such alternative solution proposals meet the State's requirements and are cost effective.

6. Eligibility Requirements for Bidders

- a. In addition to the requirements detailed elsewhere in this RFP, all bidders must include in their proposals a certified statement attesting to the following:
  - (1) The bidder is either a federal government or state government chartered banking institution.
  - (2) The bidder has a depository banking facility in the State of Missouri. (Not an ATM.)
  - (3) The bidder is a federally insured financial institution.
  - (4) The bidder complies with Federal Regulation guidelines indicating the bidder is well capitalized.
  - (5) The bidder has a Community Reinvestment Act (CRA) rating of "satisfactory" or better for the most recent examination conducted.
  - (6) The bidder has sufficient equity capital to hold the compensating balances required by the bidder's proposal.
- b. If the bidder intends to utilize the services of a related financial institution (i.e., a bank within the same holding company as the bidder or to subcontract any of its obligations to a separate financial institution) in the bidder's proposed method of performance, the bidder must also include a certified statement attesting to the information described in (1)-(6) immediately above for the related institution, and must provide copies of the most recent Annual Report, Call Report, CRA Statement, and CRA Public Disclosure for such related institution. (Submit these copies only in the original Volume I of the proposal.)
- c. All bidders who intend to submit responses to this RFP **must attend** the bidders' conference on January 28, 2019. Please see I.B. for details.
- d. All bidders must be prepared to schedule and deliver a presentation to the STO. The presentation, if scheduled, will encompass a review of the bidder's systems, the processes to be used in handling the State's accounts and deposits, and an introduction to the staff who will be involved in servicing the STO's Contract and

relationship with the bidder. Presentations may be scheduled with the top two (2) to three (3) successful bidders at the STO's discretion. Presentations are currently scheduled to occur on **February 27, 2019**. The STO is in no way obligated to schedule bidder presentations, and the STO can select a proposal without viewing a presentation from the bidder. All costs surrounding the presentations are the bidder's sole responsibility.

7. Bidders are advised that upon execution of a contract, all information submitted in response to this Request for Proposal is considered an open record under Missouri Law and will be made available in response to public information requests. See Section III.E., Item 9.

## **B. FORMAT AND SUBMISSION OF PROPOSAL**

1. The selection procedure for this procurement requires that evaluation of the proposed method of performance be completed before consideration of a bidder's pricing proposal. Consequently, each proposal must be submitted in two (2) volumes as indicated below.

- a. Volume I – Proposed Method of Performance

- (1.) This volume must contain sufficient information to enable the evaluators to evaluate the proposal in accordance with the mandatory requirements and the evaluation criteria listed in this section V., part D. It should be prepared in a clear and concise manner and should address all appropriate aspects of this RFP **except pricing**.
- (2) This volume should be organized into distinctive sections as outlined below.
  - I. Cover or Transmittal Letter
  - II. Eligibility Certification (see V.A.6.)
  - III. Acceptance of Mandatory Requirements (see Section II.B.)
  - IV. Responses to Specific Questions (see Section II.C.)
  - V. Disaster Recovery (see Section II.C.18.)
  - VI. Community Investment (see V.G., and **Appendix J**)
  - VII. Desired Contracts and Agreements (see Part II.C.21.c)
  - VIII. Completed applicable portions of the Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization (see section III.E.6 and **Appendix K**)

- b. Volume II – Pricing Proposal
  - (1) This volume must contain the completed pricing tables (**Appendix H**) as well as any other charges or pricing applicable to the STO with volume assumptions included. (If volume assumptions are not included and documented, the Contractor will not be able to charge more than the extended cost on the pricing table for any single year during the contract period.)
  - (2) This volume should be organized into distinctive sections as outlined below.
    - I. Completed Pricing Tables (**Appendix H**)
    - II. Other Supplemental Pricing Information (including documentation of any volume assumptions made)
  - (3) **This volume must be submitted in a separate, sealed envelope, clearly labeled “Pricing Proposal” on the outside of the envelope.** (Only the original copy of this volume is required.)
- 2. Proposals must be priced, signed by a bank officer with authority to bind the Contractor to the State by contract, sealed, and returned (in the volumes indicated and with all necessary attachments) to the STO by **11:00 a.m. CST, February 15, 2019.**
  - a. In addition to the original proposal, the bidder should include five (5) hard copies of Volume I of the proposal. Only the original copy of Volume II is required.
  - b. Volume I of the proposal shall be submitted in a three- (3) ring loose-leaf binder. Volume II shall be submitted in a separate folio or folder, sealed, and clearly labeled as “Pricing Proposal” on the outside of the sealed envelope or folio. Proposals shall be prepared on 8 1/2 x 11 inch paper using a legible font.
  - c. In addition to the above, bidders are required to submit one CD-ROM or flash drive containing the bidder’s entire proposal(s). (If any discrepancies between the hard (paper) copy and the electronic copy are discovered, the hard (paper) copy will prevail.)
- 3. The bidder shall respond to this RFP by submitting all data required. Failure to submit such data shall be deemed sufficient cause for disqualification of a proposal from further consideration for award.

### C. CLARIFICATION OF REQUIREMENTS

1. Any and all questions regarding specifications, requirements, competitive procurement process, etc., must be directed in writing to Nicole Hackmann, Director of Banking via e-mail to [STORFP@treasurer.mo.gov](mailto:STORFP@treasurer.mo.gov) . This is the only method of communication that will be accepted. The deadline to submit questions is February 8, 2019.
2. **Bidders are cautioned not to contact employees of the STO, employees of other state agencies, members of the General Assembly, or any members of the evaluation committee concerning this procurement during the competitive procurement and evaluation process. Such contact may cause the bidder's proposal to be rejected.**
3. The bidder is advised that the only official position of the STO is that position which is stated in writing and issued by the STO as a RFP and any amendments thereto. No other means of communication, whether oral or written, shall be construed as a formal or official response or statement.

