



OKLAHOMA

**OKLAHOMA STATE TREASURER
BANKING SERVICES
Remote Deposit Capture**

REQUEST FOR PROPOSALS

Issue Date: January 30, 2009

**KEY INFORMATION AND SUMMARY SHEET
OKLAHOMA STATE TREASURER'S OFFICE**



**Request For Proposals
Remote Deposit Capture**

RFP Issue Date: January 30, 2009

RFP Issuing Office: Oklahoma State Treasurer's Office

Issuing Contact: Susan Bateman
Oklahoma State Treasurer's Office
2300 Lincoln Blvd.
State Capitol Room 217
Oklahoma City, Oklahoma 73105
Email: susan.bateman@treasurer.ok.gov
Office Phone: 405-521-3191
Office Fax: 405-521-4994

Proposals are to be sent to: Oklahoma State Treasurer
Attention: Susan Bateman
2300 Lincoln Blvd.
State Capitol Room 217
Oklahoma City, Oklahoma 73105

Letter of Intent to Respond Due: February 9, 2009

Proposal Closing Date and Time: March 12, 2009, 3 p.m. (CST)

TABLE CONTENTS

SECTION 1 – General Information for Contractors	1
1.01 Background	1
1.02 Purpose.....	1
1.03 Issuing Office.....	1
1.04 Proposals	1
1.05 Format for Required Information.....	2
1.06 Rejection of Proposal	3
1.07 Letter of Intent to Respond	3
1.08 RFP Questions	3
1.09 Response Date.....	4
1.10 Incurring Costs.....	4
1.11 Prime Contractor (Financial) Responsibilities.....	4
1.12 News Releases	5
1.13 Proposal Evaluation and Selections Criteria.....	5
1.14 Deposit Collateral	6
1.15 Financial Strength of Banks.....	6
SECTION 2 – Basic Contract Terms	7
2.01 Terms of Contract	7
2.02. Termination for Cause	7
2.02 Termination for Convenience	7
2.03 Notices	8
2.04 Rights and Remedies.....	8
2.05 Force Majeure	8
2.06 Waiver.....	9
2.07 Ownership.....	9
2.08 Independent Contractor.....	9
2.09 Staff Qualifications	9
2.10 Conflict of Interest	9
2.11 Confidentiality	10
2.12 Nondiscrimination, Workplace Safety, and Environment Protection...10	
2.13 Hold Harmless	10
2.14 Care of State Property	11
2.15 Retention of Records.....	11
2.16 Federal, State, and Local Taxes Contractor	11
2.17 Modification.....	11
2.18 Assignment	11
2.19 Third Party Beneficiaries	12
2.20 Non-Waiver of Defenses or State Jurisdiction.....	12
2.21 Applicable Law	12
SECTION 3 – Organization and Background	13
3.06 Vendor Questions/Experience	13
3.07 Customer Service.....	14
3.08 Disaster Recovery	15
3.09 References.....	16

SECTION 4 – Remote Deposit Capture Bank	17
4.01 Overview	17
4.02 RDC Services.....	18
4.03 Funds Availability.....	20
4.04 Image Quality.....	20
4.05 Return Item Processing	21
4.06 Information Reporting	21
4.07 Implementation	22
4.08 Hardware/Software	23
 SECTION 5 – Audited Financial Statements.....	 25
 SECTION 6 – Compensation, Fees, and Related Information.....	 26
 SECTION 7 - Appendices	 28
Banking Services RFP Schedule.....	29
Hardware/Software Specifications.....	30
Supplier Contract Affidavit.....	31
Remote Deposit Capture Pricing Schedule.....	32

Section One

GENERAL INFORMATION FOR CONTRACTORS

1.01 Background

The Oklahoma State Treasurer, Scott Meacham, is an elected State Official. The Treasurer is charged statutorily with providing or contracting for most of state government's banking services. The Office of State Treasurer will hereinafter be referred to as "OST".

1.02 Purpose

This Request for Proposal (RFP) is designed to provide interested financial institutions with sufficient information to enable them to prepare and submit proposals to provide Remote Deposit Capture (RDC) - Banking Services to the State of Oklahoma through a contract with OST. Financial Institutions will hereinafter be referred to as "Bank" or "the Bank".

1.03 Issuing Office

This RFP is issued by OST. OST is to be the sole point of contact for this RFP.

1.04 Proposals

To be considered, Banks must submit a complete response to this RFP as follows:

Each proposal must be submitted in one (1) original and seven (7) copies plus one (1) Microsoft Word or .pdf formatted CD to OST. The proposals must be signed by an official authorized to bind the Bank to its provisions. This RFP, together with the contents of the proposal of the successful Bank, will contain much of the contract provisions between the parties. However, the Bank must submit sample or proposed agreements for review. The final written agreements will be subject to negotiation but may not be inconsistent with the RFP or the Bank's proposal. All proposals submitted in a timely manner will be retained by OST. Retained proposals are subject to the Oklahoma Open Records Act; however, Banks may designate proprietary information as confidential.

OST may award the entire contract for these services to a single Bank. Any interested Bank may submit a proposal for the services identified in this RFP. The proposal constitutes an offer by the participant, which shall remain open and irrevocable for a period of 6 months.

All proposers are requested and encouraged to be innovative in responding to these RFP requirements. In analyzing the State's requested services, please present any alternative solutions and include any presentations for related services which the vendor considers beneficial and appropriate for the State which were not requested in this RFP.

1.05 Format for Required Information

All proposals submitted must conform to the following format. Proposals should be printed on 8.5" x 11" paper (one side only). To achieve a uniform review process and the maximum degree of comparability, proposals should be spiral bound on the left hand side or in a ring binder. The document submitted to OST must include tabbed sections. **Section 1 should contain the executive summary, section 2 should include the completed pricing schedule and non-collusion affidavit, and Sections 3 through 6 should correspond to those sections of this RFP.** The Executive Summary of the proposal should be no longer than two (2) pages. It is strongly suggested that the questions contained in the RFP should be repeated in the proposal with the answers to the questions following. Statements representing facts, conditions or requirements included in the RFP should also be repeated in the proposal and acknowledged by the Bank. Any supplemental information thought to be relevant, but not applicable to the specified categories, should be provided as an appendix to the proposal.

