

**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF THE TREASURY**

REQUEST FOR PROPOSALS # CMI 09 - 008
for

LOCKBOX AND BANKING SERVICES

VIRGINIA RETIREMENT SYSTEM

J. Braxton Powell
TREASURER OF VIRGINIA

Kelley S. Denton, VCO
Procurement Officer

November 25, 2008

Note: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, § 2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

REQUEST FOR PROPOSALS
CMI 09-008

ISSUE DATE: November 25, 2008

TITLE: Lockbox and Banking Services

ISSUING AGENCY: Attn: Kelley S. Denton VCO, Procurement Officer
Commonwealth of Virginia
Department of the Treasury
P.O. Box 1879
Richmond, Virginia 23218-1879

USING AGENCY: Virginia Retirement System

Initial Period Of Contract: On or before June 1, 2009 through May 31, 2012 With Two (2) Additional One (1) Year Renewal Periods in Accordance with the Terms and Conditions herein.

Sealed Proposals Will Be Received Until **1:00 p.m. Friday, January 23, 2009**, For Furnishing Lockbox and Banking Services described herein.

All Inquiries Shall Be Directed To: Kelley S. Denton by phone - (804) 786 - 4741, by fax - (804) 225-3187 or e-mail – kelley.denton@trs.virginia.gov Written (fax or e-mail) inquiries are preferred.

If Proposals Are Mailed, Mail Directly To Issuing Agency Shown Above, Adding One Line To The Top Of The Address As Follows: Proposal for Lockbox and Banking Services, RFP # CMI 09-008.

If Proposals Are Hand Delivered, Deliver To: Proposal for Lockbox and Banking Services, RFP # CMI 09-008, Commonwealth of Virginia, Virginia Retirement System, c/o Department of the Treasury, James Monroe Building - 3rd Floor, 101 North 14th Street, Richmond, Virginia 23219, Attn: Kelley S. Denton.

In Compliance With This Request For Proposals And To All The Conditions Imposed Therein And Hereby Incorporated By Reference, The Undersigned Offers And Agrees To Furnish Lockbox and Banking Services In Accordance With The Attached Signed Proposal Or As Mutually Agreed Upon By Subsequent Negotiations.

OPTIONAL PRE-PROPOSAL CONFERENCE: An optional pre-proposal conference will be held at 10:00 a.m. on Tuesday, January 6, 2009 at 101 N. 14th Street, Richmond, VA 23219, 3rd Floor. The purpose of this conference is to allow potential offerors an opportunity to present questions and obtain clarification relative to any facet of this solicitation.

| | |
|-------------------|--------------------------------|
| Offeror's Name: | By (Signature in Ink): |
| Complete Address: | Name (please print) and Title: |
| | Date: |
| City/State/Zip: | Federal Identification Number: |
| Telephone Number: | Facsimile Number: |

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SECTION I PURPOSE & VISION

- A. **PURPOSE:** The purpose of this Request for Proposals ("RFP") issued by the Commonwealth of Virginia's Department of the Treasury on behalf of the Virginia Retirement System (VRS) is to establish a contract through competitive negotiation for Banking Services. This will be accomplished by soliciting sealed proposals from qualified public depositories licensed to do business in the Commonwealth of Virginia. Information on public depositories can be found at [Virginia Department of the Treasury--Operations](#). While the current requirements for this relationship are detailed in the attached document, the proposals also must address the VRS Vision and Modernization initiative. The proposal must identify "best practices" in the industry that are applicable for the types of services requested and/or recommended. The proposal must also address the institution's ability to implement those "best practices" and the expected impact on the contract.
- B. **VISION:** The Virginia Retirement System seeks a business partner that is customer focused and the shares the VRS customer service values of providing superior customer service and a willingness to work cooperatively and efficiently to better serve our mutual customers, as well as supports the goals of the VRS modernization initiative.

Modernization: The VRS Modernization initiative seeks, among other things, to provide near 24/7 customer communication channels, business processes that are efficiently enabled by technology, and customer information that is secure, timely, accurate and highly integrated between VRS and its business partners.

VRS Modernization Program

1. VRS strives to be a leader in the retirement industry. To attain this goal, VRS must provide superior customer service, increase efficiency, and modernize technology. The objective of the Modernization Program is to transform the VRS business processes and interactions with members, third party administrators (business partners) and employers, and put in place enabling modern technology.
2. VRS is experiencing a demand for increased services and plan offerings. Increased boomer retirees and active members will demand different methods of delivering services and more sophisticated financial services. VRS offers a variety of benefit plans beyond a defined benefit plan. In addition, employers are offering more varied benefit packages. Staff levels have increased to meet this demand; however, current service will be challenged as demand for services continues to increase in the future. To address the increased service demands, VRS has engaged business partners (third party administrators) to assist with the delivery of the more specialized program services needed to support the VRS benefit programs.
3. The Modernization Program will be customer focused first and foremost. It will also be process-focused. The customer will have a choice of communication channels with a major emphasis in expanding online self-service to include transaction processing. It is intended to have VRS be the system of record for key pieces of data, and third party administrators and business partners be "trusted sources" for providing and validating information. The program will provide customers a "no wrong door" service model for access to any benefits offered by VRS by providing a holistic view of the member through a single source of benefit services accessible by VRS, employers, members, third party administrators and state agencies. There will be data and process workflow integration for benefits and services delivered or managed by different providers. The initial contact with the customer may be with another benefit provider who would electronically push information to VRS who in turn would push the information to other business partners who may be affected by the customer notification. The VRS vision for the future includes "high touch" customer services tailored to the customer's unique circumstances when benefits are complex or the situation is challenging.

4. **myVRS Self Service Functionality**

VRS administers retirement benefit plans for Virginia public sector employees. Customers or members include state employees, local government employees, teachers, law enforcement officers and firefighters and judges. One of the primary functions of a retirement system is to support its membership in making educated and informed decisions regarding their retirement future. Of particular importance are the retirement benefit estimates, which impact the retiree's future and that of the spouse and other dependents.

An early win in the modernization effort was the creation of **myVRS** which allows VRS members to calculate their own VRS retirement benefit using actual service and salary information from the VRS system. The **myVRS** planner contains actual 457 Plan account information, as well as Social Security Projections that employees can use to develop a more complete view of their retirement income.

Introduced in May 2006, **myVRS** is revolutionizing the way VRS members interact with us, and significantly enhancing their ability to plan their future. Through a secure online service, VRS members and employers can:

- View personal account information, including service and compensation reported to VRS by the member's employer.
- Estimate retirement benefits using real time data from the member's record.
- Check the status of an application for retirement, purchase of prior service or refund.
- View and update personal contact information.
- Members can run planning scenarios which include VRS defined benefit plan benefits, Social Security estimates, and deferred compensation balances, which are updated monthly by the TPA. This service permits "what if" modeling regarding increasing contributions to the deferred compensation plan, tax withholding information, the impact of health insurance premium costs and the inclusion of living expenses to estimate gross and net income for the first year of retirement.
- In addition, employers can certify eligibility for their employees for certain types of service purchase.

The **myVRS** functionality has been expanded to both the retirees and beneficiaries served by VRS and to the employers participating in VRS. One of the major employer interactions is the reporting of information for the participants in the VRS programs and the payment of contributions related to those reports. As described later in this RFP, VRS currently uses a lockbox process for employer contribution payments. Under the Modernization Program, the lockbox payment process is expected to be replaced by an electronic payment process, possibly integrated with and possibly initiated by the employer reporting process. In addition, this may need to be accessible through the **myVRS** for employer's.

SECTION II BACKGROUND

The Code of Virginia Section 2.2 – 1810 assigns to the Department of the Treasury (Treasury) the responsibility of establishing banking relationships and maintaining accounts with depositories for the purposes of making deposits and writing checks for funds of the Commonwealth of Virginia (Commonwealth). Treasury maintains accounts for various purposes in conducting the business of the Commonwealth. This RFP addresses an account for the Virginia Retirement System.

The Virginia Retirement System (VRS) was established on March 1, 1952. The VRS administers a statewide public retirement system providing benefit pension coverage for (1) State employees, (2) administrators, teachers, and non-professional employees of public school boards, and (3) employees of participating political subdivisions. The VRS also administers: (1) separate retirement systems for State police officers, law enforcement and corrections officers other than state police officers, and judges, (2) a group life insurance program for employees participating in the retirement systems and other qualified public employees, (3) a health insurance credit program for eligible State, School Board, and local retirees, and (4) a sickness and disability program for state employees. As of June 30, 2008, there were 239 State agencies, 144 local school boards and 438 local political subdivisions participating in the retirement system. Of the 144 local school boards, 133 included their non-professional employees in the System.

Most of the participating local employers and several of the State employers make their monthly contribution payments for retirement, group life insurance, and retiree health insurance credit programs to the VRS through an automated lockbox. In addition, some of the State employers make their monthly contribution payments for the sickness and disability program through the lockbox. Approximately 715 different employers make one to four separate contribution payments each month – one for each of the program(s) being covered. Most, employers are covered by two of the VRS programs and make two payments per month. All payments are due by the 10th of the month and are concentrated within a period of one to three days before and after the 10th.

VRS uses an optically scannable remittance advice. This advice is mailed to the employer approximately one month in advance of the due date. There are separate advices for retirement, group life insurance, and, where applicable, retiree health care credit and sickness and disability. The advice contains information about the type of contribution, the date, employer code, and detailed information needed to update the VRS accounting system. The amount of the payment to be made is unknown at the time the advice is prepared and mailed by VRS: therefore, it cannot be included in the scan line. VRS does not include a pre-addressed envelope with the advice.