### D. EVALUATION PROCESS

1. After determining that a proposal satisfies the mandatory requirements stated in this RFP, the comparative assessment of the relative benefits and deficiencies of the proposal in relationship to the published evaluation criteria shall be made by using subjective judgment. The award of a contract resulting from this RFP will be based on the evaluation criteria stated below:

<b>Price</b>	<b>50%</b>
<b>Proposed Method of Performance</b>	<b>20%</b>
<b>Experience, Quality and Reliability</b>	<b>25%</b>
<b>Community Investment</b>	<b>5%</b>

*Any cost-effective suggestions to improve current systems may be used to select one bidder over another if scoring is tied.*

2. After an initial screening process, if deemed necessary, the STO and the evaluation committee may ask a bidder to clarify or verify elements of the bidder's proposal to develop a more comprehensive assessment of the proposal. Such a request will be delivered via e-mail to the officer signing the proposal, and will generally require a **response in 48 hours**.

3. The STO reserves the right to consider historic information and facts, whether gained from the bidder's proposal, question and answer conferences, references, or any other source, in the evaluation process.
4. It is the bidder's sole responsibility to submit information related to the evaluation categories and the STO is under no obligation to solicit such information if it is not included with the bidder's proposal. Failure of the bidder to submit such information may cause an adverse impact on the evaluation of the bidder's proposal, up to and including rejection of the bidder's proposal.
5. In the event that only one (1) proposal is received in response to this RFP, the STO reserves the right to cancel the bid process or to negotiate the terms and conditions, including the price, as proposed in the sole bidder's proposal. In addition, as part of such negotiations, the STO reserves the right to require supporting cost, pricing and other data from the bidder in order to determine the reasonableness and acceptability of the proposal.

## **E. PRICING**

1. The bidder must complete the Pricing Tables (**Appendix H**) of this RFP and submit them with the proposal in a separate sealed envelope or folio. Any pricing involved in providing required services must be reflected on the pricing tables. All costs must be portrayed.
  - a. The bidder must quote a firm, fixed price for each identified transaction, multiply it by the indicated volume, and state an estimated annual cost for each transaction.
  - b. For any service listed that has no charge or does not apply, insert zero for the unit price and estimated annual cost.
  - c. Where appropriate, the bidder must quote a firm, fixed price for providing a system.
  - d. The bidder must include a proposed ECR as defined in section IV. part A., Method of Compensation.
2. Any cost and/or pricing data submitted or related to the bidder's proposal including any cost and/or pricing data related to contractual extension options, whether required or voluntary, shall be subject to evaluation if deemed by the STO to be in the best interests of the State of Missouri.

3. The Total Package Price will be determined by adding together the annual transaction charges (i.e., the extended transaction charge prices, if any, factored in the calculation) and calculating the required compensating balance by applying any spread bid from the ECR.

#### **F. PROPOSED METHOD OF PERFORMANCE**

1. Proposals will be evaluated based on the bidder's distinctive plan for performing the requirements of the RFP.
2. The bidder must initial mandatory items listed in Section II.B. and must present written responses to the questions posed in Section II.C.

#### **G. COMMUNITY INVESTMENT**

1. All bidders must complete and include with their proposal the Community Investment Questionnaire located in **Appendix J**.
2. Proposals must include the bidder's most recent Community Reinvestment Act (CRA) Summary Statement and CRA Public Disclosure received from the bidder's rating regulatory agency with the completed **Appendix J** from item #1 above.

## VI. GLOSSARY OF TERMS

Term or Abbreviation	Definition
1. <b>ACH</b>	Automated Clearing House.
2. <b>Alternative Solution</b>	A proposed method or procedure to meet the needs or intent of the mandatory requirements of a request for proposal (RFP).
3. <b>Availability</b>	The number of days of float; or the delay in the ability to use, withdraw, or spend amounts deposited.
4. <b>Bank</b>	A financial institution.
5. <b>Banking Day</b>	The standard day of operation of the federal reserve system.
6. <b>Bidder</b>	The business entity or organization responding to the request for proposal submitted by the STO. (If awarded the Contract, the bidder may also be known as the “Contractor”.)
7. <b>Check</b>	Any written document instructing a bank to pay money from the payor's account.
8. <b>Collected Balance</b>	The difference between ledger balances and deposit float.
9. <b>Collection Accounts</b>	Depository Accounts maintained by the STO for agencies with an office outside of Jefferson City. The agencies deposit monies received locally, report the deposits to the state accounting system, and the STO initiates ACH debits to the accounts to consolidate funds for investment.
10. <b>Community Investment</b>	The contribution a financial institution makes to the community it serves.
11. <b>Contract</b>	Collectively refers to: the Depository Contract, Pledge Agreement, Demand Deposit Contract and contract for Banking Services; the RFP and any amendments thereto issued by the State Treasurer’s Office; the Contractor’s response to the RFP including any and all attachments and additional responses.
12. <b>Contractor</b>	The business entity or organization that is awarded the Contract to perform the services specified within the request for proposal. (The Contractor may also be referred to as the “bidder” prior to contract award.)

Term or Abbreviation	Definition
13. <b>CRA</b>	Community Reinvestment Act.
14. <b>CST</b>	Central Standard Time.
15. <b>Daylight Overdraft Limit</b>	An intra-day overdraft limit approved by the financial institution.
16. <b>DDA</b>	Demand Deposit Account.
17. <b>Direct Deposit Accounts</b>	An account with no checking privileges. At a minimum, account holders should be able to have paychecks direct deposited and make withdrawals by automated teller machine (ATM) or debit card.
18. <b>Division of Finance</b>	The state agency responsible for oversight of financial institutions within the State of Missouri. A division of the Department of Insurance, Financial Institutions and Professional Registration.
19. <b>Disbursement</b>	The act of paying out funds.
20. <b>DOR</b>	The Department of Revenue of the State of Missouri, located in Jefferson City.
21. <b>DSS</b>	The Department of Social Services of the State of Missouri, located in Jefferson City.
22. <b>ECR</b>	Earnings Credit Rate.
23. <b>End of Contract</b>	The end of the Contract may occur at the expiration of the contract period or extension thereof; termination or cancellation of the Contract; or other event that causes the contractual relationship between the STO and the Contractor to cease.
24. <b>Experience and Reliability</b>	The terms applied to the knowledge, practice and dependability of a proposed bidder to perform those specific requirements identified within the request for proposal (RFP).
25. <b>FDIC</b>	Federal Deposit Insurance Corporation.
26. <b>FFIEC</b>	Federal Financial Institution Examination Council.
27. <b>FTP</b>	File Transfer Protocol.

