

**Request for Price (RFP) for
Fully Integrated Warrant Processing
For Contract Term of FY 2012**

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I. INFORMATION REGARDING THE TREASURER OF THE STATE OF OHIO AND THE BOARD OF DEPOSIT

A. General information

The Treasurer of the State of Ohio (hereinafter referred to as “Treasurer,” “Treasurer’s office,” “Treasury staff” or “TOS”), is elected to a four-year term, and is charged with statutory and fiduciary duties and responsibilities. These include, but are not limited to, collecting, investing, and protecting Ohio’s public funds. The Treasurer is the statutory Chairman of the Ohio Board of Deposit (hereinafter referred to as “Board”). Under the authority of ORC 135, the Board designates the public depositories of active deposits.

B. Importance of Processing Systems and Specifically the Warrant Processing System

A major part of the Treasurer’s responsibilities consist of ensuring that warrants, issued by the State of Ohio, are processed, paid, and stored in an expeditious and safe manner.

The purpose of this RFP is to secure an integrated warrant processing system (IWPS) that will be managed and updated by a vendor with the resources and experience to support the product. The successful Respondent will have demonstrated its ability to adhere to specific timelines and to provide all of the deliverables articulated in the RFP, including providing prompt and responsive customer service to the Treasurer and the Treasury staff.

C. Change Needed:

As a result of the RFP selection process, the Respondent selected will assume substantive responsibility and control of the Treasurer’s routing and transit numbers. Each Respondent must demonstrate that it possesses the experience, competency, and ability to provide a consistently high level of service and timely settlements on behalf of the Treasurer to all of the presenting financial institutions.

Each Respondent should demonstrate that it is an innovative and competitive industry leader in technology. Each Respondent should also demonstrate that it has exemplary knowledge, experience, and competence in managing IWPS. Finally, each Respondent must demonstrate its capacity for responsiveness and flexibility for accommodating changes that may become necessary due to changes in laws that govern presentment and settlement.

II. PREREQUISITE QUALIFICATIONS

A. Ohio Depository

Respondent must currently be a “public depository,” as defined in ORC 135, and state this in the cover letter to its response. Any Respondent that is not a public depository, or fails to state in its cover letter that it is a public depository, will be automatically removed from further consideration without further notice.

B Compliance with Implementation Dates

Respondent must demonstrate how it will provide full implementation and successful functionality of the IWPS on or before August 1, 2011.

III. REQUIREMENTS

Each Respondent must demonstrate the willingness and ability to comply with the following terms:

- A.** To provide, on the date the contract is executed, a chain of escalation to be used to provide same day resolution of any issues that may arise;
- B.** The required file transfer method for all secure transmissions will be via Implicit FTPS. This method is the TOS standard in which a connection is set up immediately for a secure communication with no clear text passing between client and server at any time;
- C.** To receive and process all state-issued warrants which bear the TOS routing and transit numbers. Respondent shall provide electronic cash letter processing with a fully repaired 18-digit account number;
- D.** To provide electronic imaging of paper or substitute checks;
- E.** To work with TOS and with the Federal Reserve to meet all requirements for assuming control of the TOS routing number;
- F.** To deliver on the same day warrants are delivered to Respondent, 60% of the overall daily volume prior to 10:00 a.m. ET, and to provide 100% of electronic cash letters, as well as any paper cash letters for any warrants which could not be imaged, to be received in Treasurer’s office no later than 12:00 p.m. ET that same day;

- G.** To pick up Adjustment files from the TOS FTP server formatted per the Accredited Standards Committee X9 Specifications for Electronic Exchange of Check and Image Data (DSTU X9.37-2003 or X9.100-187) for retrieval by Respondent using TOS Implicit FTPS protocols;
- H.** To deliver Post electronic cash letters to be received by the TOS FTP server, using TOS Implicit FTPS protocols formatted per the Accredited Standards Committee X9 Specifications for Electronic Exchange of Check and Image Data (DSTU X9.37-2003 or X9.100-187) per the timing provided in Subsection F of this section;
- I.** Respondent shall utilize its existing process and clearing network to consolidate all warrants drawn on TOS' routing and transit number. Warrants will then be processed through Respondent's image quality tools and Respondent will create an electronic file in ASC standard X9.100-187 for delivery to TOS;
- J.** Respondent agrees that warrants will be processed as images from a single source;
- K.** To process or otherwise provide services for warrants issued under the TOS routing and transit numbers that are immediately payable;
- L.** To provide exclusive (the terms of the contract negotiated with the successful Respondent will not permit the use of subcontractors) processing of electronic presentment of cash letters and to submit acceptable timetables electronic settlement adjustments, all within the "same day" requirement;
- M.** To accept from TOS one or multiple files from the TOS Communication server for the Respondent to retrieve, using TOS FTPS protocols. The file will use the Federal Adjustment/Return spec that TOS will create as a comma separated values (CSV) file. This file will not include images nor will the file be emailed to the Respondent;
- N.** To certify, once the wire transfer has been received by Respondent, to the Treasurer complete settlement of the wire transfers in accordance with the timetables that are established pursuant to III(E);
- O.** To provide service for any paper warrants that may continue to be presented and to deliver paper cash letters to the TOS located at 30 E. Broad Street 9th Floor, Columbus, OH 43215-3461 per the timing established in III(F);
- P.** To provide ongoing control, supervision, and attention to minimizing the risk of fraud with documentation of the same to the Treasurer;