EXAMPLE OF FORMAT FOR BID RESPONSE WHEN RESPONDING TO QUESTIONS OR REQUESTS FOR INFORMATION:

“4.03 List the holidays the Bank observes.

ABC Bank observes the same holidays as the Federal Reserve System as follows:

New Year's Day
Martin Luther King Jr.'s Birthday
Washington's Birthday
Memorial Day
Independence Day
Labor Day
Columbus Day
Veterans Day
Thanksgiving Day
Christmas

For holidays falling on Saturday, ABC Bank will be open the preceding Friday.

For holidays falling on Sunday, ABC Bank will be closed the following Monday.”

1.06 Rejection of Proposals

The Treasurer reserves the right to reject any and all proposals received as a result of this RFP process. Any proposal judged to be incomplete will be rejected.

1.07 Letter of Intent to Respond

Banks intending to submit a proposal must mail or fax a written Letter of Intent to Respond to:

Oklahoma State Treasurer’s Office
Attention: Susan Bateman
State Capitol Building
2300 North Lincoln Boulevard, Room 217
Oklahoma City, Oklahoma 73105-4895
Telephone: (405)521-3191
Fax: (405)521-4994
E-Mail: susan.bateman@treasurer.ok.gov

The letter must be received by February 9, 2009 and should include the following information:

- Bank name
- Contact name of person preparing proposal
- Telephone number
- Fax number
- E-mail address

This information allows OST to distribute additional information, if necessary, to potential respondents. **Failure to submit the Letter of Intent to Respond shall result in elimination from further consideration.**

1.08 RFP Questions

In an effort to clarify any issues in this RFP, OST will respond to questions that are presented in writing. In lieu of a pre-proposal conference, OST will accept questions and/or comments in writing, received by e-mail regarding this RFP as follows:

Questions must reference the identifying services to be provided, RFP issue date and be addressed to the State of Oklahoma, Attn: Susan Bateman, e-mailed to

www.susan.bateman@treasurer.ok.gov. The deadline for submitting questions is February 13, 2009 at 3:00 p.m., Central Standard Time. All questions and/or comments will be addressed in writing and responses e-mailed or faxed to prospective vendors on or about February 20, 2009. Please provide company name, address, phone number, e-mail address, fax number, and contact person when submitting questions.

1.09 Response Date

To be considered, all proposals must be submitted to OST at:

Oklahoma State Treasurer's Office
Attention: Susan Bateman
State Capitol Building
2300 North Lincoln, Room 217
Oklahoma City, Oklahoma 73105-4895

Proposals must be submitted in proper form by 3:00 pm on March 12, 2009. Any proposal not received by this time will be rejected and returned unopened to the sender unless OST determines there were extenuating circumstances that caused a delay in the proposals being delivered timely.

The final selection of an apparent successful Bank is expected to be announced in April. A complete RFP and Proposal Schedule is included as Appendix A to this RFP. An implementation plan will be developed with input from state agency users, OST, and the Bank. Services at different locations may be implemented on different dates.

1.10 Incurring Costs

The State Treasurer's Office is not liable for any costs incurred by vendors prior to entering into a formal contract. Costs of developing the proposal or any other such expenses incurred by the vendor in responding to the RFP, are entirely the responsibility of the vendor, and shall not be reimbursed in any manner by the State.

1.11 Prime Contractor (Financial) Responsibilities

The selected Bank will assume total responsibility for all services offered in the proposal whether it provides such services or utilizes the services of a third party. The Bank is required to disclose any relationships it may have with respect to any services the Bank proposes to provide as to whether these services are actually provided by the Bank or by contractual arrangement with a third party.

1.12 News Releases

News releases pertaining to this project shall not be made without the prior written permission of OST.

1.13 Proposal Evaluation and Selection Criteria

All proposals from eligible Banks will be reviewed and evaluated by a committee of OST personnel. This committee will make recommendations to the State Treasurer as to finalists or for a single provider for the services outlined in this RFP. The State Treasurer will conduct negotiations with the finalists and select the successful Bank for contract awards.

The following areas will be considered in making a selection:

- (a) **Understanding of OST's Needs.** OST will assess each Bank's understanding of OST's needs. The Bank's grasp of these needs and its approach to satisfying them are critically important to the selection process.
- (b) **Equipment/Software.** Ability of the equipment and software to meet OST's general and specific integration requirements, as shown in the response, and verified by references and/or functional demonstration. Software packages available now and enhancements planned. Vendor's ability to support both the hardware and software.
- (c) **Qualifications.** The Bank's commitment to the operational services, individual expertise and experience of its personnel are as important as the Bank's ability to provide the services. To be eligible for selection, the Bank selected must have:
 - a minimum level of assets described in Section 1.15;
 - adequate financial resources to process all potential daylight overdraft transactions of the State;
 - insurance coverage by the Federal Deposit Insurance Corporation (FDIC) and deposit collateral as described in Section 1.14; and
 - maintained compliance with the US Treasury Department, Office of Foreign Asset Control (OFAC) regulations.

The Bank must have Automated Clearing House (ACH) originating depository financial institution (ODFI) capabilities and conform to the National Automated Clearing House Association (NACHA) rules.

The committee will carefully consider the experience of other public entities which have utilized the Bank's services.

- (d) **Security.** OST is extremely concerned with the safeguarding of assets and the integrity of data. Therefore, Banks should be cognizant of this issue and address security issues throughout the response. The Bank should be prepared to address present disaster recovery procedures in place or planned, as well as to discuss backup procedures and/or facilities.
- (e) **Available Facilities.** Emphasis by the committee with respect to the physical facility where processing takes place will include the location, technology and security of the facility. It is possible that OST may wish to visit the Bank's facilities at OST's expense prior to awarding the contract. Accuracy and automation of processing are important issues and will be weighed heavily in the decision.
- (f) **Cost.** While cost is always an important issue for any governmental body, it will not be a deciding factor by itself. The lowest bidder will not necessarily be awarded the contract if, in the opinion of the Treasurer, another Bank can better meet the overall goals and objectives of OST.