<b>Term or Abbreviation</b>	<b>Definition</b>
28. <b>Hot Site</b>	Alternative processing location in the event of an event that interrupts processing and/or service at the primary processing location.
29. <b>IDC</b>	One of the nationally recognized statistical rating organizations (NRSRO's) recognized by the Securities and Exchange Commission, which provides credit ratings of U.S. financial institutions.
30. <b>IP</b>	Internet Protocol.
31. <b>Ledger Balance</b>	The bank balance that reflects all accounting entries that affect a bank balance, regardless of any deposit float.
32. <b>Lottery</b>	The Missouri Lottery, located in Jefferson City.
33. <b>Mandatory Requirements</b>	Those specific methods or procedures required by the State Treasurer's Office (STO) and defined in Section II.B. of the request for proposal (RFP) to ensure that the State of Missouri's needs are met by the Contractor.
34. <b>NACHA</b>	National Automated Clearing House Association. The governing body responsible for oversight and rulemaking surrounding ACH processing.
35. <b>NRSRO</b>	Nationally Recognized Statistical Rating Organizations recognized by the Securities and Exchange Commission.
36. <b>OA</b>	The Office of Administration of the State of Missouri located in Jefferson City.
37. <b>OCC</b>	Office of the Comptroller of the Currency.
38. <b>Outstanding Checks</b>	Those checks issued on a checking account that have not been presented to the financial institution on which they are drawn for payment.
39. <b>Paid Checks</b>	Those checks presented for payment and honored by the financial institution on which they are drawn.
40. <b>Payee Positive Pay</b>	A service used for fraud control. A list of checks including the serial number, payee name and dollar amount issued by a company is transmitted to a financial institution. Only those checks that match information on the list are paid.

Term or Abbreviation	Definition
41. <b>Positive Pay</b>	A service used for fraud control. A list of checks including the serial number and dollar amount issued by a company is transmitted to a financial institution. Only those checks that match information on the list are paid.
42. <b>Pricing</b>	The dollar amount affixed by the bidder to a prescribed service or requirement of the State Treasurer's Office included in the request for proposal. All costs bid are firm, fixed costs for the duration of the contract period.
43. <b>Proposed Method of Performance</b>	The distinctive plan for performing the requirements of the request for proposal (RFP) as defined bidder.
44. <b>Reasonable Fee</b>	The reasonable cost or limitation placed upon a service to be performed in execution of a duty.
45. <b>Repurchase Agreement (Repo)</b>	The sale of a security by a dealer to an investor with an agreement to buy the security back from the investor at a specific time and at a price that will result in a pre-determined yield to the investor.
46. <b>RFP</b>	Request for Proposal.
47. <b>SSL</b>	Secure Sockets Layer
48. <b>State</b>	The State of Missouri.
49. <b>State Fiscal Year</b>	The State's annual accounting period of July 1 through June 30.
50. <b>STO</b>	The Office of the Missouri State Treasurer located in Jefferson City, Missouri.
51. <b>Teller Positive Pay</b>	Positive pay services provided at the teller window. Verification of the item presented is made by a teller prior to acceptance of that item for payment.
52. <b>TIFF</b>	Tagged Image File Format. A widely used bitmapped graphics file format that handles monochrome, grayscale, 8-and 24-bit color.
53. <b>Timely Manner</b>	A reasonable period of time for a desired outcome to occur or to be accomplished.

<b>Term or Abbreviation</b>	<b>Definition</b>
54. <b>Well Capitalized</b>	As determined by the FDIC, an insured depository institution is “well capitalized” if it significantly exceeds the required minimum level for each relevant capital measure.
55. <b>Wire</b>	A wire transfer initiated through the Fed Wire System.
56. <b>ZBA</b>	Zero balance account. An account that may have deposit and/or disbursement activity, in which the balance in the account is maintained at zero by daily transfers of funds to and from a master account at the same financial institution.

## **VI. APPENDICES**

- A. Flowcharts for Funding and Information Flows
- B. Significant Activity Indicators
- C. Check Disbursement File Formats
- D. File Transmission Information
- E. Disbursement File Confirmation Report
- F. Example Outstanding Reconciliation
- G. Example Advice of Credit
- H. Pricing Tables
- I. Sample Depository Contract, Pledge Agreement and Contract for Check Disbursement Services
- J. Community Investment Questionnaire
- K. Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization

## **APPENDIX A**

### **FLOWCHARTS FOR FUNDING AND INFORMATION FLOWS**

(This data is located in the associated Excel file.)

## **APPENDIX B**

### **SIGNIFICANT ACTIVITY INDICATORS**

(This data is located in the associated Excel file.)

## **APPENDIX C**

### **CHECK DISBURSEMENT FILE FORMATS**

(This data is located in the associated Excel file.)

**APPENDIX D**

**FILE TRANSMISSION INFORMATION**

## APPENDIX D

### FILE TRANSMISSION INFORMATION

The State of Missouri has identified the following options for file transmissions under this RFP.

*The following options are listed from most desirable to least desirable.*

#### **Secure FTP connection:**

A secure FTP connection utilizing Secure Sockets Layer (SSL) technology may also be used to transmit and receive files from remote nodes. This option does not provide the level of automation and integration with the mainframe batch scheduling software and requires more human intervention. A minimum of 128-bit encryption for both the FTP control connection and FTP data connection is required. Network connectivity may be accomplished by purchasing a dedicated data circuit terminating on the outside of the State firewall or via the Internet. The Contractor is responsible for purchasing an FTP client for their remote node that is compatible with the FTP server on an IBM mainframe at the Missouri State Data Center (SDC) and for all costs associated with network connectivity.