- Q.** To provide system controls to detect and reject duplicate warrants presented on the same day or any previous days;
- R.** Respondent will be responsible for settlement with presenting banks. TOS will settle with Respondent by 3:00 p.m. via wire. Respondent will provide a settlement account (at no additional charge) to TOS for settlement purposes;
- S.** To provide technological upgrades to the system with little or no disruption to Treasurer's work and service responsibilities;
- T.** To maintain the IWPS in a manner consistent with current industry standards, which can be easily transferred to a successor service provider, if necessary;
- U.** Upon request by TOS, to provide ongoing and regular evidence that Respondent has adequate back-up systems to protect the data and process and ensure operational continuity;
- V.** To provide timely communication to any relevant Treasury staff, or third parties, involved in the warrant process, on all matters, problems, questions or other information related to the warrant process;
- W.** To, as necessary and/or as requested, provide summary reports to Treasury staff;
- X.** To provide quarterly, written certification, (on forms provided by the Treasurer), to the Treasurer that Respondent is compliant with the contractual provisions, etc. Notwithstanding the written certification mentioned herein, when Respondent becomes aware of a compliance deviation, problem or otherwise, Respondent must provide written notification of the deviation, within ten (10) days of becoming aware of the deviation;
- Y.** To, at all times, comply with applicable federal and state laws and regulations;
- Z.** To provide training/educational materials to the Treasury staff as needed;
- AA.** To certify that at all times Respondent has in force adequate errors and omissions insurance coverage;
- BB.** To provide reasonable and competitive fees in line with industry standards and all other relevant factors. In addition, to accept a fee structure that includes reasonable, discretionary adjustments by the Treasurer's office designed to reward quality services or to communicate dissatisfaction with services;

- CC.** To contractually agree to indemnification and hold harmless provisions with regard to the Treasurer's office and presenting financial institutions;
- DD.** To execute a contract that incorporates the requirements set forth herein. The initial term of the contract will be from approximately, July 1, 2011 to June 30, 2012. The Treasurer, on behalf of the Board will have the right to renew the contract under the same terms for one additional year. The Respondent has no right to renew.

IV. ADDITIONAL INFORMATION

Each Respondent must answer the following questions. Responses will be used to evaluate the comprehensiveness and ability of each Respondent to provide the services outlined in Section III.

- A.** Describe your presence in Ohio including:
 - 1. How long have you done business in Ohio?
 - 2. How many offices do you have in Ohio and, which office will be responsible for the performance of the duties outlined in this RFP?
 - 3. Where is the Information Technology (IT) Department located, and how many employees are in the department?
 - 4. How many members of your staff will be committed to the development and implementation of the IWPS? Please provide a list that sets forth the amount of experience of each employee who will be involved with the IWPS, whether the involvement consists of project management, IT issues or customer service related matters?
 - 5. List all services you have provided to the State of Ohio, the agency involved, the contract's duration, and whether the contract(s) was pursuant to a State Term Schedule or State Term Contract.
- B.** Describe your years of experience with developing and/or implementing electronic cash letter and electronic adjustment processing. What problems have arisen, and how were they addressed?
- C.** Describe your experience and qualifications with respect to its ability to create X9-standard cash letter files and its ability to receive and process X9-standard adjustment files.

- D.** Provide a proposed Transition Plan and timeline that includes:
1. A process flow diagram that shows the full process cycle of state issued warrants, from issuance to settlement. The diagram must include details for electronic cash letter files, paper cash letters, and electronic adjustment files;
 2. The major milestones on the timeline;
 3. The 'go live' date;

For purposes of the proposal, use an anticipated contract execution date of July 1, 2011.

