

Office of the City Treasurer

August 15, 2008

Specifications for:

Zero Balance Concentration Account Service for Accounts Payable and Payroll



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**Specifications
for
Zero Balance Concentration Account Service
for
Accounts Payable and Payroll
for the
Office of the City Treasurer**

I. General

It is the intent of this specification to describe the minimum requirements for Zero Balance Concentration Account Service for Accounts Payable and Payroll to be purchased by the City of Milwaukee for the City Treasurer.

All services not specifically mentioned, which are regularly furnished in order to provide full zero balance concentration account service, shall be furnished at the bid price and shall conform to that usually provided by the practice indicated in this specification.

II. Award Authority

The City Purchasing Director will be the sole judge of the quality and suitability of the equipment, materials, and services offered in its determination of the successful bidder.

III. Contract Term

The blanket service contract to be awarded to the successful bidder shall be for a period of five years commencing November 1, 2008, continuing through, and including October 31, 2013.

The CONTRACTOR'S service fees shall be firm for the first year of the service contract, November 1, 2008 through and including October 31, 2009. The CONTRACTOR may request a fee adjustment commencing with the second year of the blanket service contract, November 1, 2009. However, such a request must be accompanied by written documentation substantiating the rationale for the fee adjustment. The CONTRACTOR is prohibited from increasing their profit margin during the term of the blanket service contract through a fee adjustment. Under no circumstances shall an increase exceed 2.5%, or the Consumer Price Index (all items) for Milwaukee, whichever is less.

Continuation of the blanket service contract beyond December 31st of any year is contingent upon the proper CITY officials appropriating funds for this purpose.

IV. Criteria for Bid Acceptance

All bidders must qualify as public depositories as defined by City of Milwaukee Common Council Resolutions, File Number 930358, adopted July 6, 1993, and File Number 980598, adopted September 23, 1998 (Reference Appendix "A").

In addition, each bidder must maintain a major branch office within the City of Milwaukee financial district that offers complete, full banking services, including investment and custody services, which shall serve as the CONTRACTOR'S point of contact to the CITY. The CONTRACTOR must also possess in-house facilities within its corporate structure to process the funds transfers and ACH transactions and to produce the account statements and automated account reconciliations required of this specification. A correspondence bank relationship will not be considered for the purpose of fulfilling the specifications of this bid.

V. Site Inspection

All bidders must allow for an on-site inspection of their facilities prior to award, upon request, in order for the CITY to make a determination if bidders are fully capable of providing the services described herein. If any of the bidder's facilities are located outside of Milwaukee County, the bidder shall reimburse the CITY for the actual cost of such facility site inspections by no more than four CITY staff members, regardless of whether or not the bidder is awarded a contract. Milwaukee City Ordinance 350-181, Authorized Travel Regulations and Procedures shall govern all such facility site inspections by CITY staff.

VI. Insurance

The successful bidder will be responsible for providing the City of Milwaukee with a copy of its Banker's Blanket Bond. Such bond must be kept in place for the entirety of the term of the contract, be in an amount of at least \$50 Million, and provide: (a) coverage at least as broad as that offered by Standard Financial Institution Bond Form No. 24; (b) coverage including loss to others' property in the CONTRACTOR'S care and custody; and (c) coverage including protection against computer fraud whether perpetrated by an employee or non-employee.

The successful bidder must also maintain in place for the entirety of the contract, and provide the CITY with a copy of the Errors and Omissions insurance policy, with a limit no less than \$10 Million. The Errors and Omissions coverage is to apply exclusively to the work and service required under the contract and these specifications. Evidence of coverage is to apply for not less than eighteen months beyond the termination date of the contract.

If a Claims-Made form is used and a change in the insurer occurs during the contract period, the successful bidder must ensure continuity of coverage by either maintaining the original retroactive date or exercising the extended discovery term (buy-out) option from the expired policy if the replacement insurer will not preserve the original retroactive date.