The Contractor may also connect to the MoveIt DMZ FTP server maintained by the SDC to receive and store files. Task automation is available through the MoveIt Central piece.

#### **Site to Site Virtual Private Network connection (VPN):**

Site-to-Site VPN will require a minimum of AES-128 bit encryption. AES-256 bit encryption is the preferred method. The contractor is responsible for any equipment and any other costs associated with the site-to-site VPN.

#### **Direct Link:**

Direct Link using Enterprise Extender requires the remote end (the contractor) to supply a router for this connection. The router may need to run CISCO's SNA switch (CISCO's name for Enterprise Extender) to allow SNA to be encapsulated in IP and shipped to the SDC, if the remote end system cannot perform the IP encapsulation. The link will connect to an Extranet at the SDC for IP security reasons. The contractor is responsible for obtaining its router, the SNA switch and any associated costs.

**APPENDIX E**  
**DISBURSEMENT FILE CONFIRMATION REPORT**

**APPENDIX E**

**EXAMPLE OF FILE RECEIPT CONFIRMATION**

<b>12/14/2018 State Issue Report</b>						
<b>Account #</b>	<b>Check Series</b>	<b>Issue Date</b>	<b>Beginning Check #</b>	<b>Ending Check #</b>	<b>Number of Checks</b>	<b>Dollar Amount</b>
<b><u>Check Issued Confirmation:</u></b>						
Account #1	A	12/17/2018	8251000	8251005	6	\$1,500,000.00
Account #1	A	12/18/2018	8251006	8251082	72	\$950,000.00
Account #1	B	12/18/2018	9750000	9750025	26	\$89,000.00
Account #1	C	12/17/2018	2220000	2220023	24	\$95,750.25
Account #1	D	12/20/2018	3333000	3333011	12	\$45,625.33
Account #1	F	12/17/2018	4444000	4444019	20	\$98,547.32
Account #1	P	12/18/2018	5555000	5555002	3	\$6,542.11
Account #2	J	12/26/2018	1554001	1554045	40	\$22,500.00
Account #2	J	12/27/2018	1554095	1554122	28	\$1,152.11
Account #2	K	12/18/2018	7778000	7778025	26	\$9,500.22
Account #2	K	12/20/2018	7889000	7889058	56	\$756,488.02
Account #2	M	12/18/2018	9995000	9995075	76	\$26,654.23
<b><u>Check Cancelled Confirmation:</u></b>						
Account #1	A				99	\$1,259,600.00
Account #1	B				3	\$98.75
Account #1	C				5	\$8,997.25
Account #1	D				9	\$8,125.24
Account #1	F				2	\$58.77
Account #2	J				3	\$19.98
Account #2	K				15	\$1,542.35
Account #2	L				23	\$99,800.55
Account #2	M				57	\$895.30
<b>Note: The number of checks is a record count, not calculated from the beginning and ending check numbers as some check numbers may be voided prior to sending the check issuance file.</b>						

## **APPENDIX F**

### **EXAMPLE OUTSTANDING RECONCILIATION**

(This data is located in the associated Excel file.)

**APPENDIX G**  
**EXAMPLES OF ADVICE OF CREDIT**

## **APPENDIX G**

### **EXAMPLES OF ADVICE OF CREDIT**

Date: 12/14/2018

Advice of Credit  
Checking Account #1

Amount \$314.76

Forgery Settlement – F 12345678 – Mickey Mouse

**APPENDIX H**  
**PRICING TABLES**

**APPENDIX H**  
**PRICING TABLES**

Instructions to Bidders

1. Bidders must complete and return Pricing Tables I & II in this Appendix in Volume II of their proposal.
2. Each service listed shall be priced, and the cost extended by the bidder to complete the Estimated Annual Cost for the service.
3. For any service listed that has no charge or does not apply, insert zero (0) for the unit price and the estimated annual cost.
4. Additional service costs that apply to the services requested in this RFP may be included in the applicable section of the pricing page. The bidder shall adequately identify the service, the volume shall be estimated, and the fixed price extended to the Estimated Annual Cost. The volume estimate shall be documented in an addendum to the Pricing Tables. Additional pricing items added by the bidder, which do not include adequate documentation of the service or the volume estimate may be disallowed by the STO as a chargeable item, or may be capped at the extended Estimated Annual Cost each year.
5. The prices quoted are firm, fixed prices applicable for the term of the contract (including renewal periods). They will not be renegotiated. The Contractor may request pricing adjustments for changes in pass-through charges. Documentation verifying the rate changes must be submitted when requesting a pricing adjustment.
6. Any equipment installation, software or data file conversions, or any other costs associated with start-up and implementation shall be the responsibility of the Contractor.

Notes to the Pricing Tables:

- a. It is the STO's intent to fund daily check clearings by wire transfer.
- b. If the Contractor maintains other accounts for the STO, the STO may choose to transfer available funds from another STO account instead of establishing a separate disbursement consolidation account.

(The Pricing Tables are located in the associated Excel file.)

**APPENDIX I**

**SAMPLE DEPOSITARY CONTRACT, PLEDGE AGREEMENT AND  
CONTRACT FOR CHECK DISBURSEMENT SERVICES**

## APPENDIX I

### STATE OF MISSOURI

#### DEPOSITORY CONTRACT, PLEDGE AGREEMENT AND CONTRACT FOR CHECK DISBURSEMENT SERVICES

**THIS DEPOSITARY CONTRACT, PLEDGE AGREEMENT AND CONTRACT FOR CHECK DISBURSEMENT SERVICES is entered into between the State Treasurer of Missouri (“State Treasurer”), the Missouri Lottery (“Lottery”), and \_\_\_\_\_, of \_\_\_\_\_ city, Missouri (“Bank”) (collectively, the “Parties”).**

WHEREAS, pursuant to the provisions of Article IV, Section 15 of the Constitution of Missouri, as amended, and Chapter 30, RSMo, as amended, Bank has been selected by the State Treasurer as a depository of state moneys and a provider of banking services (Check Disbursement Services); and