- E.** Provide an estimate for the expected volume of daily paper warrants you will send in a paper cash letter, as a percentage of the expected daily total item volume.
- F.** Discuss any other relevant factors that you believe should be considered and which you believe distinguish you from other potential Respondents.
- G.** Provide a pricing model for electronic cash letter processing, paper cash letter processing, and electronic adjustment processing services.

Provide other pricing options that are being used in the industry.

Provide an offer for per-item incentive-based pricing with volumetric discounts; Provide details of any other costs that may be associated with this engagement, including other related services that you require in order to provide the TOS-required services for this contract's duration. Include implementation costs, maintenance costs, and any other similar costs.

- H.** Provide details of any other costs that may be associated with this engagement, including other related services necessary for you to comply with the requirements set forth herein.

V. MISCELLANEOUS PROVISIONS

- A.** This RFP will be posted on the Treasurer of the State of Ohio's website (<http://www.tos.ohio.gov>).

- B. This RFP shall not be construed as creating any obligation of the Board to make a further commitment to discuss, negotiate or contract further with any Respondent.
- C. The Treasurer reserves the right to cancel or terminate this RFP at any time prior to the closing date for acceptance of the proposals, by posting such notice in the same manner as the RFP notice was delivered, including the Treasurer's website.
- D. The Treasurer reserves the right to modify portions of this RFP for the limited purpose of clarification and minor corrective reasons, or for changes related to a mistake of fact or drafting errors. This right to amend is not intended to permit substantive changes to the RFP that would, in any way, violate or jeopardize the integrity of the competitive bidding process required under Ohio law.
- E. The Treasurer reserves the right to conduct follow-up interviews with Respondents. The Treasurer may consider other information, including but not limited to past performance providing services to the Treasurer's office or another state agency.
- F. Responses must be received no later than 3:00 p.m. ET on May 17, 2011. If hand delivered, they should be delivered between the hours of 8 a.m. to 5 p.m., Monday through Friday to the address listed in section VI(F)(4). Proposals received after 3 p.m. on the deadline herein will not be considered. All proposals shall remain sealed until the designated time for opening, which will be May 17, 2011.

VI. PROPOSAL SUBMISSION REQUIREMENTS

- A. Respondent may request clarification or raise a question on a matter in this request provided such communication is submitted via e-mail to the Treasurer's Office website (see below) or to Dawn Gatterdam, Director of Accounting, at dawn.gatterdam@tos.ohio.gov.
- B. Other than Subsection A, Respondents are strictly prohibited from communicating, verbally or in writing, with any Treasury employee regarding this RFP. Any violation of this subsection will result in the immediate disqualification of the Respondent. For the benefit of all potential respondents, TOS will post written responses to all questions regarding this RFP on its website, at <http://www.tos.ohio.gov>.
- C. All costs incurred to develop a proposal are the sole responsibility of each Respondent and may not be charged to the State of Ohio.

- D.** All costs and pricing associated with this proposal must be clearly delineated. Respondents must provide an example of how those fees are actually applied and charged. Provide an estimate of the monthly invoice assuming a monthly volume of 200,000 warrants processed.
- E.** All proposals must include the following:
1. A short statement that the Respondent meets all of the requirements set forth herein, can timely perform all of the services requested herein, and can meet the requirements to enter into a contract. All of the information requested must be submitted. Any omission, without explanation, can be grounds for, without notice by the Treasurer, for rejection of the entire proposal.
 2. A Table of Contents.
 3. A response to each requirement, in the same order with the same identifying paragraph numbers or letters, with a restatement of the question or request.
 4. An explanation of how the Respondent's proposal meets or exceeds each specified requirement.
 5. An acknowledgment statement that Respondent's performance will conform to the applicable federal and Ohio laws.
 6. Financial statements or other documents which demonstrate the financial stability of your entity for fiscal years 2009 and 2010.
 7. Identification of the person(s) with authority to act on this matter.
 8. Two examples, from 2008 through March 31, 2011, of electronic cash letter and electronic adjustment file processing implementation projects that you have developed and implemented, which demonstrate the Respondent's ability to competently provide the services outlined herein.
 9. Two references with appropriate contact information.
 10. The Respondent's contact information, including the entity's name, address, website, phone number(s)/email address of the contact person(s).