During fiscal year 2008, the VRS received approximately \$2,148.2 million, \$158.8 million, \$148.95 million, and \$78.4 million in contributions for retirement, group life insurance, retiree health insurance credit, and sickness and disability programs, respectively. Collections for all types of contributions through the lockbox during the year ended June 30, 2008 were approximately \$800 million. Generally, no payments are received directly by VRS except the transfer of funds from the Commonwealth to cover State employees, state police officers, law enforcement and corrections officers other than state police officers, and judges.

At June 30, 2008, the VRS had assets in excess of \$55.1 billion. The System provided coverage to over 347,700 active members and approximately 136,400 retirees. During the year ended June 30, 2008, VRS paid approximately \$2,536.3 million in annuity benefits, \$102.9 million in refunds, \$132.1 million in group life insurance benefits \$103.8 million in retiree health insurance credit benefits, and \$31.2 million in sickness and disability program benefits. The VRS uses two methods of disbursement, (1) checks mailed to annuitants

and (2) direct deposit to annuitants' bank accounts through the Automated Clearing House (ACH). Of the 136,900 retiree and beneficiary payments on the July 1, 2008 retiree payroll, approximately 127,900 were paid through the direct deposit program. VRS continues to require all new retirees to receive their benefits through the ACH unless there are circumstances which warrant a waiver. The remaining 9,000 benefit payments were made by check. Approximately 95% of VRS's check disbursements are mailed to annuitants at the beginning of the each month. The other 5% are lump sum payments to employees leaving State service and are disbursed continuously during the month. Check disbursements are not expected to increase. The likelihood is that check recipients will decrease in number as direct deposit increases.

SECTION III STATEMENT OF NEEDS

The Contractor shall provide the following services:

A. Banking Services

1. The contractor shall establish a demand deposit account for processing VRS deposits and disbursements, and a secondary checking account for the processing of checks written by VRS. The checking account should be integrated with the primary account and funded daily with a minimum balance which is adequate to cover any checks presented for payment at a financial institution.
2. The Contractor shall report balances and summary total information daily for the VRS account through the centralized balance reporting structure as directed by Treasury.
3. The Contractor shall settle claims for checks presented and paid under fraudulent endorsement, or that have been altered in a fraudulent manner through the paying bank. All claims should be settled within sixty (60) calendar days from notification of forgery by Treasury.
4. Full Account Reconciliation Services shall be provided for this account. The Contractor shall provide/perform the following to ensure an accurate reconciliation:
 - a. Correct all encoding errors.
 - b. Process check issue files on the day they are received via data transmission. See **Appendix D** for Issue and Check File Format.
 - c. Maintain outstanding check and stop payment information for 24 months from the date of issue.
 - d. Perform an annual purge of outstanding checks according to a schedule of dates provided by Treasury at the end of each fiscal year.
5. The Contractor shall provide Positive Pay services with daily notification to specified contacts.
6. The Contractor shall provide the VRS images of paid checks via CD-ROM as well as an on-line method to be used for the interim period prior to the delivery of the CD. The Contractor will provide two CD's monthly. One CD will be sent to the VRS, and the other will be sent to the Department of the Treasury. Treasury maintains the Image Retrieval System for all state agencies. CD's are loaded into an image retrieval system provided by Yojna, Incorporated. Specifications for the Yojna system are incorporated in **Appendix E**. If the Contractor's image system is not

compatible with Yojna, describe how your image retrieval system works addressing specifically what software is needed to read the CD's and how the current images are accessed on line.

- a. The contractor shall implement a quality control program internally that ensures the quality and accuracy of the images
 - b. The Contractor shall provide check copies at no charge when the image is not available on the CD. This will apply only to specifically requested check copies, which are generally low in volume.
7. All checks shall be truncated. Checks should be retained for at least sixty (60) business days to ensure that they are available if images have to be recreated.
 8. The Contractor should provide on-line access to the Account Reconciliation system for the VRS account using a dedicated data line. User Logon I.D.'s will be assigned by Treasury. Access will be limited to specific account numbers only. If Contractor is unable to provide access to its Account Reconciliation system via a dedicated line, explain how the VRS will obtain the status of an issued check.
 9. Currently the issued check file is transmitted to the financial institution via the dedicated line, and the outstanding check file is received over the dedicated line. If the Contractor cannot provide a dedicated line for transmissions, explain how these files would be sent and received.
 10. Automated Stop Payment services shall be provided for the VRS account. Stop payments shall be active for 24 months.
 11. The Contractor should provide electronic account analysis on a diskette utilizing the most current Treasury Management Association (TMA) service codes. (This is not a contract requirement, however it is Treasury's preferred method of receiving account analysis information, in addition to the hard-copy report.)
 12. The Contractor shall provide repetitive and non-repetitive wire transfer services related to maintaining this account.
 13. The Contractor shall provide ACH origination software for a personal computer application. The VRS initiates approximately 25-30 CCD+ credits for federal and state tax payments each month.

B. Lockbox Services

1. The Contractor shall provide Lockbox services for the VRS to process payments for covered employees. Contribution payments are made through the U. S. Postal Service or by electronic payment (fed wire, ACH, EDI, etc). The VRS currently uses an optically scannable remittance advice, form VRS-51. A sample of this form is included as **Appendix F**. The Contractor must be able to process this advice and accompanying payment (s) in a manner, which allows for the creation of a data file formatted according to **Appendix G**.
2. The Contractor shall make a daily deposit of all receipts received, and provide the VRS with information from the remittance document. The information will be transmitted to the VRS by 4:15 pm each day.

3. The Contractor shall provide a pickup(s) on all business days of the postal boxes used by the VRS to receive contribution payments from employers. Currently there are two boxes located at the Merrifield Virginia post office. These boxes are owned by the VRS, and they pay the annual rental. The VRS would prefer to continue using these post office boxes, however if the Contractor cannot pick up in Merrifield, alternative suggestions will be considered. However, it is strongly desired that the post office address be in Virginia. One box is for employer contribution payments, and the other for the purchase of prior service. The daily postal box pickups should include as much of the current day's mail as possible. The items received shall be processed and deposited on the day of receipt and all required reports, remittance advices, etc. shall be delivered to VRS on the morning following business day by 12:00 noon.

NOTE: If the Contractor is capable of capturing images of transactions, there may not be a need for a daily courier. Explain your image capabilities as they relate to the requirements of this RFP.

4. The Contractor shall provide backup transmissions for lockbox information through 15 previous state business days if requested.
5. Some employers have expressed a desire to wire transfer payments to the VRS instead of mailing the coupon with a check. Currently these payments must be processed manually. Provide your solution for incorporating these payments into the lockbox transmission.
6. The Contractor shall develop detailed procedures, which will provide for the accurate and timely processing of contributions in accordance with the guidelines detailed in **Appendix C**, which is an integral part of this document.
7. Returned deposited items will be purchased from the Contractor's branch office located nearest the VRS headquarters at 12th and Main Street, Richmond, Virginia on a weekly basis. Should this procedure change, the VRS will provide thirty days written notice.

C. Disbursement services for periodic payment of benefits to VRS's annuitants

1. The Contractor shall provide the VRS with Automated Clearing House (ACH) origination services in order to make direct deposits to annuitants' bank accounts. Periodically the VRS will provide the Contractor with transmitted ACH files. The Contractor shall accept direct deposit files from VRS on all business days, and on non-business days in the case of an emergency.
2. The Contractor shall process ACH items for VRS as follows:
 - a. ACH returns to be processed (returned to VRS's account) within 48 hours and notification given to VRS.
 - b. Notification of rejected prenotifications within 48 hours of receipt by the Contractor
 - c. Notification of changes (NOC's) printed individually. Also, provide your capability for providing NOC's and returns through your information reporting service.
3. The Contractor should provide a means for the VRS to electronically reclaim direct deposit payments sent to annuitant's who are deceased. This would be direct deposit payments with effective dates older than five days that cannot be reversed through the ACH.

4. The Contractor shall regularly consult with VRS on approaches and ideas to increase participation in the annuitant direct deposit program. This requirement will include, but is not limited to, providing access to pamphlets, bulletins, posters, check inserts, and other information available through the local ACH association, EastPay, to promote direct deposit.
 5. The Contractor shall pay checks presented for payment that have been written by VRS to pay annuitants
- D. The Contractor shall provide technical support as necessary, in development, implementation, or modification of processes, systems, and procedures related to lockbox receipt and processing, the disbursement of benefits, and any other cash management service that may be added to the contract at a later date.
 - E. The Contractor shall keep Treasury informed of regulatory requirements and operational changes that might impact services being provided.
 - F. The Contractor shall be prepared to provide the required services in such a manner that VRS or the Treasury does not have to make modifications to existing operating systems to accommodate the Contractor. The cost associated with any modifications that VRS and/or the Treasury may agree to during negotiation will be the responsibility of the Contractor.

SECTION IV PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

A. GENERAL REQUIREMENTS:

1. RFP Response:

- a. Number of Copies. In order to be considered for selection, Offerors must submit a complete response to this RFP. One (1) original, so marked, and five (5) copies, so marked, of each proposal must be submitted to the Department of the Treasury. Additional copies shall be provided upon request.