WHEREAS, the Parties intend to secure the deposit of state moneys by pledging collateral securities and perfecting a security interest in and creating a lien upon same as contemplated and permitted by state law including the provisions above and Chapter 400 RSMo, as amended, which are hereby incorporated into this Agreement; and

WHEREAS, the Parties desire to incorporate the State Treasurer’s 2019 Request for Proposals for Check Disbursement Services and Bank’s Response to same into a comprehensive Depository Contract, Pledge Agreement and Contract for Check Disbursement Services;

NOW THEREFORE, the Parties hereby agree as follows:

1. The State Treasurer and Lottery will from time to time deposit moneys with Bank on demand deposit. Such deposits, in aggregate, shall not exceed the amount of Bank’s equity capital as shown by Bank’s most recent financial statement. Bank shall not at any time accept additional deposits of state funds when same could cause the total amount of state funds on deposit with Bank to exceed Bank’s equity capital.
2. Bank agrees to safely keep the demand deposits made hereunder, to promptly collect all checks, drafts and other instruments of exchange deposited with it under this Depository Contract, Pledge Agreement and Contract for Check Disbursement Services, the State Treasurer’s Request for Proposals, and Bank’s response (all of which shall hereby be collectively known as the “Check Disbursements Contract”), and to pay out of the accounts of the State Treasurer and Lottery, as applicable, such sums as the State Treasurer or Lottery may draw by check, Automated Clearing House (ACH), wire transfer, or book transfer, upon written, verbal, or electronic instruction by an authorized employee of the State Treasurer or Lottery against the balances of said accounts.
3. The Parties acknowledge and agree that, pursuant to this Check Disbursement Contract, the State Treasurer may have more than one demand deposit account at Bank, and additionally agree that individual demand accounts may be overdrawn as long as combined total balances

are positive. The State Treasurer and Bank further acknowledge and agree that the parties will attempt to minimize the occurrence of daylight overdrafts and associated costs through the utilization of appropriate operational procedures.

4. In addition to any services or responsibilities undertaken in this Check Disbursement Contract, Bank will provide the State Treasurer and Lottery with (a) Check Disbursement Services; (b) Balance Reporting Services; (c) Account Activity Analysis and Reporting; (d) Periodic Quality Review Meetings; (e) Additional Service Requirements, all as set forth in and in accordance with the State Treasurer's Request for Proposals for Banking Services and Bank's Response to same, including any amendments made from time to time in writing, which are hereby incorporated.
5. In return for the services to be performed by Bank under this Check Disbursement Contract the State Treasurer agrees to maintain sufficient amounts so that earnings on the average of the collected balances appearing in the accounts at the close of business for Bank on each day during the accounting period shall be equal to the estimated costs incurred for services rendered. Details regarding the fees for services under this Check Disbursement Contract, the requisite compensating balance for such services, the calculation and adjustment of the compensating balance, the earnings credit rate on accounts of the State Treasurer, the daily treatment of balances in the accounts of the State Treasurer, and all other matters concerning the compensation of Bank under this Check Disbursement Contract are specifically set forth in the Request for Proposals for Banking Services and Bank's Response to same.

Lottery Imprest Prize Account balances shall be handled as stated in the State Treasurer's 2019 Request for Proposals for Check Disbursement Services.

6. To secure the moneys deposited under this Check Disbursement Contract, Bank will deposit securities of the kind and character specified in Chapter 30, RSMo, as amended ("Securities"), in an amount specified by the State Treasurer and Lottery, as applicable, which shall be at least equal in market value to one hundred percent of the aggregate amount on deposit with Bank hereunder less the amount thereof, if any, which is insured by the Federal Deposit Insurance Corporation, or any successor federal government agency or entity established by law to insure deposits. The Securities shall be delivered to, receipted for and retained by the State Treasurer and Lottery or by banks or trust companies or other safe depositories that the Governor, State Auditor and State Treasurer agree upon at the expense of Bank. Bank does hereby grant, bargain, convey and pledge a security interest in any and all Securities deposited with the State Treasurer and Lottery or their designated custodian(s) in accordance with the terms of this Check Disbursement Contract. In every pledge and transfer of Securities hereunder, Bank shall take all steps necessary to effect a perfected first priority security interest in the Securities in favor of the State Treasurer and Lottery by ensuring that the State Treasurer and Lottery, have "control" of the Securities under Sections 400.8-106 and 400.9-106 RSMo, as amended, or where applicable, under any state or federal law or regulation governing perfection of security interests in the Securities in favor of the State Treasurer and Lottery. In addition to the rights and remedies given to the State Treasurer and Lottery hereunder, including the Request for Proposals for Banking Services, the State Treasurer and Lottery shall have the rights and remedies of a secured party under Chapter 400, RSMo, as amended.