1.14 Deposit Collateral

Any Bank selected to perform any of the services contained in this RFP, where the Bank will be holding State funds, will have to comply with the Security for Public Deposits Act, 62 O.S. 1991, §972.1 et seq. (as amended), and the administrative rules of OST. Any Bank which desires to submit a proposal and is not familiar with these requirements, may obtain the necessary rules and forms from OST. Any Bank which desires to submit a proposal and is not familiar with these requirements may obtain the necessary rules and forms from the OST website, www.treasurer.ok.gov, "Inside the Office," "Administrative Rules," "Chapter 10 – Security for Public Deposits."

OST will require the Bank to maintain the collateral levels necessary to cover all ledger balances that are not covered by FDIC insurance at all times.

1.15 Financial Strength of Banks

To be eligible to submit a proposal on any or all portions of this RFP, a Bank must have a minimum of \$2 billion in assets according to its most recent audited financial statement.

Section Two

BASIC CONTRACT TERMS

2.01 Terms of Contract

The anticipated term of this contract is for a one year period beginning in 2009, with four (4) additional one (1) year options to renew at the option of OST under the same terms and conditions. Cost adjustments may be proposed at any time during the contract, when an increase becomes necessary due to the increased cost of items such as Federal wire charges or increases in Federal deposit insurance. Earnings credit calculation adjustments may be proposed at any time during the contract. Any such cost or credit adjustments must be documented and justified by the successful Bank and accepted by OST before such adjustments are implemented. Nothing in this paragraph shall limit the ability of the parties to terminate the contract at earlier dates as hereinafter provided.

2.02 Termination for Cause

OST may terminate this contract, or any part of this contract, for cause under any one of the following circumstances:

- (a) The Bank fails to make delivery of services as specified in this contract, or
- (b) The Bank fails to perform any of the provisions of this contract, fails to perform in a professionally acceptable manner, or fails to timely perform, as to endanger the ability of OST to perform its duties.

OST shall provide the Bank with written notice of the conditions endangering performance. If the Bank fails to remedy the conditions within ten (10) days from the receipt of the notice (or such longer period as may be authorized in writing) OST shall issue the Bank an order to stop work immediately. Receipt of the notice shall be presumed to have occurred within three (3) days of the date of the notice.

In the event the State Treasurer believes that the assets of the State are in jeopardy, or there is a bona fide emergency related to these assets, the State Treasurer can cancel the contract immediately or upon such notice as is reasonable.

2.03 Termination for Convenience

OST may terminate performance of work under this contract in whole or in part whenever, for any reason, OST shall determine that the termination is in the best interest of OST or the State of Oklahoma. In the event that OST elects to terminate this contract, in whole or in part pursuant to this provision, it shall provide the Bank written notice at least thirty (30) days

prior to the termination date. The termination shall be effective as of the date specified in the notice. The Bank shall continue to perform any part of the work that may have not been terminated by the notice. In the event termination occurs under this provision such shall be without liability to OST, the State of Oklahoma and any officer and employee thereof.

2.04 Notices

All notices, demands, requests, approvals, reports, instructions, consents or other communications (collectively "notices") which may be required or desired to be given by either party to the other after the effective date of the contract shall be in writing and shall be made by personal delivery or sent by United States certified mail, postage prepaid, return receipt requested or by overnight delivery, prepaid, addressed as follows:

Scott Meacham
Oklahoma State Treasurer
State Capitol Building
2300 N. Lincoln Blvd, Room 217
Oklahoma City, OK 73105

or to any other persons or addresses as may be designated by notice from one party to the other.

2.05 Rights and Remedies

If this contract is terminated, OST, in addition to any other rights provided for in this contract, may require the Bank to transfer title and deliver to OST in the manner and to the extent directed, any material or work product generated under this contract. OST shall be obligated only for those services, materials and work product rendered and accepted prior to the date of termination.

If it is determined, after notice of termination for cause, that the Bank's failure was due to causes beyond the control of or negligence of the Bank, the termination shall be a termination in the best interest of OST. In the event of termination, the Bank shall receive payment pro rated for that portion of the contract period services were provided to and were accepted by OST subject to any offset by OST for actual damages.

The rights and remedies of OST provided for in this contract shall not be exclusive and are in addition to any other rights and remedies provided by law.

2.06 Force Majeure

The Bank shall not be liable if the failure to perform this contract arises out of acts of nature, fire, quarantine or strikes other than by the Bank's employees.

2.07 Waiver

Waiver by OST of any breach of any provision in this contract shall not be a waiver of any prior or subsequent breach. Any waiver shall be in writing and any forbearance or indulgence in any other form or manner by OST shall not constitute a waiver.

2.08 Ownership

All data, forms, procedures, software, manuals, system descriptions and work flows developed or accumulated by the Bank specifically to perform under this contract shall be owned by OST. The Bank may not release any of such materials without the written approval of OST.

2.09 Independent Contractor

Both parties, in the performance of this contract, shall be acting in their individual capacity and not as agents, employees, partners in a joint venture or associates of one another. The employees or agents of one party shall not be construed to be the employees or agents of the other party for any purpose.

The Bank accepts full responsibility for payment of unemployment insurance, workers' compensation and social security as well as all income tax deductions and any other taxes or payroll deductions required by law for its employees engaged in work authorized by this contract.

2.10 Staff Qualifications

The Bank shall warrant that all persons assigned by it to the performance of this contract shall be employees of the Bank (or a specified subcontractor) and shall be fully qualified to perform the work required. The Bank shall include a similar provision in any contract with any subcontractor selected to perform work under this contract.

Failure of the Bank to provide qualified staffing at the level required by the proposal specifications may result in termination of this contract for cause.