2. Proposal Preparation:

- a. Submission of Materials. An authorized representative of the Offeror shall sign proposals. All information requested should be submitted. Failure to submit all information requested may result in the Commonwealth requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. The Commonwealth may reject proposals, which are substantially incomplete or lack key information. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.
- b. Clarity of Proposals. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.
- c. Organization of Proposal. Proposals should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal should be numbered. Each paragraph in the proposal should reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number, sub-letter, and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number and sub-letter should be repeated at the top of the next page. Information, which the Offeror desires to present, that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed.
- d. As used in this RFP, the terms "must", "shall", "should" and "may" identify the criticality of requirements. "Must" and "shall" identify requirements whose absence will have a major negative impact on the suitability of the proposed solution. Items labeled as "should" or "may" are highly desirable, although their absence will not have a large impact and would be useful, but are not necessary. Depending on the overall response to the RFP, some individual "must" and "shall" items may not be fully satisfied, but it is the intent to satisfy most, if not all, "must" and "shall" requirements. The inability of an Offeror to satisfy a "must" or "shall" requirement does not automatically remove that Offeror from consideration; however, it may seriously affect the overall rating of the Offerors' proposal.
- e. Single Volume. Each copy of the proposal should be bound or contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume.
- f. Ownership of Materials. Ownership of all data, materials and documentation originated and prepared for the Commonwealth pursuant to the RFP shall belong exclusively to the Commonwealth and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public

disclosure under the Virginia Freedom of Information Act; however, the Offeror shall invoke the protection of Section 2.2-4342F of the *Code of Virginia*, in writing, either before or at the time the data or other material is submitted. The written notice shall specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted shall be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. **THE CLASSIFICATION OF AN ENTIRE PROPOSAL DOCUMENT, LINE ITEM PRICES AND/OR TOTAL PROPOSAL PRICES AS PROPRIETARY OR TRADE SECRETS IS NOT ACCEPTABLE AND MAY RESULT IN THE REJECTION OF THE PROPOSAL.**

3. Oral Presentation: Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to a designated committee of the Commonwealth. This provides an opportunity for the Offeror to clarify or elaborate on the proposal. This is a fact finding and explanation session only and does not include negotiation. The Commonwealth will schedule the time and location of these presentations. Oral presentations are an option of the Commonwealth and may or may not be conducted.

B. SPECIFIC REQUIREMENTS:

Proposals should be as thorough and detailed as possible so that the evaluation panel may properly evaluate your capabilities to provide the required services. Offerors are required to submit the following items, separated by tabs within the proposal, as a complete proposal:

TAB 1. The complete RFP (One Copy **in the Original Proposal Only**), the RFP cover sheet and addenda, if any, filled out as required and signed.

TAB 2. General Qualifications:

1. Submit three references including contact name, address, and telephone number. References submitted should be applicable to the specific services requested in this RFP. If you provide this service or a similar service to a state or municipal government, please use that entity(ies) as a reference.
2. Provide an organizational chart.
3. Provide a list of contact personnel including senior level management who will be responsible for the relationship between the contractor and the Commonwealth of Virginia.
4. Provide an escalation hierarchy that identifies the roles, responsibilities, and phone numbers of each contact. Provide separate lists for implementation and the on-going relationship.
5. Provide a branch location listing for your Virginia branches. Discuss your plan for the check cashing requirements associated with non-customers who receive VRS checks. Also address your plans for check cashing in areas where you do not provide branch coverage.
6. Provide information on the extent of your commitment to ACH Processing.
 - a. Location of ACH Processing site(s).
 - b. Years of ACH experience.
 - c. Average monthly and annual volume of ACH transactions.

7. Briefly describe your current ACH operating environment.
 - a. Hours of operation.
 - b. Hardware and software.
 - c. Level of support afforded the hardware and software.
 - d. Data communications hardware and protocols supported.
 - e. Transmission security.
8. Provide information on the extent of your commitment to lockbox.
 - a. Location of lockbox site(s).
 - b. Years of lockbox experience.
 - c. Average monthly and annual volume of wholesale lockbox transactions.
9. Briefly describe your current lockbox-operating environment.
 - a. Hours of operation.
 - b. Hardware and software.
 - c. Level of support afforded the hardware and software.
 - d. Data communications hardware and protocols supported.
 - e. Transmission security.
 - f. Image capabilities.
10. Discuss your commitment to quality. Include quality controls and measures used to evaluate Lockbox services, ACH services and data communications. Discuss any unique approaches.
11. Discuss your approach to transition at the end of a Contract. Are you willing to support the Commonwealth during a transition period at the end of a Contract if necessary? State how you have historically handled Contract extensions to facilitate transitions at the end of a Contract.
12. Detail specific issues that may impact transitions.

TAB 3. Specific plans for providing the proposed goods/services including:

1. Address your financial institution's ability to provide the services noted in SECTION III, STATEMENT OF NEEDS. Restate each requirement and discuss whether or not you can provide the service, how you will provide the service or the extent to which you can provide the service, recommend any alternatives in addition to or in lieu of the stated requirement.
2. The Contractor shall meet the REPORTING AND DELIVERY REQUIREMENTS as outlined in SECTION VI. Restate each requirement and discuss whether or not you can provide the service; how you will provide the service or the extent to which you can provide the service; recommend any alternatives in addition to or in lieu of the stated requirement.
3. Provide the mail pick up schedule at the P.O. boxes and the percentage of mail available with each run. When is this mail available for processing by lockbox?
4. Provide a list of the clearinghouse associations in which your financial institution participates and indicate the times of cash letter exchange.
5. Provide the availability schedule that will apply to this service.
 - a. Does the schedule provide immediate availability for clearinghouse items?

- b. Which clearinghouses are included in immediate availability?
 - c. What measures are taken to ensure lockbox deposits are processed in order to meet accelerated availability time requirements?
6. Describe your approach to ACH and Lockbox customer service. Include the following information.
 - a. Availability of staff capable of resolving inquiries.
 - b. Turnaround time anticipated for inquiries.
 - c. Toll-free access availability.
 7. Provide a well-defined systems backup plan for Lockbox and transmission services. Include your provisions for processing, hardware, software and communications backup. Also, indicate if you have a disaster recovery plan. Identify your "hot site(s)" for emergency processing.
 8. Provide a detailed implementation schedule indicating tasks and number of days for completion of each. Indicate tasks that will occur concurrently. Show the total number of workdays required to complete implementation.
 9. The primary objective of direct deposit is to ensure that recipients have good funds on the effective date. If any member in the ACH processing chain (the commonwealth, Federal Reserve, receiving bank, or originating bank), has a problem, describe the steps you would take to ensure that VRS retirees could get access to their funds.
 10. What is your capability to delete unreleased ACH items, and to reverse released items? Describe how the process will work, security measures included, and any unique approaches that you may have.
 11. Describe measures to protect customer accounts against fraudulent ACH transactions.
 12. Include copies of any agreements, which the Commonwealth would be expected to sign if your institution is awarded this Contract.

TAB 4. Proposed Price:

1. Complete the price schedules in Section X: Pricing Schedules, showing the cost for each service listed as well as the cost for any service not listed, but your institution expects will be utilized and billed for in the performance of this Contract.
2. Discuss any transition costs related to establishing the services requested.
3. Discuss transition costs that would be assessed at the end of the Contract.
4. Discuss any creative pricing or payment options that you can provide.

TAB 5. Creative solutions and alternative suggestions:

All Offerors are encouraged to be as creative as possible in responding to this RFP. Based on your review of the background information, specific needs and requirements, and pertinent Sections of the Code of Virginia discuss any creative approaches to this service which have not been specifically requested or which would enhance efficiency and/or reduce costs.

TAB 6. Small Business Subcontracting Plan:

Commonwealth of Virginia Department of the Treasury
RFP# CMI 09-008 Virginia Retirement System
Due: Friday, January 23, 2009 @ 1:00 p.m.

Complete the Small Business Subcontracting Plan – Appendix B.

SECTION V EVALUATION AND AWARD CRITERIA

- A. All proposals received will be reviewed and evaluated by a Selection Committee. The Committee will recommend proposals, which most closely meet the requirements of the RFP. The following will be used in making the selection:
1. Offeror's Qualifications -- This criterion includes the ability of the Offeror to meet the terms of the RFP, the quality controls in place to ensure a high-quality service, and any special processes that the Offeror feels may increase its ability to perform the contract. (Weighted at 25%)
 2. Soundness of Approach -- Emphasis here is on the techniques for providing the services requested, focus on industry "best practices" for similar business operations, and on the Offeror's capability to deliver the desired services on schedule. (Weighted at 25%)
 3. Pricing -- Charges should be broken down as outlined in Section X, PRICING SCHEDULE. While this area will be weighted heavily, it will not be the primary deciding factor in the selection process. (Weighted at 25%)
 4. Creativity and Innovation -- The Commonwealth is interested in creative and innovative responses to this RFP. Consideration will be given to suggested alternatives or additional services offered which may not be specifically requested. (Weighted at 5%)
 5. Small Business Subcontracting Plan -- (Weighted at 20%)
- B. Award of Contract: Selection shall be made of two or more Offerors deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the Request For Proposals, including price, if so stated in the Request For Proposals. Negotiations shall be conducted with the Offerors so selected. Price shall be considered, but need not be the sole determining factor. After negotiations have been conducted with each Offeror so selected, the agency shall select the Offeror that, in its opinion, has made the best proposal, and shall award the Contract to that Offeror. The Commonwealth may cancel this Request For Proposals or reject proposals at any time prior to an award, and is not required to furnish a statement of the reason why a particular proposal was not deemed to be the most advantageous (Section 2.2-4359D, *Code of Virginia*). Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a Contract may be negotiated and awarded to that Offeror. The award document will be a Contract incorporating by reference all the requirements, terms and conditions of the solicitation and the Contractor's proposal as negotiated. See **Appendix A**.

SECTION VI REPORTING AND DELIVERY REQUIREMENTS

The Contractor shall meet the following reporting and delivery requirements.