7. The State Treasurer, Lottery, the Governor or the State Auditor may, from time to time, inspect the Securities or book entry receipts for the Securities or request an accounting of the Securities to determine that they are kept and maintained as required by this Check Disbursement Contract. The necessary expenses incidental to the deposit and inspection of the Securities shall be paid by Bank (such expenses could reasonably include certain photocopying, reports, and delivery of the information to the appropriate parties). If, at any time, or for any reason, the State Treasurer, Lottery, Governor or State Auditor determine that the Securities given by Bank do not satisfactorily secure the deposits made or to be made hereunder, the State Treasurer, Lottery, Governor or State Auditor may require that additional or substitute Securities be given and Bank shall furnish such additional or substitute Securities as are satisfactory to the State Treasurer, Lottery, Governor or State Auditor, as appropriate.
8. Bank shall not at any time withdraw any of the Securities without the written consent of the State Treasurer or Lottery, as applicable, but with such consent Bank (a) shall be permitted to withdraw Securities to the extent that the market value of the Securities remaining on deposit exceeds the amount required under this Check Disbursement Contract; and (b) shall be permitted to withdraw Securities upon the delivery of Securities in substitution for those to be withdrawn, so long as the market value of the Securities remaining on deposit exceeds the amount required under this Check Disbursement Contract.
9. Bank shall render statements or reports to the State Treasurer and Lottery showing the daily balance, account activity, or other information regarding the accounts of the State Treasurer and Lottery at all times and in every manner specified in this Check Disbursement Contract.
10. In the event that Bank defaults in any manner in performing any of the terms and conditions of this Check Disbursement Contract, or if Bank fails to safely keep the moneys deposited with it, the State Treasurer or Lottery, as applicable, shall be authorized forthwith, without notice, advertisement or demand, and at public or private sale, to convert into money the Securities deposited by Bank or as many of them as may be necessary to pay the whole amount of the moneys deposited with Bank. The State Treasurer or Lottery may purchase any or all of the Securities sold at any such sale.
11. If at any time during which there are state moneys on deposit under this Check Disbursement Contract, Bank comes under investigation (other than the ordinary review of financial institutions), management or control of the Federal Deposit Insurance Corporation ("FDIC") or any other federal governmental entity authorized by law to implement the provisions of the Financial Institutions Reform and Recovery Act ("FIRREA") or any similar or successor federal law, Bank shall so notify the State Treasurer and Lottery and shall further notify the FDIC or other appropriate federal agency or entity of the existence and terms of this Check Disbursement Contract. Bank or any successor, assignee or transferee in whole or part of the Bank's interests under this Check Disbursement Contract agrees to be bound exclusively by the terms of this Check Disbursement Contract and Missouri law, and further agrees that the terms of this Check Disbursement Contract shall not be preempted by federal law without advance written notice to the State Treasurer and Lottery detailing the specific provisions of this Check Disbursement Contract which may be subject to preemption and the specific

provisions of federal law which purport to authorize preemption.

12. If at any time during which there are state moneys on deposit under the Check Disbursement Contract, Bank comes under investigation (other than the ordinary review or financial institutions), management or control of any State regulatory agency, Bank shall so notify the State Treasurer and Lottery and shall further notify the state agency or entity of the existence and terms of the Check Disbursement Contract. Bank or any successor, assignee or transferee in whole or part of the Bank's interests under this Check Disbursement Contract agrees to be bound exclusively by the terms of this Check Disbursement Contract and Missouri law, and further agrees that the terms of this Check Disbursement Contract shall not be preempted by any state or federal law without advance written notice to the State Treasurer and Lottery detailing the specific provisions of this Check Disbursement Contract which may be subject to preemption and the specific provisions of state or federal law which purport to authorize preemption.
13. Bank shall not transfer, by assignment, subcontract or otherwise, any interest or duty in this Check Disbursement Contract, including the services or responsibilities described in the Request for Proposals for Banking Services and Bank's Response to same, without the prior written consent of the State Treasurer.
14. The State Treasurer and Lottery shall not be liable in the event of loss, destruction or theft of equipment, software or technical literature provided by Bank, under lease or otherwise, pursuant to this Check Disbursement Contract.
15. Bank must maintain the capability to reconstruct necessary data files in the event of destruction, and to operate on substitute equipment within one (1) calendar day if Bank's equipment is rendered inoperative.
16. Bank shall permit reasonable access by the State Treasurer, Lottery or the State Auditor for purposes of performing audit procedures relating to any aspect of services provided by Bank to the State Treasurer or Lottery in connection with this Check Disbursement Contract.
17. Bank must maintain the complete confidentiality of all records relating to services performed under this Check Disbursement Contract in accordance with state and federal laws, rules and regulations. No listing, report or other material generated from data covered by this Check Disbursement Contract may be disclosed or transferred by Bank to any other person.
18. By execution of this Check Disbursement Contract, Bank attests that it is aware of and in compliance with the requirements of the Americans with Disabilities Act ("ADA"), as amended, as well as all regulations pertinent thereto, as well as all other state and federal laws, regulations, and executive orders, including but not limited to Executive Orders No. 87-6 and No. 07-13. Specifically, Bank attests that it has taken all appropriate steps to facilitate the participation of people with disabilities in programs and activities undertaken on behalf of the State Treasurer. Bank acknowledges that failure to comply with the provisions of the ADA constitutes sufficient cause to terminate this Check Disbursement Contract. Bank further acknowledges and agrees to indemnify and otherwise hold the State Treasurer harmless for any derivative liability for discrimination by Bank under the ADA.

This Check Disbursement Contract and all aforementioned components listed in paragraph 1 above, representing the full and complete agreement between the Parties shall remain in force and effect from July 1, 2019 until June 30, 2023, or until such later date as designated by the State Treasurer, provided, however, that each party reserves the right to terminate this Check Disbursement Contract, at any time, by giving one hundred twenty days (120) written notice to the other party of its intent to do so. Details regarding the rights and responsibilities of the Parties with respect to termination of this Check Disbursement Contract are set forth in the Request for Proposals for Banking Services and Bank's Response to same. This Check Disbursement Contract shall continue in effect until terminated in accordance with the provisions of the Request for Proposals for Banking Services and Bank's Response to same. This Check Disbursement Contract shall not be deemed to supersede the Depositary Contract and Pledge Agreement entered into between Bank and the State Treasurer on or about \_\_\_\_\_.

**There is attached hereto a certified copy of the Resolution adopted by the \_\_\_\_\_ (Board of Directors of Depositary / Loan Committee of Depositary's board of directors) authorizing the execution and delivery of this Depositary Contract, Pledge Agreement and Contract for Check Disbursement Services by the officers of Depositary, whose names are affixed on behalf of Depositary.**

IN WITNESS WHEREOF, the parties have executed this Check Disbursement Contract in duplicate and affixed their seals as of the dates below noted.