2.11 Conflict of Interest

The Bank shall not knowingly employ, during the period of this contract or any extensions to it, any professional personnel who are also in the employ of OST or the State of Oklahoma and who are providing services related to this contract or services similar in nature to the scope of this contract with OST. Furthermore, the Bank shall not knowingly employ,

during the period of this contract or any extensions to it, any state employee who has participated in the drafting of this request for proposals or evaluation of the proposals, until at least one year after such person's termination of employment with OST or the State of Oklahoma.

2.12 Confidentiality

The Bank may have access to private or confidential data maintained by OST to the extent necessary to carry out its responsibilities under this contract. To the extent the Bank possesses records of OST, the Bank must comply with the Oklahoma Open Records Act, as directed by OST.

No private or confidential data collected, maintained or used in the course of performance of this contract shall be disseminated by the Bank except as required by federal or state laws and regulations, either during the period of the contract or thereafter. The Bank must agree to return any and all data furnished by OST promptly at the request of OST in whatever form it is maintained by the Bank. On the termination or expiration of this contract, the Bank will not use any such data or any material derived from the data for any purpose and where so instructed by OST, will destroy or render it unreadable.

2.13 Nondiscrimination, Workplace Safety and Environmental Protection

The Bank agrees to abide by all state, federal and local laws, rules and regulations prohibiting discrimination in employment, controlling workplace safety, and protection of the environment. The Bank shall report any violations to the applicable government agency. Any violation of applicable laws, rules and regulations may result in termination of this contract.

2.14 Hold Harmless

The Bank shall hold harmless and indemnify OST against any and all liability and claims for injury to or death of any persons; liability and claims for loss or damage to any property; liability and claims for infringement of any copyright or patent occurring in connection with or in any way incidental to or arising out of the occupancy, use, service, operations or performance of work under this contract; and any other liability and claims made against OST resulting from the operation or performance of work under this contract.

OST shall not be precluded from receiving the benefits of any insurance the Bank may carry which provides for indemnification for any loss or damage to property in the Bank's custody and control, where such loss or destruction is to State property. The Bank shall do nothing to prejudice OST's right to recover against third parties for any loss, destruction or damage to State property.

2.15 Care of State Property

The Bank shall be responsible for the proper care and custody of any personal property owned by OST and furnished to the Bank in connection with the performance of this contract, and the Bank will reimburse OST for such property's loss or damage caused by Bank.

2.16 Retention of Records

Unless OST specifies in writing a shorter period of time, the Bank agrees to preserve and make available all of its books, documents, papers, records and other evidence involving transactions related to this contract for a period of at least five (5) years from the date of the expiration or termination of this contract.

Matters involving litigation shall be kept for one (1) year following the termination of litigation, including all appeals.

The Bank agrees that authorized federal and state representatives, including but not limited to personnel of OST; auditors acting on behalf of the State; and/or federal agencies shall have access to and the right to examine records during the contract period and during the five (5) year post-contract period. Delivery of and access to the records shall be at no cost to the State.

2.17 Federal, State, and Local Taxes Contractor

OST makes no representation as to the exemption from liability of the Bank from any tax imposed by any governmental entity.

2.18 Modification

This contract shall be modified only by the written agreement of the parties. No alteration or variation of the terms and conditions of the contract shall be valid unless made in writing and signed by the parties. Every amendment shall specify the date on which its provisions shall be effective.

2.19 Assignment

The Bank shall not assign, convey, encumber, or otherwise transfer its rights or duties under this contract without the prior written consent of OST.

This contract shall immediately terminate in the event of its assignment, conveyance, encumbrance or other transfer by the Bank without the prior written consent of OST.

2.20 Third Party Beneficiaries

Except as to OST this contract shall not be construed as providing an enforceable right to any third party.

2.21 Non-Waiver of Defenses or State Jurisdiction

The State of Oklahoma and its agencies such as the Oklahoma State Treasurer's office, are constitutionally prohibited from entering into agreements which have the effect of waiving any defense in advance of litigation, limiting liability, or agreeing to indemnify a firm.

2.22 Applicable Law

The contract shall be governed by Oklahoma law without regard to principles of conflicts of law. Venue of any action arising from or under the contract shall be in the state or federal courts located in Oklahoma City, Oklahoma.

Section Three

ORGANIZATION AND BACKGROUND

- 3.01** Briefly describe the organizational structure of the Bank, and the departments which will oversee the portions of the contract on which the Bank is submitting a proposal. Provide an organization chart showing the operating interrelationships and authority within the applicable department and within the organization.
- 3.02** What insurance coverage is carried by the Bank with respect to any acts or omissions of directors, officers and other personnel resulting in loss of funds? List all insurance coverage relevant to the services for which a proposal is being submitted. Please indicate the type and amount.
- 3.03** Identify and describe any litigation or investigation by a regulatory authority of the Bank, which officers or employees have been involved in within the last three years.
- 3.04** Identify key measures of the bank's financial strength, *e.g.*, capital ratios and market capitalization. What is the total of all assets of the Bank? Identify the total assets of the holding company of the Bank separately from the assets of the Oklahoma-chartered Bank to be furnishing the services in the RFP.
- 3.05** Discuss the financial stability and credit quality of the Bank. Is the Bank a subsidiary of another organization? Provide the primary capital to assets and return on assets for the past five (5) years for periods ending December 31. Provide ratings for the Bank and its holding company from two (2) or more nationally recognized rating agencies: Standard & Poor's, Moody's, Thomson Bank Watch, Sheshunoff, or Laclede. Include ratings, if applicable, for senior debt, subordinated debt, commercial paper and long-term deposits. Please list all rating changes for the past five (5) years.

3.06 Vendor Questions/Experience

- 3.06.1** How long has your company offered RDC services?
- 3.06.2** What differentiates your RDC services from that of other providers?
- 3.06.3** How many customers are you currently providing RDC services? How many of these customers are state or large local governments?
- 3.06.4** Are you dependent on any other company as a partner, co-bidder, subcontractor, or any other business relationship in

order to provide the services included in the proposal? If so, please describe in detail.