- A. The Contractor will mail the monthly account analysis statement by the tenth business day of the following month, directly to the Department of Treasury, P. O. Box 1879, Richmond, VA 23218-1879, Att: Manager, Cash and Banking Services. TMA diskettes capturing this data electronically will be mailed to this same address.
- B. The contractor shall report balances and transaction totals for the VRS accounts as directed by Treasury. The information should be reported with sufficient time to ensure balances are available for access by 7:30 a.m. each business day.
- C. The Contractor shall provide DDA statements to Treasury by the tenth business day each month. Statements are to include all necessary supporting documentation including debit/credit memos and wire advices. Items should be sent to Bank Reconciliation at P. O. Box 1879, Richmond, VA 23218-1879. A second statement should be sent to the VRS at an address that will be provided.
- D. On a monthly basis, the Contractor shall provide a transmission of all outstanding check information including serial number, issued date, and amount.
- E. On each Wednesday, as of the preceding Wednesday cycle cut off, the Contractor shall provide
 1. An original CD-ROM including images of paid checks provided to VRS.
 2. A copy of the CD ROM will be sent to the Department of the Treasury, Attn: Bank Reconciliation, P.O. Box 1879, Richmond, VA 23218-1879.
- F. The Contractor shall provide access to a BAI file on a daily basis that can be downloaded to Treasury's reconciliation system. The file will include all detail debits and credits, but will not include individual checks paid.
- G. The monthly full reconciliation reports shall be received by Treasury by the tenth business day of the following month and include:
 1. Hard copy reports.
 - a. Settlement cover Sheet
 - b. Paid, No Issue Report
 - c. Diagnostic summary report of all stop payments processed
 - d. Miscellaneous Debits/Credits Reports
 - e. Outstanding Items Settlement Report
 2. Microfiche of full reconciliation reports with monthly package.
 - a. Consolidated Report
 - b. Paid No Issue Report
 - c. Miscellaneous debit report
 3. Lists of miscellaneous adjustments not repaired for encoding errors prior to issuing reconciliation.

4. Provide an outstanding check file via diskette or transmission along with three hard copy printouts to Treasury at fiscal year end according to the following schedule:

| <u>Date of Transmission</u> | <u>Check Dates (Outstanding as of 6/30)</u> |
|-----------------------------|---|
| 07/15/09 | 07/01/08 – 06/30/09 |
| 07/15/10 | 07/01/09 – 06/30/10 |
| 07/15/11 | 07/01/10 – 06/30/11 |

- H. Claims for checks presented and paid under fraudulent endorsement, or that have been altered in a fraudulent manner should be settled no later than 60 days after notification of the claim by Treasury by issuing one of the following:

1. A letter of denial of the claim.
2. Credit Advice that includes the forgery claim date, check number, and payee name.

- I. Lockbox Reports

1. By 4:15 p.m. each business day, the Contractor will provide a transmission containing information from each lockbox remittance document. The VRS currently has a scan line on the coupons used for both lockbox applications. The Contractor has the option of scanning or keying the information. Some of the data that would have to be keyed is included in the scan line. If the Contractor believes that the data that needs to be keyed cannot be determined from the scan line, the VRS is willing to work with the Contractor to position the data outside the scan line. There will be separate amounts for employer payments, payments for prior service, wire transfers and items deposited without a coupon (manual items). Information shall be retained by the Contractor for 15 days in the event that the transmission sent to VRS is defective.
2. A printout of the information contained in the transmission (contribution type, employer codes, due dates, and amounts), batch totals, etc should be sent to the VRS at 1200 East Main Street, Richmond, VA 23219, Attn; Accounting Department. If the Contractor has a way to include this report as part of its image lockbox service, there would not be a need for a daily delivery to the VRS.
3. Other lockbox items to be sent to VRS: (The Contractor may substitute image capability in place of hard copy)
 - a. Copies of detailed paper tapes created during the processing of the checks, (this tape provides a source of information for details when multiple checks are used to support one coupon).
 - b. Copies of the checks when no coupons are included with the payment (manual deposits).
 - c. Other enclosed correspondence.
 - d. The remittance advice forms: the contractor shall print the deposit date, contribution type, and the total associated with the remittance advice on the face of the remittance advice. (This requirement only applies if the Contractor is processing the payments on optical scanning equipment.)

- J. The Contractor will provide annually at no cost to the Department of the Treasury's contract administrator a SAS 70 Audit Report. The SAS 70 audit report will have been prepared by the contractor's independent external auditing firm to meet the SAS 70 reporting requirements. Please provide the timing of when the SAS 70 reports would be available. An email attachment is Treasury's preferred method of receiving the SAS 70.

SECTION VII GENERAL TERMS AND CONDITIONS

- A. **VENDORS MANUAL:** This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this contract in their entirety. The procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at www.dgs.state.va.us/dps under "Manuals."
- B. **APPLICABLE LAWS AND COURTS:** This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The agency and the contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, § 2.2-4366). ADR procedures are described in Chapter 9 of the *Vendors Manual*. The contractor shall comply with all applicable federal, state and local laws, rules and regulations.
- C. **ANTI-DISCRIMINATION:** By submitting their proposals, offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and § 2.2-4311 of the *Virginia Public Procurement Act (VPPA)*. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, § 2.2-4343.1E).

In every contract over \$10,000 the provisions in 1. and 2. below apply:

1. During the performance of this contract, the contractor agrees as follows:
 - a. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - b. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.
 - c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.
2. The contractor will include the provisions of 1. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

- D. **ETHICS IN PUBLIC CONTRACTING:** By submitting their proposals, offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.
- E. **IMMIGRATION REFORM AND CONTROL ACT OF 1986:** By entering into a written contract with the Commonwealth of Virginia, the Contractor certifies that the Contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.
- F. **DEBARMENT STATUS:** By submitting their proposals, offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.
- G. **ANTITRUST:** By entering into a contract, the contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.
- H. **MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS FOR RFPs:** Failure to submit a proposal on the official state form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.
- I. **CLARIFICATION OF TERMS:** If any prospective offeror has questions about the specifications or other solicitation documents, the prospective offeror should contact the buyer whose name appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the buyer.
- J. **PAYMENT:**
1. **To Prime Contractor:**
 - a. Invoices for items ordered, delivered and accepted shall be submitted by the contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the state contract number and/or purchase order number; social security number (for individual contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).
 - b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.

- c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the contractor at the contract price, regardless of which public agency is being billed.
 - d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
 - e. **Unreasonable Charges.** Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges which appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Commonwealth shall promptly notify the contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges which are not in dispute (*Code of Virginia*, § 2.2-4363).
2. To Subcontractors:
- a. A contractor awarded a contract under this solicitation is hereby obligated:
 - (1) To pay the subcontractor(s) within seven (7) days of the contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or
 - (2) To notify the agency and the subcontractor(s), in writing, of the contractor's intention to withhold payment and the reason.
 - b. The contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier contractor performing under the primary contract. A contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.
3. Each prime contractor who wins an award in which provision of a SWAM procurement plan is a condition to the award, shall deliver to the contracting agency or institution, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the SWAM procurement plan. Final payment under the contract in question may be withheld until such certification is delivered and, if necessary, confirmed by the agency or institution, or other appropriate penalties may be assessed in lieu of withholding such payment.
4. The Commonwealth of Virginia encourages contractors and subcontractors to accept electronic and credit card payments.

- K. **PRECEDENCE OF TERMS:** The following General Terms and Conditions *VENDORS MANUAL*, *APPLICABLE LAWS AND COURTS*, *ANTI-DISCRIMINATION*, *ETHICS IN PUBLIC CONTRACTING*, *IMMIGRATION REFORM AND CONTROL ACT OF 1986*, *DEBARMENT STATUS*, *ANTITRUST*, *MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS*, *CLARIFICATION OF TERMS*, *PAYMENT* shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.
- L. **QUALIFICATIONS OF OFFERORS:** The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the offeror to perform the services/furnish the goods and the offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect offeror's physical facilities prior to award to satisfy questions regarding the offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such offeror fails to satisfy the Commonwealth that such offeror is properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.
- M. **TESTING AND INSPECTION:** The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.
- N. **ASSIGNMENT OF CONTRACT:** A contract shall not be assignable by the contractor in whole or in part without the written consent of the Commonwealth.
- O. **CHANGES TO THE CONTRACT:** Changes can be made to the contract in any of the following ways:
1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
 2. The Purchasing Agency may order changes within the general scope of the contract at any time by written notice to the contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The contractor shall comply with the notice upon receipt. The contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Purchasing Agency a credit for any savings. Said compensation shall be determined by one of the following methods:
 - a. By mutual agreement between the parties in writing; or
 - b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the contractor accounts for the number of units of work performed, subject to the Purchasing Agency's right to audit the contractor's records and/or to determine the correct number of units independently; or
 - c. By ordering the contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The contractor shall present the Purchasing Agency with all vouchers and records of expenses incurred and savings realized. The Purchasing Agency shall have the right to audit the records of the contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in

price under this provision must be asserted by written notice to the Purchasing Agency within thirty (30) days from the date of receipt of the written order from the Purchasing Agency. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia *Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the contractor from promptly complying with the changes ordered by the Purchasing Agency or with the performance of the contract generally.