The successful bidder may self-insure itself for Errors and Omissions upon approval of the City Attorney, who serves as the CITY'S risk manager. The successful bidder will be required to prove to the City Attorney that it is financially capable of self-insuring itself for Errors and Omissions and must provide all information requested by the City Attorney during his review of the successful bidder's qualifications for Errors and Omissions self-insured status.

- A. The insurance certificate(s) must be an original and issued by companies licensed to do business in the State of Wisconsin or signed by an agent licensed by the State of Wisconsin.
- B. The original insurance certificate must be accompanied by an original "Affidavit of No Interest" setting forth that: No City Official or employee has or will received anything of value in connection with the furnishing of said insurance certificate."
 - The affidavit must be notarized and signed by the same Wisconsin agent or Surplus Lines Intermediary who signed the insurance certificate.
- C. The certificate holder shall noted as:

City of Milwaukee-DOA-Procurement Services
Attn: Michael Drzewiecki (Contract # B000000_____)
200 E. Wells Street, Room 601
Milwaukee, WI 53202

The City of Milwaukee shall be given 10 days notice in advance of cancellation, non-renewal, or material change in any coverage. The certificate(s) for the coverage listed herein must be approved prior to the commencement of work under this contract. The City Purchasing Director reserves the right to examine and approve the actual policy of insurance before the City executes any contract for this purchase.

VII. Itemized Invoice

Once a month, the CONTRACTOR shall provide the CITY with an itemized invoice for the services rendered under the terms of this specification based on the unit prices quoted in their bid using the exact nomenclature and format in Schedule "A." The invoice is to be addressed and sent to:

**Administration Division
Office of the City Treasurer
City Hall, Room 103
200 East Wells Street
Milwaukee, Wisconsin 53202**

VIII. Project Liaisons

Prior to bid award, all questions on this bid specification shall be directed to the Business Operations Division (DOA), at (414) 286-3501 no later than ten business days prior to bid opening.

Upon award of a contract, Mr. James (Jim) F. Klajbor, Special Deputy City Treasurer, Office of the City Treasurer, (414) 286-2246, shall serve as Contract Administrator for the City Treasurer and Mr. Robert (Bob) J. Osmanski, Investments and Financial Services Manager, Office of the City Treasurer, (414) 286-2243, shall serve as the City Treasurer's Investment Officer.

The successful bidder shall provide the City Treasurer's Contract Administrator with the names and telephone numbers of the CONTRACTOR'S various department project liaisons (i.e.: return items; data processing; cash management; account reconciliation, etc.) and their alternates upon award of a contract. The CONTRACTOR'S project liaisons shall be available to the CITY with respect to questions and concerns regarding the contract and contract performance.

IX. Contract Required

The successful bidder selected shall be required to execute a contract with the CITY. The City of Milwaukee's Terms and Conditions for Service Contracts shall be incorporated and shall apply to that contract. Please note that, notwithstanding any insurance or bonding requirements contained herein, or any limitations or restrictions applicable to any insurance policies or bonds required hereunder, Section VI., Defense of Suits, shall apply and (a) apply also to all claims filed against the City of Milwaukee, relating to this contract and specification, that may or may not be heard by the City of Milwaukee Common Council and / or one of its committees, or be settled administratively by a City of Milwaukee department or agency thereof, (b) also cover acts or omissions of the CONTRACTOR, or its officers, agents, or employees, and (c) also cover all losses, damages, costs, liabilities, expenses, judgments, decrees, claims, including reasonable attorney

fees, occurring or arising directly or indirectly from the performance or lack of performance (including errors or omissions in such performance or nonperformance) by CONTRACTOR (or its employees, agents, servants, associates, contractors, or subcontractors) of the work or services required hereunder.

X. Volume Sensitivity

Because this contract is volume sensitive, the CITY and CONTRACTOR agree that a contract amendment may be necessary to increase the total estimated cost of the contract, if actual volumes experienced exceed the volume estimates used to calculate the estimated total cost of the blanket service contract. Execution of such an amendment is contingent upon the proper CITY officials appropriating the necessary funds.