3.07 Customer Service

- 3.07.1** Briefly describe the Bank's customer service capabilities for a customer the size of OST, including those items which set you apart from your competition.
- 3.07.2** Will a dedicated customer service representative be assigned to handle this business? How many other accounts is this representative the primary contact? How do you ensure continuity of service when the primary customer service representative is unavailable?
- 3.07.3** List names, titles, phone and fax numbers, and E-mail addresses of key persons in charge of banking services described in this RFP and the account administrator who would be assigned to this account. Provide biographical sketches of these individuals and identify their rank and level of authority.
- 3.07.4** How many accounts does the Bank's typical account administrator/team manage? How does the Bank determine the number of accounts assigned to each? How many accounts are assigned to the account administrator who would be assigned to OST's account?
- 3.07.5** Describe any ongoing educational sessions, user conferences, publications or other means for keeping customers fully educated and for providing a forum for new ideas and needs. Describe the Bank's approach to customer servicing and product familiarization.
- 3.07.6** How does the Bank monitor customer satisfaction? Does the Bank provide customers with the ability to participate in the annual evaluations of their account team, as well as overall product performance?
- 3.07.7** Describe the responsibilities of customer service personnel, including the chain of command for problem resolution.
- 3.07.8** What are the procedures for processing inquiries related to research and adjustments?
- 3.07.9** Are there established turn around times for inquiries related to research and adjustments? If so, specify. What is your record on meeting established response times?

3.07.10 Do you provide technical customer support for computer hardware, software and communications problems?

3.08 Disaster Recovery

- 3.08.1** Describe the procedures and provisions to be employed in the event of disaster or equipment failure at your primary processing site(s). Please identify any third-party contractors that are significant to your disaster recovery efforts.
- 3.08.2** What is the frequency and nature of your Bank's disaster recovery rehearsals? How often do you test disaster recovery procedures? When was the site last tested?
- 3.08.3** Have disaster recovery procedures ever been employed for a real disaster? If so, explain.
- 3.08.4** Where are off-site facilities located? How quickly can the "hot" site be implemented in the event of an emergency? How long does it take to activate the site? How long can you stay at the site?
- 3.08.5** What arrangements are made regarding service level agreements in the event of a disaster?
- 3.08.6** What agreements do you have with your equipment manufacturers for additional equipment should a disaster occur? Specify all areas of remittance processing, including image processing.
- 3.08.7** In the case of an automated equipment or system failure, what back up arrangements are in place for RDC processing?

3.09 References

- 3.09.1** Please provide three (3) references who are public funds or government-related banking services customers of one (1) year or more. Please provide the name, title, address and telephone number of reference contacts.
- 3.09.2** In addition to the three (3) required above, please include contacts from any government related accounts which were terminated or not renewed in the last two (2) years, providing the name, title, address and telephone number of reference contacts.
- 3.09.3** Any Bank contemplating using a third party subcontracting arrangement should supply customer references that utilize similar arrangements and identify the structure of the relationship for each reference. Please provide the name, title, address and telephone number of reference contacts.

Section Four

REMOTE DEPOSIT CAPTURE BANK

4.01 Overview

- 4.01.1** OST is seeking information and pricing in connection with RDC services. OST has three goals in mind for these services. In situations where large dollar volume paper check deposits are being prepared outside a lockbox service, we anticipate that there could be **float advantages** to RDC. OST has state agencies, primarily universities and colleges, around the state that have seasonal deposit spikes that make it difficult, using the State's deposit system, to adequately **manage collateral levels** at a 100% compliance level. RDC combined with different cash management techniques could help alleviate this problem. OST wants to **realize any savings opportunities that might exist when comparing the costs associated with RDC with the total costs associated with the conventional presentment of paper checks**. OST expects to be the first state agency to use these services in order to become familiar with the RDC process. OST will develop a target list of state agencies based on the three goals cited above.
- 4.01.2** OST will actively manage the collected balances in accounts associated with image capture services. It is anticipated that collected funds will be wired daily to the OST Operating Bank. Each business day OST will request funds be wired to its Operating Bank. This transaction must be completed no later than 1:00 p.m. Central Standard Time. If for any reason the amount of uncollected funds is higher than your collateral position, the Depository Bank must provide more collateral or allow OST to draw against uncollected funds for that day.
- 4.01.3** The preferred method for OST is to initiate this wire transfer will be through the Bank's on-line system. If the Bank's on-line system does not include wire transfer initiation, describe the method that will be used for this function.
- 4.01.4** OST will consider using RDC Services in combination with ARC, POP and BOC. It is not a requirement for the Bank to have a combined service. Some state agencies receive a large volume of paper checks from businesses that are not eligible for conversion. State colleges and universities may have a higher mix of personal paper checks. If the Bank offers a combined service, provide examples of how the deposits will be ledger posted. For example, if a deposit is uploaded and is split into image capture and back office conversion, note

whether it is posted as two deposits.

4.02 RDC Services

- 4.02.1** Provide a brief description and general workflow of your RDC service capabilities. Attach any diagrams that would assist in understanding the services.
- 4.02.2** Does your RDC application software have the capability of allowing edits in the form of excluded routing (ABA) and/or account numbers? Would these edits be capable of “kicking out” a check as an exception at the time it is scanned?
- 4.02.3** Can your RDC application process money orders, travelers checks, official bank checks, and foreign items?
- 4.02.4** What are the options for printing “endorsements” on the back of the physical item as it is scanned? Is this the same endorsement that appears on the image or IRD that is presented to the paying bank?
- 4.02.5** Does your service offer the ability to print processing details (e.g., depository site) on scanned checks? If so, discuss any limits on the types or amount of information that can be printed and/or the placement of the printed information on the check.
- 4.02.6** Does your service offer the ability to adjust data using recognition technology (e.g., Magnetic Ink Character Recognition (MICR), Optical Character Recognition (OCR), Intelligent Character Recognition (ICR)) that was not captured correctly by the scanner? If yes, please describe. If no, does the service allow the addition, deletion, and rescanning of checks during both the correction and balancing functions?
- 4.02.7** Does the Bank’s service offer user accounting functions? For example, are there user data fields that can be entered and captured through a download function with the idea in mind that the user could use the extract to post to its books?
- 4.02.8** Does your service include the ability to generate deposit slips? If so, please describe. Can deposit slips be generated to include a unique identifier (minimum 6 characters), in addition to the account number, to be used to identify a depositing state agency?
- 4.02.9** What are the Bank’s RDC deposit deadlines in order to receive the same-day ledger credit? What is the cut-off time (Central Time) for transmitting deposits via RDC to your bank?