- P. **DEFAULT:** In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Commonwealth may have.
- Q. **TAXES:** Omitted
- R. **USE OF BRAND NAMES:** Omitted
- S. **TRANSPORTATION AND PACKAGING:** Omitted
- T. **INSURANCE:** By signing and submitting a proposal under this solicitation, the offeror certifies that if awarded the contract, it will have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The offeror further certifies that the contractor and any subcontractors will maintain this insurance coverage during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

MINIMUM INSURANCE COVERAGES AND LIMITS REQUIRED FOR MOST CONTRACTS:

1. Workers' Compensation - Statutory requirements and benefits. Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Commonwealth of increases in the number of employees that change their workers' compensation requirements under the *Code of Virginia* during the course of the contract shall be in noncompliance with the contract.
2. Employer's Liability - \$100,000.
3. Commercial General Liability - \$1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.
4. Automobile Liability - \$1,000,000 per occurrence. (Only used if motor vehicle is to be used in the contract.)
5. Professional Liability/Errors and Omissions coverages are required as follows:

| <u>Profession/Service</u> | <u>Limits</u> |
|----------------------------------|---|
| Accounting | \$1,000,000 per occurrence, \$3,000,000 aggregate |

- U. **ANNOUNCEMENT OF AWARD:** Upon the award or the announcement of the decision to award a contract over \$50,000, as a result of this solicitation, the purchasing agency will publicly post such notice on the DGS/DPS eVA web site (www.eva.virginia.gov) for a minimum of 10 days.
- V. **DRUG-FREE WORKPLACE:** During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, “*drug-free workplace*” means a site for the performance of work done in connection with a specific contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

- W. **NONDISCRIMINATION OF CONTRACTORS:** A bidder, offeror, or contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the bidder or offeror employs ex-offenders unless the state agency, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.
- X. **eVA Business-To-Government Vendor Registration:** The eVA Internet electronic procurement solution, website portal www.eVA.virginia.gov, streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with state agencies and public bodies. All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution either through the eVA Basic Vendor Registration Service or eVA Premium Vendor Registration Service. All bidders or offerors must register in eVA; failure to register will result in the bid/proposal being rejected.
- a. eVA Basic Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Basic Vendor Registration Service includes electronic order receipt, vendor catalog posting, on-line registration, electronic bidding, and the ability to research historical procurement data available in the eVA purchase transaction data warehouse.
- b. eVA Premium Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Premium Vendor Registration Service includes all benefits of the eVA Basic Vendor Registration Service plus automatic email or fax notification of solicitations and amendments.

- c. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1%, capped at a maximum of \$500 per order.
 - d. For orders issued August 16, 2006 and after, the Vendor Transaction Fee is:
 - (i) DMBE-certified Small Businesses: 1%, capped at \$500 per order.
 - (ii) Businesses that are not DMBE-certified Small Businesses: 1%, capped at \$1,500 per order.
- Y. **AVAILABILITY OF FUNDS:** It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

SECTION VIII SPECIAL TERMS AND CONDITIONS

- A. **ADVERTISING**: In the event a Contract is awarded for supplies, equipment, or services resulting from this proposal, no indication of such sales or services to the Department of the Treasury will be used in product literature or advertising. The Contractor shall not state in any of the advertising or product literature that the Commonwealth of Virginia or any agency or institution of the Commonwealth has purchased or uses its products or services.
- B. **AUDIT**: The Contractor hereby agrees to retain all books, records, and other documents relative to this Contract for five (5) years after final payment, or until audited by the Commonwealth of Virginia, whichever is sooner. The agency, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period.
- C. **AUTHORIZED USERS**: The Department of the Treasury (Treasury) is issuing this solicitation in cooperation with the Virginia Retirement System (VRS). Requirements of the VRS have been incorporated within this solicitation. Treasury is responsible for administering the program; therefore, correspondence should be directed to the issuing Agency.
- D. **AWARD OF CONTRACT**: Selection shall be made of two or more Offerors deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the Request for Proposals, including price, if so stated in the Request for Proposals. Negotiations shall be conducted with the Offerors so selected. Price shall be considered, but need not be the sole determining factor. After negotiations have been conducted with each Offeror so selected, the agency shall select the Offeror that, in its opinion, has made the best proposal, and shall award the Contract to that Offeror. The Commonwealth may cancel this Request for Proposals or reject proposals at any time prior to an award, and is not required to furnish a statement of the reason why a particular proposal was not deemed to be the most advantageous. (Section 2.2-4359D, *Code of Virginia*.) Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a Contract may be negotiated and awarded to that Offeror. The award document will be a Contract incorporating by reference all the requirements, terms and conditions of the solicitation and the Contractor's proposal as negotiated.
- E. **BEST AND FINAL OFFER (BAFO)**: At the conclusion of negotiations, the offeror(s) may be asked to submit in writing, a best and final offer (BAFO). After the BAFO is submitted, no further negotiations shall be conducted with the offeror(s). The offeror(s) proposal(s) will be rescored to combine and include the information contained in the BAFO. The decision to award will be based on the final evaluation including the BAFO.
- F. **CANCELLATION OF CONTRACT**: The issuing Agency reserves the right to cancel and terminate any resulting Contract, in part or in whole, without penalty, upon 60 days written notice to the Contractor. In the event the initial Contract period is for more than 12 months, the resulting Contract may be terminated by either party, without penalty, after the initial 12 months of the Contract period upon 60 days written notice to the other party. Any Contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.
- G. **EXTRA CHARGES NOT ALLOWED**: No additional charges will be allowed under the Contract. Any changes to the scope of services that impact prices must be approved in advance by the Manager of Cash and Banking at the Department of the Treasury.

H. **INSURANCE, MONEY AND SECURITIES:** Contractor shall maintain a Broad Form Money and Securities Insurance Policy obtained from an insurance company licensed to conduct crime insurance business in the home state of the Contractor and which has earned an A.M. Best Company, Inc. rating of A or better, as reflected in their most current publication, covering all money and property entrusted to the Contractor by the Commonwealth of Virginia for Loss Inside the Premises Coverage and for Loss Outside the Premises Coverage, with limits of coverage to be determined by the Contractor and Department of the Treasury. Certificate of such protection must be presented to the Issuing Agency prior to the start of the service showing name of insurance company, limits and types of coverage, term of coverage, additional insured provision and name and address of licensed insurance agent. The Contractor agrees to maintain such policy until the completion of the Contract and all money and property of the Commonwealth is remitted to the Commonwealth.

I. **SMALL BUSINESS SUBCONTRACTING AND EVIDENCE OF COMPLIANCE:**

1. It is the goal of the Commonwealth that 40% of its purchases be made from small businesses. This includes discretionary spending in prime contracts and subcontracts. All potential bidders/offerors are required to submit a Small Business Subcontracting Plan. Unless the offeror is registered as a DMBE-certified small business and where it is practicable for any portion of the awarded contract to be subcontracted to other suppliers, the contractor is encouraged to offer such subcontracting opportunities to DMBE-certified small businesses. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification. No offeror or subcontractor shall be considered a Small Business, a Women-Owned Business or a Minority-Owned Business unless certified as such by the Department of Minority Business Enterprise (DMBE) by the due date for receipt of bids or proposals. If small business subcontractors are used, the prime contractor agrees to report the use of small business subcontractors by providing the purchasing office at a minimum the following information: name of small business with the DMBE certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product/service provided.
2. Each prime contractor who wins an award in which provision of a small business subcontracting plan is a condition of the award, shall deliver to the contracting agency or institution on a quarterly basis, evidence of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the small business subcontracting plan. When such business has been subcontracted to these firms and upon completion of the contract, the contractor agrees to furnish the purchasing office at a minimum the following information: name of firm with the DMBE certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product or service provided. Payment(s) may be withheld until compliance with the plan is received and confirmed by the agency or institution. The agency or institution reserves the right to pursue other appropriate remedies to include, but not be limited to, termination for default.
3. Each prime contractor who wins an award valued over \$200,000 shall deliver to the contracting agency or institution on a quarterly basis, information on use of subcontractors that are not DMBE-certified small businesses. When such business has been subcontracted to these firms and upon completion of the contract, the contractor agrees to furnish the purchasing office at a minimum the following information: name of firm, phone number, total dollar amount subcontracted, and type of product or service provided.

J. **PRIME CONTRACTOR RESPONSIBILITIES:** The Contractor shall be responsible for completely supervising and directing the work under this Contract and all subcontractors that he may utilize, using his best skill and attention. Subcontractors who perform work under this Contract shall be responsible to the prime Contractor. The Contractor agrees that he is as fully responsible for the acts and omissions of his subcontractors and of persons employed by them as he is for the acts and omissions of his own employees.

K. RENEWAL OF CONTRACT: At a reasonable time (approximately 60 days prior to the Contract expiration date) and upon written agreement of both parties, this Contract may be extended beyond the initial three-year Contract period by the Commonwealth for a period of two successive one (1) year periods only under the terms and conditions of the original Contract, except as stated in (1) and (2) below.

1. If the Commonwealth elects to exercise the option to extend the Contract for an additional one-year period, the Contract price(s) for the additional one year shall not exceed the Contract prices of the original Contract, or the Contract prices of the original Contract increased/decreased by the percentage increase/decrease of the "Other Services" category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest 12 months for which statistics are available.
2. If during any subsequent renewal periods, the Commonwealth elects to exercise the option to extend the Contract for the second Additional one-year period, the Contract price(s) for the second additional one-year period shall not exceed the Contract price(s) of the first one-year extension period, or the Contract price(s) of the first one-year extension period increased/decreased by the percentage increase/decrease of the "Other Services" category of the CPI-W section for the Consumer Price Index of the United States Bureau of Labor Statistics for the latest 12 months for which statistics are available.

At a reasonable time (approximately 60 days prior to the Contract expiration date) the Commonwealth, may, at its sole option, give written notice to extend the terms of this Contract on a month-to-month basis for a period not to exceed six (6) months after the expiration of the original Contract or any renewal period. If necessary, such an extension will serve as a transition period to implement the service with a different service provider. The Contractor will cooperate in any such transition. During such extension all services provided by the Contractor pursuant to the Contract shall continue to be performed in accordance with all applicable federal, State or local laws, ordinances, rules or regulations at the prices last agreed upon.

L. SUBCONTRACTS: No portion of the work shall be subcontracted without prior written consent of the issuing Agency. In the event that the Contractor desires to subcontract some part of the work specified herein, the Contractor shall furnish the Issuing Agency the names, qualifications and experience of their proposed subcontractors. The Contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the Contract.