XI. FDIC Insurance

The CONTRACTOR shall pass through the charge assessed by the FDIC on the ledger balance on deposit in the CITY'S parent account at the end of each quarter (March 31st, June 30th, September 30th, and December 31st) and will include and itemize said charge on the monthly invoice for the month when it is assessed.

XII. Protection of Security Procedures

The CITY and CONTRACTOR shall implement such safeguards as are deemed reasonably necessary to assure the confidentiality and integrity of all security procedures relevant to the implementation and operation of this service contract, which includes, but is not limited to, system access passwords, repetitive transfer codes, and personal identification codes. Upon discovery of a breach of security by either the CITY or CONTRACTOR, the party discovering the security breach shall immediately notify the other party by both telephone call and written notice.

The CONTRACTOR shall provide the City Treasurer a secured electronic link via the Internet, the required system access, and the ability to self-administer City Treasurer staff user access to the CONTRACTOR'S computer system, which should include, at a minimum, the following:

- Add new users and system administrators
- Reset users' passwords
- Delete or disable users
- Add or update users' system access and functionality, including dual control settings
- Establish user access levels and copy system access rights to multiple users
- Run system management reports

XIII. Bidder Information

Each bidder must complete and return Schedule "B" with their bid to facilitate the CITY'S evaluation of the CONTRACTOR'S qualifications to provide the services required of this specification. Failure to provide the information requested in Schedule "B" will result in bid rejection.

XIV. Service Requirements

A. Zero Balance Concentration Account

The CONTRACTOR shall maintain a parent account for funding purposes and separate disbursement accounts, one each, for accounts payable and payroll. The CITY will fund the parent account by either wire transfer or check. The CONTRACTOR shall transfer the necessary funds to the respective disbursement accounts daily based on the amount of checks presented for payment and / or the ACH credits the CITY originates through the CONTRACTOR.

The CITY may, at its discretion, require the CONTRACTOR to provide a "life-line" demand deposit account to each CITY employee who selects ACH direct deposit of his or her net pay and does not have an account available to him or her to receive the ACH credit.

It is understood that the CONTRACTOR may be required to open new accounts (parent, accounts payable, and payroll), if such accounts are not presently available to the CITY at the CONTRACTOR for these purposes.

B. Investment of Collected Balances in the Parent Account

All collected balances in the parent account, not used to fund either of the disbursement accounts, must be fully invested. This may be accomplished in either of two ways, or in a combination of both:

1. Investment Option One

Automated, overnight investment of the collected balance in the parent account in a repurchase agreement, collateralized by bonds or securities issued or guaranteed as to principal and interest by the federal government, accomplished by a daily sweep of the parent account of the collected balance.

2. Investment Option Two

Parent account is opened as a Money Market N.O.W. Account fully collateralized according to the CITY'S collateralization policies.

All interest earned on the parent account must be posted to the account at least once per month.

C. Check Issues Information Transmission

The CITY shall provide check issues information to the CONTRACTOR by remote data transmission for the parent account and both of the disbursement accounts maintained by the CONTRACTOR. Parent account issues will be sent as required. Accounts payable check issues information will be sent on a daily basis. Payroll check issues information will be sent on a bi-weekly basis for each payroll run. Each accounts payable and payroll check issues file will contain check number, date issued, payee, and issue amount. The CONTRACTOR shall provide the City Treasurer a secured electronic link via the Internet and the required system access to facilitate the remote data transmission of check issue information by use of file transfer protocol (FTP). Reference Appendix "B" for the file layout to be used by the CITY for check issues data transmissions.

The CONTRACTOR shall provide the City Treasurer's Investment Officer an automated file confirmation notification via e-mail. The confirmation report shall contain the number of items received, the number of items uploaded, and the total dollar amount of the items uploaded.

The CONTRACTOR shall provide the City Treasurer with a secured electronic link via the Internet and the required system access to manually edit check issues information, add, delete, and modify items and generate management reports that detail check issues information.