- 4.02.10** What is the disposition of files received after cutoff?
- 4.02.11** Does your bank have deposit limits established? OST expects to provide this service to other state agencies, will there be daily deposit limits established for each participating agency? If so, explain in detail.
- 4.02.12** Is there a limit to the number of files an agency can submit on a daily basis?
- 4.02.13** Does your RDC application have a limit on the number of checks for each batch? If so, what is the limit?
- 4.02.14** Does your RDC application allow customers to create multiple batches and consolidate all the batches into one transmission at the end of the day? If so, does the application require a new, unique, non-recurring deposit number for each new batch or will the application be able to total the batches and assign one deposit number generated by the application or entered by the user?
- 4.02.15** What controls are in place to ensure that all data transmitted has been accurately received? What controls are in place to ensure that all checks transmitted to the bank are received and processed the same day by the bank?
- 4.02.16** What are your procedures for detecting duplicate items or duplicate batches transmitted to your bank? Please explain in detail.
- 4.02.17** What controls are in place to ensure that all checks transmitted to the bank are processed only once by the bank?
- 4.02.18** What is your notification process for receipt of images sent to you from a customer's location?
- 4.02.19** Describe the process used by the Bank for balancing and correcting deposits transmitted to the Bank.
- 4.02.20** Outline the Bank's procedures for deposit reconciliation including procedures to handle out-of-balance conditions at the transaction level, batch level, deposit level and end-of-day level.
- 4.02.21** Describe the procedures for handling exception items (e.g., MICR rejects, piggy back images, torn documents) received in a customer's deposit transmission and all associated charges and fees for exception processing.

4.02.22 The Bank should provide all detailed recommended procedures for customer use of the RDC service. Please include recommended procedures for:

(a) processing non-standard check items (e.g., money orders, food stamps, credit card checks, image replacement documents, substitute documents). Will we need access to a branch to process these items? Will we need deposit slips to process these items?

(b) ensuring image quality standards are met.

(c) ensuring data is completely and accurately captured, transmitted, and received.

(d) preventing duplicate presentment.

(e) retaining and destroying checks that have been scanned.

4.03 Funds Availability

4.03.1 Provide the Bank's RDC funds availability schedule, note the extent to which it is superior to the Bank's over-the-counter branch deposit schedule and note the impact of ACH conversion.

4.03.2 Does your service allow for on-us items to be extracted for immediate credit?

4.03.3 How is the decision made to clear transactions via Image Exchange, ARC, or IRD? Discuss the advantages and disadvantages of each option to OST.

4.04 Image Quality

4.04.1 Please discuss your standards for image quality.

4.04.2 What is your process for checks that cannot adequately be imaged? What is the process if there is an error with a scanned check? How is this detected and what is the process for credit adjustments to the account?

4.04.3 Do you have a program in place that views scanned checks sent to you and are the scanned checks verified that a quality image was received? Please explain your quality check of scanned items received.

4.04.4 Does your bank clear items via IRDs? What image quality tools do you have in place to measure the image quality of this type of item?

4.04.5 What type of image quality tools does your bank provide in managing the risk of poor images scanned?

4.05 Return Item Processing

4.05.1 The Bank must refuse return items not sent through the banking system in a timely manner. Return items must be automatically redeposited one time unless specifically instructed in writing to do otherwise. The Bank cannot charge our account for return items unless authorized in writing. Return items are currently sent to OST on a trust receipt and we pay for them by EFT. Do you assign float to return items?

4.05.2 Describe your steps for processing remote deposit items that are returned as unpaid including any nonstandard options that are available.

4.05.3 Does your service provide for notification and review of returned and redeposited items electronically online? If so, please describe this capability, including timeframes regarding events and notification, and note how such activity could be separated for each state agency that may use this service.

4.06 Information Reporting

4.06.1 How are RDC transactions identified on the bank statement of our deposit account?

4.06.2 How long does your Bank retain items that are sent via RDC? If research on a transaction is required, how does your system provide information regarding which path the item was cleared?

4.06.3 Does the Bank offer on-line research capabilities? If so, how many months/years history is available on-line? What are the search criteria options? For example: account number, check number, amount, name of payee, etc.

4.06.4 What is the procedure for research on items older than what is available on-line? If adequate on-line research capabilities are not available, OST will require the Bank to provide detail transaction files back to OST including the Trace Number. If there are additional fees associated with this type of research they must be reflected on your Bank's submitted pricing

schedule.

- 4.06.5** Provide a complete description of the Bank's on-line information reporting system including a list and samples of standard reports. Does the Bank offer custom report services? If so, are there one time or ongoing fees for custom reports?

4.07 Implementation

- 4.07.1** Provide a detailed description of the implementation process, please discuss the following:
- (a) Include a proposed implementation schedule. This schedule should be based on a single agency implementation.
 - (b) How will the training process be conducted? Explain what training will be provided. How will this be handled as agencies come on-line in the future?
 - (c) What type of additional costs (not charged by the Bank but associated with establishing RDC service) could be expected during implementation? Any Bank fees or costs associated with implementation must be reflected on your Bank's submitted pricing schedule.
- 4.07.2** Will the State have a dedicated representative (s) assigned to our account during implementation? Will this representative have the authority to resolve all issues related to following:
- (a) Scanner hardware and software
 - (b) Deposit reconciliation
 - (c) Workstation (PC) related communication issues
 - (d) Bank account access, including User IDs and password resets
- 4.07.3** Describe support provided during implementation, including training, technical assistance, user manuals and on-site visits. Describe support provided after implementation.
- 4.07.4** Provide us with a copy of any and all documents, agreements and service terms that will be required to initiate RDC service for all state agency locations.
- 4.07.5** What are the risks that should be considered by a customer implementing RDC? What "best practices", policies,

procedures, or other controls should be implemented to mitigate those risks?