- F.** All proposals shall be formatted and submitted as follows:
1. Consist of no more than 30 numbered pages, with single spaced paragraphs (excluding the cover page) on 8 ½ by 11 size paper, AND be bound as a single volume.
 2. If electronic media is included, it must be in PDF format on a compact disc or DVD.
 3. A total of six copies must be submitted.
 4. Mailed or submitted in a sealed envelope or package marked, "WARRANT PROCESSING SYSTEM - RFP" and (bearing the same information as required for mailing, if delivered) to:

**Ohio Treasurer Josh Mandel
9th Floor Receptionist
Attn: Dawn Gatterdam, Director of Accounting
30 East Broad Street, 9th Floor
Columbus, Ohio 43215**

VII. SELECTION CRITERIA

- A.** Proposals will be evaluated by management team members of the Treasurer's office, based on the criteria below. The Board is not obligated to accept the lowest priced proposal. The selection will be based upon which proposal is most responsive and which Respondent's entity has best demonstrated its ability to serve the TOS and the State of Ohio. The decision of the Board is final and binding.
- B.** All proposals are considered offers to enter into a contract with the Board. The contract will incorporate language within this RFP, along with the Respondent's responses to each requirement within this RFP. This RFP does not create an obligation on the part of the Treasurer or the Board to have discussions, negotiations, or to enter into a contract with any bidder.

- C. The statements of qualifications submitted in this RFP will be evaluated based upon several factors, including but not limited to the following:

Percent	Criteria
60	To perform the required services and meet the stated deadlines
10	Demonstrated and articulated commitment to provide high level ongoing service and timely resolution of problems
10	Level of experience using or managing IWPS with other entities
10	Mutual agreement on the fees with the reserved adjustment clause
5	Quality of the transition plan and ongoing commitment and dedication of Respondent's resources to timely address problems, perform upgrades, and bring new services on line quickly
5	Overall presence in Ohio

VIII. SCHEDULE OF EVENTS

Schedule of Events	Dates
Request for proposal sent to prospective bidders	5/9/2011
Deadline for written questions submitted to TOS	5/17/2011
Proposals due date	5/23/2011 3:00 pm
Contact winning bidder	Late June
Board of Deposit Meeting	Late June
Begin transition/conversion work	Late June
Completion goal date	By August 1, 2011

IX. CERTIFICATIONS

Respondent also certifies the following for duration of the contract unless Respondent provides written notice to the Treasurer to the contrary:

- A. The Respondent's position as an electronic warrant processing service provider to the Treasurer's office will not create any conflict of interest for the Respondent or any of its assigned personnel and agrees to promptly disclose in writing to the Treasurer's Office any such conflict of interest if and when it arises and is known to the Respondent.
- B. The Respondent is an equal opportunity employer and does not discriminate against applicants or employees on the basis of race, color, religion, sex, age, disability, national origin, or Vietnam-era veteran status.
- C. Respondent accepts all responsibility, as to reporting and liability or otherwise, as to all of the Respondent's assigned personnel who are not United States citizens and Treasurer has no further duty to ask or inquire or verify any such status and can rely upon Respondent's written representations.
- D. The Respondent is not currently in violation of or under any investigation or review for a violation of any state or federal law or regulation that might have a material adverse impact on the Respondent's ability to serve if selected.
- E. The Respondent is and will remain in compliance with all applicable federal, state and local laws, including but not limited to the applicable provisions of the following for which it also makes the following related certifications:
 - 1. The Federal (41 U.S.C. 701(a)) and Ohio (R.C. 153.03) Drug Free Workplace Acts. The Respondent will make good faith efforts to ensure that all of its employees will not have or be under the influence of illegal drugs or alcohol or abuse prescription drugs in any way while working on State property.
 - 2. The Ohio Patriot Anti-Terrorism Act (Sections 2909.32-.34 of the Ohio Revised Code).
 - 3. State of Ohio ethics (Chapter 102 and Sections 2921.42 and 2921.43 of the Ohio Revised Code) and lobbying (Sections 101.70 and 121.60 et seq. of the Ohio Revised Code), and the Governor's Executive Order 2011-3K.
 - 4. Chapter 3517 of the Ohio Revised Code, campaign financing, including that all applicable parties listed in Division (I)(3) or (J)(3) of Ohio Revised Code Section 3517.13 are in full compliance with Divisions (I)(1) and (J)(1) of Ohio Revised Code Section 3517.13.
 - 5. Section 9.24 of the Ohio Revised Code. The Respondent is not subject to an "unresolved" finding for recovery under that section.