M. IDENTIFICATION OF PROPOSAL ENVELOPE: If a special envelope is not furnished, or if return in the special envelope is not possible, the signed proposal should be returned in a separate envelope or package, sealed and identified as follows:

| | | |
|-----------------------|-----------|-------|
| From: _____ | _____ | _____ |
| Name of Offeror | Due Date | Time |
| _____ | _____ | |
| Street or Box Number | RFP No. | |
| _____ | _____ | |
| City, State, Zip Code | RFP Title | |

Name of Contract/Purchase Officer or Buyer _____

The envelope should be addressed as directed on Page 1 of the solicitation.

If a proposal not contained in the special envelope is mailed, the bidder or offeror takes the risk that the envelope, even if marked as described above, may be inadvertently opened and the information

compromised which may cause the bid or proposal to be disqualified. Proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other proposals should be placed in the envelope.

- N. **OPTIONAL PRE-PROPOSAL CONFERENCE**: An optional pre-proposal conference will be held at 10:00 a.m. on Tuesday, January 6, 2009 at 101 N 14th Street, Richmond, VA 23219, 3rd Floor. The purpose of this conference is to allow potential offerors an opportunity to present questions and obtain clarification relative to any facet of this solicitation.

While attendance at this conference will not be a prerequisite to submitting a proposal, offerors who intend to submit a proposal are encouraged to attend. Bring a copy of the solicitation with you. Any changes resulting from this conference will be issued in a written addendum to the solicitation.

Commonwealth of Virginia Department of the Treasury
RFP# CMI 09-008 Virginia Retirement System
Due: Friday, January 23, 2009 @ 1:00 p.m.

SECTION IX METHOD OF PAYMENT

Service charges are to be included in the Contractor's monthly account analysis. The fees shall be paid through one of the following methods at the Commonwealth's option: compensating balances; a combination of compensating balances and direct fees; or an alternative method as specified in the Contractor's Proposal.

SECTION X PRICING SCHEDULE

Department of the Treasury
VRS RFP - Master

| | Annual Volumes | Unit Price | Extension |
|--|----------------|------------|-----------|
| General Services | | | |
| Master Account Maintenance | 12 | | |
| Account Maintenance | 12 | | |
| Deposits | 750 | | |
| Deposited Items | 2,200 | | |
| Checks Paid | 4,000 | | |
| Checks Returned with Monthly Statement/Monthly Fee | 12 | | |
| Total General Services | | | |
| | | | - |
| Returns | | | |
| Returns Special Instruction-Complex/Non-Standard | 15 | | |
| Total Returns | | | |
| | | | - |
| ACH | | | |
| Miscellaneous Items paid | 450 | | |
| ACH Return -Paper Report | 12 | | |
| File Processed | 250 | | |
| Block ACH Transactions | 12 | | |
| Addenda originated | 350 | | |
| Deposits | 200 | | |
| Maintenance | 12 | | |
| ACH Recall | 10 | | |
| ACH Returns | 950 | | |
| Reversal Request per File/Item | 35 | | |
| ACH Unauthorized Trans-Returned | 60 | | |
| ACH Originated Items - PPD Debit | 100 | | |
| ACH Originated Items - PPD Credit | 1,600,000 | | |
| ACH Originated Items - CCD Credit | 350 | | |
| ACH Management Maintenance | 12 | | |
| Notifications of Change | 5,000 | | |
| Control Total Entry | 60 | | |
| Total ACH | | | |
| | | | - |

| | | | |
|---|--------|--|---|
| | | | |
| Data Exchange | | | |
| BAI Data Direct to Customer/Item | 3,000 | | |
| BAI Transmission | 12 | | |
| Total Data Exchange | | | - |
| | | | |
| Paid Check Image | | | |
| Paid Check Image Maintenance | 12 | | |
| Paid Check Image Viewed | 200 | | |
| Total Paid Check Image | | | - |
| | | | |
| Account Reconciliation | | | |
| Outstanding Issue Items on File | 5,200 | | |
| Positive Pay Monthly Maintenance | 12 | | |
| Full Reconciliation per Item | 50,000 | | |
| Account Recon Output Transmission | 12 | | |
| Account Recon Additional Report Copies | 12 | | |
| Full Recon Monthly Maintenance | 12 | | |
| ARP Payee Match Positive Pay/Per Item | 50,000 | | |
| Outgoing Transmission Detail/Per Item | 11,000 | | |
| Stop Payments – Manual | | | |
| ARP Internet Access Maintenance | 12 | | |
| ARP Notification Service/Monthly Fee | 12 | | |
| ARP Paper Reports | 12 | | |
| Total Account Reconciliation | | | - |
| | | | - |
| Internet Online Capabilities | | | |
| Viewing Prior Day Account Activity | | | |
| Viewing Current Day Account Activity | | | |
| Stop Payments – Terminal Based | | | |
| Stop Payment Activity | | | |
| Stop Payments Removed – Terminal Based | | | |
| Viewing Check Status | | | |
| Total Internet Online Capabilities | | | - |
| | | | |
| Wire Transfers | | | |
| Domestic Wires | 300 | | |
| Book Transfers | 50 | | |
| Incoming Wires | 400 | | |
| Outgoing Non-Repetitive Wires | 10 | | |
| Book Transfer Credits | 160 | | |

| | | | |
|--|--------|--|---|
| Wire Template Storage | 150 | | |
| Debits Posted | 350 | | |
| Deposits | 50 | | |
| Total Wire Transfers | | | - |
| | | | - |
| Wholesale Lockbox | | | |
| Standard Item Processing | 3,000 | | |
| Check Image/Photocopy | 3,000 | | |
| Correspondence/Unprocessables | 115 | | |
| Deposit Prep Charge | 250 | | |
| Monthly Maintenance | 12 | | |
| MICR Data Capture Charge/Per Line | 1,200 | | |
| Value Added Keying | 32,000 | | |
| Monthly Transmission Maintenance | 12 | | |
| Hardcopy Report | 24 | | |
| Non-Truncated Lockbox Pkg Prep Mailout | 12 | | |
| Check and Document Association | 3,000 | | |
| Lockbox Deposited Items | 25,000 | | |
| Total Wholesale Lockbox | | | - |
| | | | - |
| Wholesale Lockbox | | | |
| Scannables Single Full Pays | 14,000 | | |
| Scannables Muti Pays | 11,000 | | |
| Monthly Lockbox Maintenance | 12 | | |
| Correspondence and Unprocessables | 1,500 | | |
| Checks | 22,000 | | |
| Deposit Prep Charge | 250 | | |
| In-Bound Overnight Payments | 40 | | |
| Transmission Maintenance | 10,500 | | |
| Remittance Package Prep Mailout | 12 | | |
| Courier Charges | 12 | | |
| Minimum Volume Fee | 11,000 | | |
| Coupons Returned | 7,500 | | |
| Total Wholesale Lockbox | | | - |
| | | | - |
| Grand Total Costs | | | - |

Department of the Treasury
VRS RFP - Checking

| | Annual Volumes | Unit Price | Extension |
|--------------------------------------|----------------|------------|-----------|
| General Services: | | | |
| Account Maintenance | 12 | | |
| Sub-Account Maintenance | 12 | | |
| Account Analysis Statement | 12 | | |
| FDIC Assessment | 12 | | |
| Weekly Statements | 52 | | |
| Non-Depositor Check Cashing Fee | 1,150 | | |
| Checks Paid | 95,000 | | |
| Total General Services | | | - |
| Return Items: | | | |
| Deposited Items-Charged Back | 5 | | |
| Total Return Items | | | - |
| ACH | | | |
| Block ACH Transactions | 10 | | |
| Total ACH | | | - |
| Paper Disbursements | | | |
| Paid Item Rejects | 600 | | |
| Total Paper Disbursements | | | - |
| Data Exchange | | | |
| BAI Data Direct to Customer/Per Item | 700 | | |
| BAI Transmission | 12 | | |
| Total Data Exchange | | | - |
| Paid Check Image | | | |
| Paid Check Image Maintenance | 12 | | |
| Paid check Image/Item-Internet | 60,000 | | |
| Paid Check Image Viewed WC Plus | 100 | | |
| Total Paid Check Image | | | - |
| Account Reconciliation | | | |
| Outstanding Issue Items on File | 800 | | |

| | | | |
|---|--------|--|---|
| Positive Pay Monthly Maintenance | 12 | | |
| Full Reconciliation Per Item | 95,000 | | |
| Account Recon Output Transmission | 12 | | |
| Account Recon Monthly Maintenance | 12 | | |
| ARP Payee Match Positive Pay/Item | 95,000 | | |
| Positive Pay Exception Item Image | 10 | | |
| Postage/Mailing-1st Class UPS/Priority | 12 | | |
| Outgoing Transmission Detail per Item | 93,000 | | |
| Positive Pay Exceptions | 10 | | |
| Stop Payments – Manual | | | |
| ARP Internet Access Maintenance | 12 | | |
| ARP Notification Service | 12 | | |
| ARP Paper Reports | 12 | | |
| Total Account Reconciliation | | | - |
| | | | |
| Internet OnLine Capabilities | | | |
| Viewing Prior Day Account Activity | 20,000 | | |
| Viewing Current Day Account Activity | 300 | | |
| Stop Payments – Online | 350 | | |
| Stop Payment Activity | | | |
| Stop Payments Removed – Online | | | |
| Viewing Check Status | 700 | | |
| Total Internet OnLine Capabilities | | | - |
| | | | |
| Image Services | | | |
| Paid Checks CD-ROM Images | | | |
| Paid Checks CD-ROM Maintenance | | | |
| Total Image Services | | | - |

Grand Total Costs

| | | | |
|--|--|--|---|
| | | | - |
|--|--|--|---|

NOTES:

1. **ANNUAL VOLUME STATISTICS:** Please note that volume statistics outlined above are estimated annual volumes and may not correspond to the way you charge for a particular service. If a particular charge is on another basis than noted, make appropriate changes in the "Volume" column. Proposals must estimate volumes for any line items where volume figures are left blank.
2. **OTHER CHARGES:** If there are other charges, they must be noted in "Other" spaces, clearly defined, and extended based on estimated volume. **THIS IS A REQUIREMENT. ANY CHARGE FOR SERVICES NOT ADDRESSED IN THE "STATEMENT OF CHARGES" IN YOUR PROPOSAL WILL NOT BE ALLOWED DURING THE COURSE OF THE CONTRACT.**
3. **NC:** If there is no charge for any of the services listed, notate with a "N/C" in the "Extension" column.