4.08 Hardware/Software

- 4.08.1** Please review the hardware/software specifications outlined in Appendix B. Identify and disclose any differences between the Bank's proposed services and equipment operations and the specifications. Please provide details on the software and hardware that is supported with your RDC application. At a minimum, please discuss the following:
- (a) What operating platform does the software run on (locally, off a network, or web-based)?
 - (b) Is a dedicated computer needed for RDC? What are the recommended processor speed, memory and disk space requirements?
 - (c) Can images from multiple scanners be sent to a centralized computer?
- 4.08.2** Does the scanning equipment magnetically read the characters of the MICR line? What is the accuracy rate of the MICR reading?
- 4.08.3** Does your RDC application use CAR/LAR to reduce the amount of necessary keying? What is the recognition rate?
- 4.08.4** What type of hardware, software, or internet connections does a state agency need to implement RDC?
- 4.08.5** What supplies are needed for the ongoing operation of the scanner (e.g., ink cartridges)? Will you provide these supplies to OST at no cost?
- 4.08.6** Describe your process and expected timeframe to repair or replace malfunctioning or outdated equipment at the user's location. Will you guarantee replacement equipment or trade in values for old or out dated scanners?
- 4.08.7** What procedures do you have in place for converting from X9.37 to another file format if the Federal Reserve implements an upgrade?
- 4.08.8** Describe your technical customer support for computer hardware, software and communications problems?
- 4.08.9** Does the RDC service provide a warranty on its hardware? If

so, provide the details.

- 4.08.10** Please provide warranty coverage information for all equipment and software modules. Include applicable starting periods for warranties.
- 4.08.11** Indicate the brands and specific models of scanner that are approved for the RDC service at your bank. What type of scanner do you recommend and why do you recommend it?
- 4.08.12** Do the personal computers that connect the scanners (via the Internet) to the bank need to be dedicated to this function, or can they also be used for other tasks during the day?
- 4.08.13** Does the recommended scanner you are suggesting for our use pick up any type of ink that is used for check writing?
- 4.08.14** Will the Bank's system require client software be installed on OST's network? Can OST manage user access with its own Tech support staff or will the Bank add, modify and delete user access as needed?

Section Five

AUDITED FINANCIAL STATEMENTS, REGULATORY AND MANAGEMENT REPORTS

- 5.01** For the Bank's two (2) most recent fiscal years provide copies of each report issued as described below unless you are legally prohibited from such disclosure. Include management responses, if any, to all reports provided.
- (a) EXTERNAL AUDIT AND REGULATORY EXAMINATION REPORTS
- (1) Independent Certified Public Accountants
 - (2) Oklahoma State Banking Commissioner
 - (3) Comptroller of the Currency
 - (4) FDIC
 - (5) Other Government Agencies
- (b) INTERNAL AUDIT AND MANAGEMENT REPORTS
- (1) Contracted Performance and System Reviews, Audits and Evaluations
 - (2) Internal Audit and Review Reports
- 5.02** Describe the process followed by the Bank to reasonably ensure that security procedures, such as those established to prevent unauthorized payment orders (via checks, wire transfers, or ACH transactions), are adequate and effective.
- 5.03** Describe the procedures followed by the Bank to internally review and verify performance measures such as payment/deposit processing error rates, percentage of processing and reporting deadlines met, response time for customer service inquiries, and system uptime percentages.
- 5.04** Describe the Bank's process of reviewing audit reports and addressing any deficiencies noted. Identify the levels of management involved in the process. Please provide a recent example of this process.

Section Six

COMPENSATION, FEES AND RELATED INFORMATION

- 6.01** OST's policy is to pay for bank fees in hard dollars. It is virtually impossible not to have some collected balances; therefore, OST generally pays for bank fees with a combination of hard dollars and compensating balances. OST reserves the right to pay for 100% of bank fees with compensating balances.

Unless the Bank offers a higher than standard earnings credit rate to enhance its bid, earning credit rates will not be a major factor in making a contract award for this service. The Bank must describe how its earnings credit rates are determined and how the earnings credits are calculated.

- 6.02** Fees for all services provided must be billed monthly in conjunction with an analysis statement. Charges for overdrafts must be handled through the analysis statement process. Under no circumstance can the Bank debit OST accounts for any costs or fees associated with the services contained in this RFP. The monthly account analysis statements must be provided within ten (10) banking days after the end of the month.

Please furnish a copy of the Bank's analysis statement or statements. How soon after month end is the electronic account analysis statement available? Is the Bank's account analysis available electronically via the internet? How are adjustments reflected on the account analysis? Does the Bank offer analysis statements in a downloadable format that can be imported into Excel?

- 6.03** Is there a fee or other assessment for FDIC insurance? If so, how does the Bank calculate the charge? If there are additional fees associated with any FDIC insurance they must be reflected on your Bank's submitted pricing schedule.
- 6.04** Normally accounts will be grouped for purposes of compensation, at the relationship level. If the services related to a particular account are to be paid by a state agency, the Bank may need to be able to separate out the charges for that particular account.
- 6.05** When calculating average balances, for relationship purposes, are positive and negative balances netted? Is there a fee associated with any negative collected balance? If so, how does the Bank calculate such fees? If there are additional fees associated with any negative collected balances, they must be reflected on your Bank's submitted pricing schedule.
- 6.06** The Bank must carry forward all surplus collected balances used to calculate earnings credits until used in future months.