D. ACH Direct Deposit of City Employees' Net Pay and Vendor Payments

1. Operating Rules

The CONTRACTOR shall act as the Originating Depository Financial Institution (ODFI) under the terms of this specification and the Rules of the National Automated Clearing House Association (NACHA) and the Wisconsin Automated Clearing House Association (WACHA), hereafter referred to as the "Rules" (as the same may, from time to time, be amended), for the purpose of providing ACH direct deposit of CITY employees' net pay and vendor payments.

Subject hereto, CONTRACTOR and the CITY agree to be bound by the Rules. The CONTRACTOR shall notify the City Treasurer immediately of any amendments made to the Rules upon receipt of notice of same. If there are any inconsistencies between the terms of this specification (and the Contract for Services) and the Rules, the terms of this specification and the contract shall govern. Except where the context or a provision herein or in the contract otherwise requires, or where a specific provision herein or in the contract conflicts with the Rules, the Rules shall govern all transactions involving "on us" items where

the CONTRACTOR acts as the ACH.

Notwithstanding NACHA Rule Section 1.6, the laws of the State of Wisconsin shall apply to CONTRACTOR'S services required hereunder with the laws of the State of New York being instructional and informational, if Wisconsin's laws do not address a particular issue.

2. Preparation and Submission of Entries

a. Authorization

The CITY shall obtain the authorization of each CITY employee and vendor before initiating any entries to their accounts. The CITY warrants that each ACH entry submitted will be authorized in writing and that each CITY employee selecting ACH Direct Deposit of net pay and each vendor selecting ACH Direct Deposit of invoice payments shall receive a copy of such authorization after signature. The CITY will provide the CONTRACTOR with copies of any such authorizations upon request. In addition, the CITY shall provide an earnings statement each pay period to every CITY employee selecting ACH Direct Deposit of his or her net pay and an invoice payment statement to every vendor selecting ACH Direct Deposit of invoice payments.

b. Record Retention

The CITY will retain the original or microfilm copy of each ACH authorization for a period of four years after its termination.

c. Format and Medium

The CITY shall provide ACH Direct Deposit credit entry information to the CONTRACTOR by remote data transmission by use of file transfer protocol (FTP) for both direct deposit of CITY employee net pay for those CITY employees who have selected to participate in the ACH Direct Deposit Program and for direct deposit of invoice payments for those vendors who have authorized ACH Direct Deposit of invoice payments.

A separate file will be created and transmitted for each run of payroll ACH Direct Deposit credit entries within any given month. In addition, a separate file will be created and transmitted daily for each run of accounts payable ACH Direct Deposit credit entries for vendor invoice payments. Reference Appendix "B" for the file layout of CITY payroll ACH Direct Deposit credit entries. The CITY assumes that a similar file layout can be used for CITY accounts payable ACH Direct Deposit credit entries.

d. Pre-notification

The CITY shall send pre-notification that it intends to initiate an entry to a particular account as required by the Rules.

3. Receipt of Entries

a. Authorization of CONTRACTOR

CONTRACTOR is authorized to receive, process, and initiate entries for ACH Direct Deposit of CITY employee net pay and vendor invoice payments.

b. ACH Fraud Filter Service

The CONTRACTOR shall provide ACH fraud filter service on all accounts maintained at the CONTRACTOR for the CITY. The CONTRACTOR shall provide the City Treasurer with a secured electronic link via the Internet and the required system access to pre-authorize select ACH entries and review and stop other unauthorized entries.

c. Delivery of Entries

The CITY will deliver accounts payable ACH credit entries on a daily basis as required. The CITY will deliver all payroll ACH credit entries to the CONTRACTOR according to Appendix "C" Schedule of Delivery of ACH City Payroll Entries.

The CONTRACTOR shall provide the City Treasurer a secured electronic link via the Internet and the required system access to facilitate the remote data transmission of ACH credit entries information by use of file transfer protocol (FTP). Reference Appendix "B" for the file layout to be used by the CITY for ACH credit entries data transmissions.

The CONTRACTOR shall provide the City Treasurer's Investment Officer an automated file confirmation notification via e-mail. The confirmation report shall contain the number of items received, the number of items uploaded, and the total dollar amount of the items uploaded.