SECTION XI APPENDICES and DEFINITIONS

**APPENDIX A
FORM OF COMMONWEALTH OF VIRGINIA CONTRACT**

Appendix A represents the proposed Contract, which the Commonwealth of Virginia would expect the Contractor to sign. Please note any suggestions or additions you would like considered.

COMMONWEALTH OF VIRGINIA
Department of the Treasury
LOCKBOX AND BANKING SERVICES
Contract Number CMI 09-008

This Contract is entered into this ___ day of _____, 2009, by _____, hereinafter called the "Contractor", and the Commonwealth of Virginia Department of the Treasury, hereinafter called the "Issuing Agency".

WITNESSETH that the Contractor and the Issuing Agency, in consideration of the mutual covenants, promises, and agreements herein contained, agree as follows:

SCOPE OF CONTRACT: The Contractor shall provide the services to the Commonwealth as set forth in the Contract Documents.

PERIOD OF CONTRACT: From June 1, 2009 to May 31, 2012, **with two (2) successive one-year options to renew the Contract in accordance with the terms and conditions noted in the Contract.**

COMPENSATION AND METHOD OF PAYMENT: The service charges are to be included in the bank's monthly account analysis.

CONTRACT DOCUMENTS: The Contract Documents shall consist of:

- (1) This signed Contract;
- (2) The following portions of the Request For Proposals dated November 25, 2008:
 - (a) The Statement of Needs
 - (b) The General Terms and Conditions
 - (c) The Special Terms and Conditions, together with any negotiated modifications of those Special Conditions
- (3) The Contractor's proposal dated January XX, 2009 and all written modifications to the Proposal, **including all written vendor responses**, all of which documents are incorporated herein.

Any contractual claims shall be submitted in accordance with the contractual dispute procedures set forth in Section 7.15 of the Commonwealth of Virginia's *Vendor's Manual*.

IN WITNESS WHEREOF the parties have caused this Contract to be duly executed intending to be bound thereby, and certify they are authorized to sign this Contract for the Contractor or the Commonwealth.

CONTRACTOR

**COMMONWEALTH OF VIRGINIA
Department of the Treasury**

(Signature)

(Signature)

(Printed Name)

J. Braxton Powell
(Printed Name)

(Title)

Treasurer of Virginia
(Title)

(Date)

(Date)

APPENDIX B

SMALL BUSINESS SUBCONTRACTING PLAN

Definitions

Small Business: "Small business " means an independently owned and operated business which, together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. Note: This shall not exclude DMBE-certified women- and minority-owned businesses when they have received DMBE small business certification.

Women-Owned Business: Women-owned business means a business concern that is at least 51% owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, and both the management and daily business operations are controlled by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law.

Minority-Owned Business: Minority-owned business means a business concern that is at least 51% owned by one or more minority individuals or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

All small businesses must be certified by the Commonwealth of Virginia, Department of Minority Business Enterprise (DMBE) by the due date of the solicitation to participate in the SWAM program. Certification applications are available through DMBE online at www.dmbv.virginia.gov (Customer Service).

Offeror Name: _____

Preparer Name: _____ Date: _____

Instructions

- A. If you are certified by the Department of Minority Business Enterprise (DMBE) as a small business, complete only Section A of this form. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification.
- B. If you are not a DMBE-certified small business, complete Section B of this form. For the offeror to receive credit for the small business subcontracting plan evaluation criteria, the offeror shall identify the portions of the contract that will be subcontracted to DMBE-certified small business in this section. Points will be assigned based on each offeror's proposed subcontracting expenditures with DMBE certified small businesses for the initial contract period as indicated in Section B in relation to the offeror's total price.

Section A

If your firm is certified by the Department of Minority Business Enterprise (DMBE), are you certified as a (**check only one below**):

_____ Small Business

_____ Small and Women-owned Business

_____ Small and Minority-owned Business

Certification number: _____ Certification Date: _____

Section B

Populate the table below to show your firm's plans for utilization of DMBE-certified small businesses in the performance of this contract. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received the DMBE small business certification. Include plans to utilize small businesses as part of joint ventures, partnerships, subcontractors, suppliers, etc.

B. Plans for Utilization of DMBE-Certified Small Businesses for this Procurement

| Small Business Name & Address DMBE Certificate # | Status if Small Business is also: Women (W), Minority (M) | Contact Person, Telephone & Email | Type of Goods and/or Services | Planned Involvement During Initial Period of the Contract | Planned Contract Dollars During Initial Period of the Contract |
|---|---|-----------------------------------|-------------------------------|---|--|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Totals \$ | | | | | |

APPENDIX C LOCKBOX PROCEDURES

Lockbox Guidelines and Procedures Virginia Retirement System

Employer Contributions Lockbox

There are two post office boxes. Each receives different types of remittances. The receipts of each box are to be processed separately. This is the description of the lockbox used for monthly employer contribution payments.

Receipts are to be deposited on the day they are picked up from the post office.

This box will contain checks and remittance documents for employer contributions. There may be up to four different types of payments: retirement, group life insurance, health care credit, and VSDP (disability). Most payments will be accompanied by a remittance advice (VSR-51), and must be processed in a way that allows for the capture of information from the remittance advice and/or the scanline at the bottom of the advice. There will, however, be payments with little or no documentation, which will be processed manually. (Less than 10 percent of all payments arrive without documentation.)

This box is currently being processed in a non-image environment. If an image lockbox is being proposed, please explain how the image processing would take the place of the return of the documentation. If the Contractor can provide all documentation that the VRS needs in an image environment, there would not be a need for a daily delivery.

A. Acceptable Payees

The VRS accepts all payments

B. Receipts without remittance documents will be handled as follows:

1. Take a photocopy of the check and attach it to the envelope it came in.
2. Add all the checks and make a deposit.
3. Place a copy of the deposit ticket with the envelopes and check photocopies, and place all of these items in the remittance package for VRS.
4. Return all items to VRS on the next business day, unless the box is processed in an image environment.

C. Processing Procedures

1. If the coupon and the check do not agree, the amount of the coupon may be changed if it is a single coupon batch. If there are multiple checks with one coupon, but the total checks do not agree with the coupon amount, the bank may change the coupon amount after verifying that all checks have been accounted for. If there are multiple checks accompanied by multiple coupons, but the check and coupon totals do not agree, handle these receipts as in "B" steps 1-4 above.
2. Payments are to be keyed/scanned to capture the deposit information, and create a detailed paper listing of each payment amount, payer account number and sequence number of each remittance. Remittance advices and a detail tape are to be assembled for deposit ticket preparation. Photocopies are not required for the Employer Contribution Lockbox if a remittance document is included.

The following fields of information will need to be scanned or keyed from the document

- a. Fund
- b. Account Number
- c. Employer Number
- d. Payment Due Date
- e. Amount Paid (not in scanline)

The scanline is 32 characters long:

Positions:

- 1 – 4 : Fund number
- 5 – 9 Account number
- 10 – 14 Employer number
- 15 – 20 Date (MMDDYY)
- 21 – 31 Zero filled
- 32 Check digit

3. The checks are to be deposited with the original copy of the deposit ticket. The duplicate copy of the deposit ticket is attached to the coupons and inserted into the remittance package along with one copy of the appropriate section of the paper tape. (This assumes a non-image environment.)
4. VRS also receives payments electronically. VRS would like to explore having these payments combined with the lockbox information and included on the transmission.
5. If backup work cannot be sent via image, the Contractor will deliver deposit information (printouts, and other supporting documentation) to the VRS offices at 12th and Main Streets by 12:00 noon on the day after the checks are processed.
6. Transmit the file to the VRS by 4:15 p.m. in the format included in Appendix G. (Same format for both boxes.)
7. No later than 3:30 p.m. each day, the contractor shall notify Treasury via fax at (804) 225-3478 or via e-mail to Ken VanAuken at ken.vanauken@trs.state.va.us . Include the total amount of the lockbox deposit.

Lockbox Guidelines and Procedures Virginia Retirement System

Purchase of Service Lockbox

As noted above, there are two post office boxes. Each receives different types of remittances. The receipts of each box are to be processed separately. This is the description of the lockbox used for members who are purchasing additional service credits under one of the VRS retirement plans.

Receipts are to be deposited on the day they are picked up from the post office.

This box will receive remittances for purchased service payments. Most payments will be accompanied by a remittance document, and must be processed in a way that allows for the capture of information from the remittance document and/or the scanline. There may, however, be payments with little or no documentation, which will be processed manually. (Less than 10 percent of all payments arrive without documentation.)

This box is currently being processed in a non-image environment. If an image lockbox is being proposed, please explain how the image processing would take the place of the return of the documentation. If the Contractor can provide all documentation that the VRS needs in an environment, there would not be a need for a delivery.