**STATE TREASURER**

\_\_\_\_\_  
Scott Fitzpatrick  
State Treasurer

\_\_\_\_\_  
Date

**MISSOURI LOTTERY**

\_\_\_\_\_  
[NAME/TITLE]

\_\_\_\_\_  
Date

**BANK**

\_\_\_\_\_  
Officer

\_\_\_\_\_  
Date

**CERTIFIED COPY OF RESOLUTION  
AUTHORIZING EXECUTION OF STATE OF MISSOURI  
DEPOSITARY CONTRACT, PLEDGE AGREEMENT AND CONTRACT FOR  
CHECK DISBURSEMENT SERVICES**

I, \_\_\_\_\_, certify that I am the assistant secretary of \_\_\_\_\_, a \_\_\_\_\_ corporation, in actual possession of records and seal of said corporation, and that the following is a true copy of a resolution regularly adopted by the \_\_\_\_\_ (Board of Directors / Loan Committee of the Board of Directors) of the corporation on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at which a quorum of said \_\_\_\_\_ (Board / Loan Committee) was present and participating:

“**WHEREAS**, this corporatoin has been selected by the State Treasurer as one of the depositaries for moneys of the State of Missouri, as provided by law; and

“**WHEREAS**, the Depositary Contract, Pledge Agreement and Contract for Check Disbursement Services required to be executed by such depositaries in connection with deposits of such moneys has been duly considered;

“**NOW, THEREFORE, BE IT RESOLVED**, that [insert two (2) applicable officer names and titles], be and hereby are jointly and severally authorized and empowered to execute and deliver to the State Treasurer of Missouri and Missouri Lottery, on behalf of this corporation, the Depositary Contract, Pledge Agreement and Contract for Check Disbursement Services required in connection with deposits of state moneys and to pledge the assets of this association to secure deposited moneys as provided by the Depositary Contract, Pledge Agreement and Contract for Check Disbursement Services and the laws of Missouri, and to do all things necessary in carrying out the provisions of the Depositary Contract, Pledge Agreement and Contract for Check Disbursement Services.”

Given under my hand and the seal of the corporation at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

(BANK SEAL)

\_\_\_\_\_  
Assistant Secretary

**APPENDIX J**  
**COMMUNITY INVESTMENT QUESTIONNAIRE**

**APPENDIX J**

**COMMUNITY INVESTMENT QUESTIONNAIRE**

1. Briefly describe your institution’s primary market emphasis and strategy for the next five years (e.g., retail banking, wholesale banking, full service, small business, middle market, Fortune 500, etc.) both overall and specific to Missouri.

2. Identify your institution’s primary market area in Missouri. What percentage of your institution’s current loan portfolio is in this area?

3. Please provide the following information for Missouri:

Total Assets	\$	_____
Loans in Missouri	\$	_____
Deposits in Missouri	\$	_____
Non-Missouri Loans	\$	_____
Non-Missouri Deposits	\$	_____

4. Describe your institution’s financial participation (e.g., lending, equity) in local community economic development efforts in Missouri.

5. Describe your institution’s participation in small business and agricultural lending programs in your primary market area in Missouri. Provide statistics on the number and dollar amount of loans provided under these programs in Missouri.

6. Describe your institution’s efforts to attract deposits or banking relationships with non-banked and under-banked customers in Missouri.

7. Describe any financial literacy programs your institution offers in Missouri. Who is your target audience?

8. Describe your financial institution’s approach to minority and small business lending in Missouri.

a. How do you attract relationships with minority and small businesses in Missouri?

b. Do you have any dedicated lending programs for these businesses?

- c. Provide any statistics your financial institution maintains regarding lending to minority and small businesses in Missouri.
- 9. Describe your institution's check cashing policy for checks issued by the State of Missouri for non-customers.
- 10. Describe your institution's participation in the Missouri Linked Deposit Program within the past year. If you are not currently participating, please explain.
- 11. How many full-time individuals does your institution employ in the State of Missouri?
- 12. Provide your institution's current Community Reinvestment Act (CRA) rating, your Federal Financial Institutions Examination Council (FFIEC) ID, and the agency providing the review (OCC, FDIC, ...). For confirmation purposes, indicate your financial institution's five-digit FDIC Certificate Number.

**APPENDIX K**

**BUSINESS ENTITY CERTIFICATION, ENROLLMENT DOCUMENTATION,  
AND AFFIDAVIT OF WORK AUTHORIZATION**

**APPENDIX K**

**BUSINESS ENTITY CERTIFICATION, ENROLLMENT DOCUMENTATION,  
AND AFFIDAVIT OF WORK AUTHORIZATION**

**BUSINESS ENTITY CERTIFICATION:**

**The vendor must certify their current business status by completing either Box A or Box B or Box C on this Exhibit.**

- BOX A:** To be completed by a non-business entity as defined below.
- BOX B:** To be completed by a business entity who has not yet completed and submitted documentation pertaining to the federal work authorization program as described at <http://www.uscis.gov/e-verify>
- BOX C:** To be completed by a business entity who has current work authorization documentation on file with a Missouri state agency including Division of Purchasing.

**Business entity**, as defined in section 285.525, RSMo, pertaining to section 285.530, RSMo, is any person or group of persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood. The term “**business entity**” shall include but not be limited to self-employed individuals, partnerships, corporations, contractors, and subcontractors. The term “**business entity**” shall include any business entity that possesses a business permit, license, or tax certificate issued by the state, any business entity that is exempt by law from obtaining such a business permit, and any business entity that is operating unlawfully without such a business permit. The term “**business entity**” shall not include a self-employed individual with no employees or entities utilizing the services of direct sellers as defined in subdivision (17) of subsection 12 of section 288.034, RSMo.

Note: Regarding governmental entities, business entity includes Missouri schools, Missouri universities (other than stated in Box C), out of state agencies, out of state schools, out of state universities, and political subdivisions. A business entity does not include Missouri state agencies and federal government entities.

**BOX A – CURRENTLY NOT A BUSINESS ENTITY**

I certify that \_\_\_\_\_ (Company/Individual Name) **DOES NOT CURRENTLY MEET** the definition of a business entity, as defined in section 285.525, RSMo pertaining to section 285.530, RSMo as stated above, because:  
(check the applicable business status that applies below)

- I am a self-employed individual with no employees; **OR**
- The company that I represent employs the services of direct sellers as defined in subdivision (17) of subsection 12 of section 288.034, RSMo.