- 6.07** The Bank should submit its pricing in the pro-forma formats provided, see Pricing Schedule. Include any one-time or set up charges, and any other fees that will be charged. It is expected the Bank will have some charges not specified in the formats provided or whose descriptions differ slightly from those presented in formats provided. It is also expected that the Bank may not have other charges that are specified in the provided formats. While the goal is to be able to compare pricing against other bank proposals, the Bank is responsible for ensuring that all costs associated with the requirements described in this RFP and/or addressed in their Proposal are included. If any fees are tiered based on volume, all tiers must be provided. **Any fee that is not fully documented in the Proposal and included on the formatted schedules provided will not be allowed during the course of the contract**, unless agreed to in writing by OST.
- 6.08** How do you perceive check clearing costs and availability will change as more endpoints accept increasing volumes of image presentment? What benefits can you offer to your customers today from your participation in Electronic Check Information/Electronic Check Presentment? Do you anticipate reduction in fees and or clearing times?

Section Seven

APPENDICES

- Appendix A - Proposal Schedule
- Appendix B - Hardware/Software Specifications
- Appendix C – Supplier Contract Affidavit
- Appendix D - Remote Deposit Capture Pricing Schedule

APPENDIX A

REMOTE DEPOSIT CAPTURE BANKING SERVICES RFP SCHEDULE

Release RFP	January 30, 2009
Deadline – Letter of Intent to Respond	February 9, 2009
Deadline – Questions	February 13, 2009*
Answers to All Submitted Questions	February 20, 2009*
Deadline – Proposals	March 12, 2009*
Interviews/Presentations with Finalists (if necessary)	TBD
Final Selections	April 17, 2009*

***NOTE: These dates represent a tentative schedule of events. The State reserves the right to modify these dates at any time, with appropriate notice to prospective vendors.**

APPENDIX B

HARDWARE/SOFTWARE SPECIFICATIONS

HARDWARE / CHECK SCANNER

- Image quality must be compliant with Check 21 standards X9.90 created by the American National Standards Institute (ANSI)
- Achieve MICR read line accuracy rates of 98% or higher
- Black and white (bitonal) image resolution at 200 dots per inch (dpi) or higher
- USB 2.0 interface for high speed connectivity
- Accept documents of different lengths and thickness (i.e. personal checks, business checks, remittance stubs, coupons, etc.)
- Compact size occupying minimal space
- Reliable and easy to maintain

SOFTWARE

- Deposits must have a balanced total
- Virtual deposit tickets must be created in Check 21 format adhering to ANSI X.9.37 standards for the Image Cash Letter (ICL)
- Deposits must be transmitted via secure, encrypted connection.
- Banks should acknowledge receipt of the deposit.
- Easy-to-use interface for the RDC Software
- Minimal reject rate for deposit transactions
- Character amount recognition (CAR) and Legal amount recognition (LAR) Software
- Services including deposit repair and other device repair options

ADDITIONAL SOLUTION CONSIDERATIONS

- Operator training for the scanner and software application
- Services to assist with the implementation of RDC solution
- Maintenance / Supplies
- Warranties
- Help Desk

APPENDIX C



**State of Oklahoma
Department of Central Services
Central Purchasing Division**

Supplier Contract Affidavit

Solicitation #: _____

_____, of lawful age, being first duly sworn, on oath says:

In accordance with 74 O.S. § 85.42(B), the supplier certifies that no person who has been involved in any manner in the development of this contract while employed by the State of Oklahoma shall be employed by the supplier to fulfill any of the services provided for under said contract.

Signature Date

Printed Name Title

STATE OF _____)
COUNTY OF _____)

Subscribed and sworn to before me ___ day of _____, 20, by _____

Notary Public (or Clerk or Judge) Signature _____

My Commission Number _____

My Commission Expires _____

APPENDIX D

Remote Deposit Capture Pricing Schedule

PROPOSING BANK: _____

This Schedule is meant to allow financial institutions to address total costs of services. Please ensure that all costs associated with the requirements described in this RFP and/or addressed in your Proposal are included. Any fee not fully documented in your Proposal and included on this schedule will not be allowed during the course of the contract, unless agreed to in writing by OST.

MONTHLY SERVICE CHARGES	PRICE PER ITEM	COMMENTS
RDC Account Maintenance		
RDC PC Maintenance		
RDC Reporting Maintenance		
RDC Return Service Maintenance		

REMOTE DEPOSIT CAPTURE COST (Including Scanning and Transmitting the Item)	PRICE PER ITEM	COMMENTS
RDC Basic Per Item Fee		
1 - 499 items		
500 - 999 items		
1,000 - 2,499 items		
2,500 - 4,999 items		
5,000 - 9,999 items		
10,000 - 49,999 items		
50,000+ items		

APPENDIX D

Remote Deposit Capture Pricing Schedule

DEPOSIT AND CHECK CLEARING	PRICE PER ITEM	COMMENTS
Deposit Ticket Fee		
Deposited Items - On-Us per item fee		
Deposited Items – Local per item fee		
Deposited Items – Regional per item fee		
Deposited Items – Transit per item fee		
RDC - Image Exchange per item fee		
ACH Conversion per item fee		
IRD Printing per item fee		
Remittance Processing per item fee		
Remittance Processing Daily Transmission		
Remittance Processing Monthly Transmission		

EXCEPTION HANDLING & OTHER CHARGES	PRICE PER ITEM	COMMENTS
RDC Returns per item fee		
RDC Return – Redeposit per item fee		
MICR Image Reject Repair per item fee		
Duplicate Item Deletion per item fee		
Unauthorized Substitute Check per item fee		
Deposit Adjustment Fee		
Additional Data Field Fee		

APPENDIX D

Remote Deposit Capture Pricing Schedule

WEB-BASED RDC REPORTING	PRICE PER ITEM	COMMENTS
Information Reporting Monthly Maintenance		
Information Reporting per item fee		
Information Reporting Discretionary Data per record fee		
Web Item Search Fee		
Image Retrieval Monthly Fee		
Image Retrieval per item fee		

INITIAL SET-UP CHARGES	PRICE PER ITEM	COMMENTS
Implementation Fee		
Software Fee		
Training Fee		