A. Acceptable Payees

The VRS accepts all payments

B. Receipts without remittance documents will be handled as follows:

1. Take a photocopy (or image) of the check and attach it to the envelope it came in.
2. Add all the checks and make a deposit
3. Place a copy of the deposit ticket with the check copies, and place everything in the remittance package for the VRS.
4. Return all items to the VRS on the next business day, unless the box is processed in an image environment.

C. Processing Procedures

1. If the remittance document and the checks do not agree, the amount of the document may be changed. If there are multiple checks with one document, but the total checks do not agree with the document amount, the bank may change the document amount after verifying that all checks have been accounted for.
2. Payments are to be keyed/scanned to capture the deposit information, and create a detailed paper listing of each payment amount, payer account number and sequence number of each remittance. The checks, remittance documents, and detail tape are to be assembled for deposit ticket preparation. Photocopies are required for the Purchased Service lockbox (assuming a non-image environment.)

The following fields of information will need to be scanned or keyed from the remittance document

- a. Member's Identification Number

b. Amount Paid

3. The checks are to be deposited with the original copy of the deposit ticket. The duplicate copy of the deposit ticket is attached to the remittance document and inserted into the remittance package along with one copy of the appropriate section of the paper tape.
4. VRS also receives payments electronically. VRS would like to explore having these payments combined with the lockbox information and included on the transmission.
5. The Contractor will deliver deposit information (printouts, envelopes, and other supporting documentation) to the VRS offices at 12th and Main Streets by 12:00 noon on the day after the checks are processed.
6. Transmit the file to the VRS by 4:15 p.m. in the format included in Appendix G. (Same format for both boxes.)
7. No later than 3:30 each day, the contractor shall notify Treasury via fax at (804) 225-3478 or via e-mail to Ken VanAuken at ken.vanauken@trs.state.va.us of the tape total amount. This figure should equal the sum of the deposits for both boxes and electronic receipts.

APPENDIX D

RECORD LAYOUT ISSUED CHECKS (RECON)

1. Header Record

| Field | Length | Position | Format | Comments |
|--------------------------|--------|----------|--------|-------------------|
| Header Record Identifier | 1 | 1 | X | Constant "H" |
| Bank Number | 4 | 2 – 5 | X | Treasury Assigned |
| Agency Identifier | 3 | 6 – 8 | X | Treasury Assigned |
| Agency Contact Name | 24 | 9 – 32 | X | |
| Agency Contact Phone | 10 | 33 – 42 | X | |
| Transmission Date | 8 | 43 – 50 | X | MMDDYYYY |
| Filler | 40 | 51 – 90 | X | |

2. Detail Record

| Field | Length | Position | Format | Comments |
|-------------------------------|--------|----------|--------|-------------------|
| Bank Number | 4 | 1 – 4 | X | Treasury Assigned |
| Check Number | 8 | 5 – 12 | X | Leading Zeros |
| Void Indicator ¹ | 1 | 13 | X | Treasury Assigned |
| Check Amount | 10 | 14 – 23 | 9 | Leading Zeros |
| Transaction Code ² | 2 | 24 – 25 | X | |
| Issue Date | 8 | 26 – 33 | X | MMDDYYYY |
| Agency Code | 3 | 34 – 36 | X | |
| Member ID Number | 9 | 37 – 45 | X | |
| Payee Name | 45 | 46 – 90 | X | |

3. Trailer Record

| Field | Length | Position | Format | Comments |
|---------------------------|--------|----------|--------|-------------------|
| Trailer Record Identifier | 1 | 1 | X | Constant "T" |
| Bank Number | 4 | 2 – 5 | X | Treasury Assigned |
| Transmission Record Count | 6 | 6 – 11 | X | |
| Transmission Amount | 14 | 12 – 25 | 9 | Leading Zeros |
| Filler | 65 | 26 – 90 | X | |

(1) Valid Void Indicators: **0** (zero) = Issued Checks
 V = Voided Checks

(2) Valid Transaction Codes: **01** (zero and one) = Issued Checks
 26 = Voided Checks

APPENDIX E

CHECK IMAGE SYSTEM

The Department of the Treasury currently provides an image retrieval service for other state agencies. The vendor is Yojna, Inc. in Farmington Hills, Michigan. Two CD ROM's are created for each account by the current bank. One is sent to the agency, and the other is sent to Treasury. Treasury's copy is loaded into a Dell Server and is made available over a secure website to various state agencies using the Yojna software. Following are the system specifications:

CD Formats:

IBM format (Now generated by Checksolutions)
IOCA/ABIC-CCABIC
IOCA/G4-JPEG
TIFF/G4-JPEG
FISERV
CSC (Old IA)
CHASE
DSI
Fleet

Import Formats

CIFF
SunTrust transmission format
Wachovia transmission format
Yojna standard format
Valley Bank format
Creditron/NCR format (used at Citibank Canada)
CSC (Old IA) (used at Comerica)
GG Pulley format (Used at Fulton Bank)
Fulton Bank format

PLEASE NOTE: Compatibility with Yojna's system is not a requirement of this RFP. The VRS will evaluate a bank's system as an alternative and compare it to the advantages/limitations of the Yojna system.

APPENDIX F

SAMPLE LOCKBOX DOCUMENTS

CONTACT DEBBI SEITZ AT THE DEPARTMENT OF THE TREASURY IF YOU WOULD LIKE A SAMPLE LOCKBOX DOCUMENT.

PHONE NUMBER (804) 225 – 2647

**APPENDIX G
LOCKBOX OUTPUT SPECIFICATIONS**

**Virginia Retirement System
File layout for lockbox transactions**

Record type 1 (header)

| <u>Position</u> | <u>Description</u> | <u>Format</u> | <u>Value</u> |
|-----------------|--------------------|---------------|-------------------------|
| 1 | Record type | Numeric 1 | '1' |
| 2-3 | PR code | Numeric 2 | '01' |
| 4-13 | Destination | Alpha 10 | '051400549' |
| 14-23 | Origin | Numeric 10 | '1051400549' |
| 24-29 | Process date | Numeric 6 | MMDDYY |
| 30-33 | Process time | Numeric 4 | |
| 34-63 | Filler | Alpha 30 | 'A094101FIRST UNION-VA' |
| 64-67 | Destination name | Alpha 4 | 'VRS ' |
| 68-94 | Filler | Alpha 27 | Spaces |

Record type 5 (batch header)

| <u>Position</u> | <u>Description</u> | <u>Format</u> | <u>Value</u> |
|-----------------|--------------------|---------------|------------------------|
| 1 | Record type | Numeric 1 | '5' |
| 2-4 | Service class | Numeric 3 | '220' |
| 5-20 | Company name | Alpha 16 | 'VRS' |
| 21-40 | Description | Alpha 20 | 'PAYMTS: PAPER COUPON' |
| 41-50 | Company Id | Numeric 10 | '1051400549' |
| 51-53 | ST class | Alpha 3 | 'CCD' |
| 54-63 | Filler | Alpha 10 | 'PAPER PYMT' |
| 64-69 | Lockbox number | Alpha 6 | '27963 ' or '004708' |
| 70-75 | Process date | Numeric 6 | MMDDYY |
| 76-79 | Filler | Numeric 4 | |
| 80-87 | Account number | Numeric 8 | '05140054' |
| 88-91 | Line number | Numeric 4 | |
| 92-94 | Batch number | Numeric 3 | |

Record type 6 (detail record)

| <u>Position</u> | <u>Description</u> | <u>Format</u> | <u>Value</u> |
|-----------------|--------------------------|---------------|----------------------|
| 1 | Record type | Numeric 1 | '6' |
| 2-19 | Filler | Numeric 18 | '220514005490000205' |
| 20-29 | Account number | Numeric 10 | '0000165650' |
| 30-39 | Check amount | Numeric 8.2 | |
| 40-43 | Fund | Numeric 4 | |
| 44-48 | Detail account no. | Numeric 5 | |
| 49-53 | Employer number | Numeric 5 | |
| 44-52 | Member ID (PPS payments) | Numeric 9 | |
| 54-59 | Due date | Numeric 6 | MMDDYY |
| 60-65 | Process date | Numeric 6 | MMDDYY |
| 66-78 | Filler | Alpha 13 | Spaces |
| 79 | Filler | Numeric 1 | '0' |
| 80-87 | Account number | Numeric 8 | '05140054' |
| 88-90 | Batch number | Numeric 3 | |
| 91-94 | Line number | Numeric 4 | |

Record type 8 (batch trailer)

| <u>Position</u> | <u>Description</u> | <u>Format</u> | <u>Value</u> |
|-----------------|--------------------|---------------|--------------|
| 1 | Record type | Numeric 1 | '8' |
| 2-4 | Service class | Numeric 3 | '220' |
| 5-10 | Number of records | | |
| | In batch | Numeric 6 | |
| 11-20 | Hash | Numeric 10 | |
| 21-32 | Filler | Numeric 10.2 | Zeros |
| 33-44 | Total batch amount | Numeric 10.2 | |
| 45-54 | Company Id | Numeric 10 | '1051400549' |
| 55-79 | Filler | Alpha 25 | Spaces |
| 80-87 | Account number | Numeric 8 | '05140054' |
| 88-91 | Line number | Numeric 4 | |
| 92-94 | Batch number | Numeric 3 | |

Record type 9 (file trailer)

| <u>Position</u> | <u>Description</u> | <u>Format</u> | <u>Value</u> |
|-----------------|--------------------|---------------|----------------|
| 1 | Record type | Numeric 1 | '9' |
| 2-13 | Filler | Numeric 12 | '000000000001' |
| 14-55 | Filler | Numeric 42 | Zeros |
| 56-94 | Filler | Alpha 39 | Spaces |