I certify that I am not an alien unlawfully present in the United States and if \_\_\_\_\_ (Company/Individual Name) is awarded a contract for the services requested herein under \_\_\_\_\_ (RFP Number) and if the business status changes during the life of the contract to become a business entity as defined in

section 285.525, RSMo pertaining to section 285.530, RSMo then, prior to the performance of any services as a business entity, \_\_\_\_\_  
 (Company/Individual Name) agrees to complete Box B, comply with the requirements stated in Box B and provide the Division of Purchasing with all documentation required in Box B of this exhibit.

\_\_\_\_\_  
 Authorized Representative's  
 Name (Please Print)

\_\_\_\_\_  
*Authorized Representative's  
 Signature*

\_\_\_\_\_  
 Company Name (if applicable)

\_\_\_\_\_  
 Date

***(Complete the following if you DO NOT have the E-Verify documentation and a current Affidavit of Work Authorization already on file with the State of Missouri. If completing Box B, do not complete Box C.)***

**BOX B – CURRENT BUSINESS ENTITY STATUS**

I certify that \_\_\_\_\_ (Business Entity Name) **MEETS** the definition of a business entity as defined in section 285.525, RSMo pertaining to section 285.530.

\_\_\_\_\_  
 Authorized Business Entity  
 Representative's Name (Please  
 Print)

\_\_\_\_\_  
*Authorized Business Entity  
 Representative's Signature*

\_\_\_\_\_  
 Business Entity Name

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 E-Mail Address

As a business entity, the vendor must perform/provide each of the following. The vendor should check each to verify completion/submission of all of the following:

- Enroll and participate in the E-Verify federal work authorization program (Website: <http://www.uscis.gov/e-verify>; Phone: 888-464-4218; Email: [e-verify@dhs.gov](mailto:e-verify@dhs.gov)) with respect to the employees hired after enrollment in the program who are proposed to work in connection with the services required herein;

AND

- Provide documentation affirming said company's/individual's enrollment and participation in the E-Verify federal work authorization program. Documentation shall include EITHER the E-Verify Employment Eligibility Verification page listing the vendor's name and company ID OR a page from the E-Verify Memorandum of Understanding (MOU) listing the vendor's name and the MOU signature page completed and signed, at minimum, by the vendor and the Department of Homeland Security – Verification Division. If the signature page of the MOU lists the vendor's name and company ID, then no additional pages of the MOU must be submitted;

AND

- Submit a completed, notarized Affidavit of Work Authorization provided on the next page of this Exhibit.

(this area intentionally left blank)

**AFFIDAVIT OF WORK AUTHORIZATION:**

The vendor who meets the section 285.525, RSMo, definition of a business entity must complete and return the following Affidavit of Work Authorization.

Comes now \_\_\_\_\_ (Name of Business Entity Authorized Representative) as \_\_\_\_\_ (Position/Title) first being duly sworn on my oath, affirm \_\_\_\_\_ (Business Entity Name) is enrolled and will continue to participate in the E-Verify federal work authorization program with respect to employees hired after enrollment in the program who are proposed to work in connection with the services related to contract(s) with the State of Missouri for the duration of the contract(s), if awarded in accordance with subsection 2 of section 285.530, RSMo. I also affirm that \_\_\_\_\_ (Business Entity Name) does not and will not knowingly employ a person who is an unauthorized alien in connection with the contracted services provided under the contract(s) for the duration of the contract(s), if awarded.

***In Affirmation thereof, the facts stated above are true and correct. (The undersigned understands that false statements made in this filing are subject to the penalties provided under section 575.040, RSMo.)***

<i>Authorized Representative's Signature</i>	Printed Name
Title	Date
E-Mail Address	E-Verify Company ID Number

Subscribed and sworn to before me this \_\_\_\_\_ of \_\_\_\_\_. I am  
(DAY) (MONTH, YEAR)  
commissioned as a notary public within the County of \_\_\_\_\_, State of  
(NAME OF COUNTY)  
\_\_\_\_\_, and my commission expires on \_\_\_\_\_.  
(NAME OF STATE) (DATE)

<i>Signature of Notary</i>	Date
----------------------------	------

***(Complete the following if you have the E-Verify documentation and a current Affidavit of Work Authorization already on file with the State of Missouri. If completing Box C, do not complete Box B.)***

**BOX C – AFFIDAVIT ON FILE - CURRENT BUSINESS ENTITY STATUS**

I certify that \_\_\_\_\_ (Business Entity Name) **MEETS** the definition of a business entity as defined in section 285.525, RSMo pertaining to section 285.530, RSMo and have enrolled and currently participates in the E-Verify federal work authorization program with respect to the employees hired after enrollment in the program who are proposed to work in connection with the services related to contract(s) with the State of Missouri. We have previously provided documentation to a Missouri state agency or public university that affirms enrollment and participation in the E-Verify federal work authorization program. The documentation that was previously provided included the following.

- ✓ The E-Verify Employment Eligibility Verification page OR a page from the E-Verify Memorandum of Understanding (MOU) listing the vendor’s name and the MOU signature page completed and signed by the vendor and the Department of Homeland Security – Verification Division
- ✓ A current, notarized Affidavit of Work Authorization (must be completed, signed, and notarized within the past twelve months).

Name of **Missouri State Agency** or **Public University\*** to Which Previous E-Verify Documentation Submitted: \_\_\_\_\_

(\*Public University includes the following five schools under chapter 34, RSMo: Harris-Stowe State University – St. Louis; Missouri Southern State University – Joplin; Missouri Western State University – St. Joseph; Northwest Missouri State University – Maryville; Southeast Missouri State University – Cape Girardeau.)

**Date** of Previous E-Verify Documentation Submission: \_\_\_\_\_

Previous **Proposal/Contract Number** for Which Previous E-Verify Documentation Submitted: \_\_\_\_\_ (if known)

\_\_\_\_\_  
 Authorized Business Entity  
 Representative’s Name (Please Print)

\_\_\_\_\_  
*Authorized Business Entity*  
*Representative’s Signature*

\_\_\_\_\_  
 Business Entity Name

\_\_\_\_\_  
 Date

\_\_\_\_\_  
E-Mail Address

\_\_\_\_\_  
E-Verify MOU Company ID Number

**FOR STATE OF MISSOURI USE ONLY**

Documentation Verification Completed By:

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date