If the CITY delivers the payroll ACH credit entries information late, necessitating the CONTRACTOR to provide "premium" service to assure CITY employees' net pay is on deposit in the respective CITY employees' accounts on pay day, the CONTRACTOR may, at its discretion, assess a "premium", expressed as a percentage of the sum total of ACH processing

charges for that pay period (Reference Schedule "A" Contractor's Unit Pricing, Disbursement Account-Payroll, ACH Direct Deposit of Payroll, Run Charge and Item charges). This "premium" charge would be included on the CONTRACTOR'S monthly invoice to the CITY for the month in which the ACH credit entries delivery delay occurred.

4. Method of Processing

The CONTRACTOR shall process all entries initiated by the CITY electronically using ACH or any other facilities available to the CONTRACTOR. The CONTRACTOR may process entries in any order convenient and may select such means and routes for the transfer of funds as appropriate under the circumstances.

The CITY acknowledges and agrees that, if an entry describes a CITY employee or vendor inconsistently by name and account number, payment of the entry may be made by the Receiving Depository Financial Institution (or by the CONTRACTOR, in the case of an "on us" entry) on the basis of the account number even if the account number identifies a person differently from the named CITY employee or vendor, and the CITY'S obligation to pay the amount of such entry is not excused in such circumstances.

5. Rejected Entries

The CONTRACTOR may reject any entry that does not meet the criteria for processing as set forth in the Rules. Upon notification from the ACH or any Receiving Depository Financial Institution that any entry (or group of entries) initiated by the CITY has been rejected, the CONTRACTOR shall notify the CITY and each rejected entry shall be returned, charged or credited back to the Settlement Account and a written confirmation of the action will be sent to the City Treasurer the day the reject occurs. With the exception of rejected entries or returned entries (item 6(a) below), however, for entries the CITY timely delivers to CONTRACTOR, CONTRACTOR shall process the same so that they are credited to the respective CITY employees' and vendors' accounts and are available for employee withdrawal on the respective dates requested by the CITY (subject only to delays caused by acts of God, strikes, war, emergency conditions, or other circumstances beyond CONTRACTOR'S reasonable control provided CONTRACTOR exercises such diligence as the circumstances require).

6. Returns, Reversals, Adjustments and Notifications of Change

a. Returns

The CONTRACTOR shall give the City Treasurer written notice of returned entries on the day of occurrence. The CITY shall be responsible for remaking and resubmitting any debit entries returned due to not sufficient or uncollected funds. The CONTRACTOR shall automatically redeposit debit entries returned due to not sufficient or uncollected funds. Neither the CITY nor the CONTRACTOR shall knowingly resubmit debit entries returned due to stop payment, revocation, or termination of a CITY employee's authorization. The CITY shall be responsible for collecting any such funds due to it by other means. The CONTRACTOR may debit the Settlement Account for all funds that the CITY has received for entries that are subsequently returned.

b. Reversals

The CITY or the CONTRACTOR, as need be, may initiate reversing entries as permitted by the Rules in the event that previously originated data is found erroneous or duplicated.

c. Adjustments

The CONTRACTOR shall give the City Treasurer written notice of adjustment entries received by the CONTRACTOR on the day of occurrence and is authorized to debit or credit the Settlement Account for such adjustment entries.

d. Notifications of Change

The CONTRACTOR shall give the City Treasurer written notice of all Notifications of Change received by the CONTRACTOR from any Receiving Depository Financial Institution relating to any entries transmitted to the CONTRACTOR by the CITY on the day of receipt.

7. Provisional Payment

Payment of any electronic credit entry by a Receiving Depository Financial Institution to a CITY employee or vendor is provisional until receipt of final settlement by such Receiving Depository Financial Institution for that entry. If, despite CONTRACTOR'S obligations hereunder and its good faith efforts, such settlement is not consummated, CONTRACTOR shall provide CITY with same day

written notice of such, such Receiving Depository Financial Institution shall be entitled to a refund from the CITY employee or vendor, and the CITY shall not be deemed to have paid the amount of such entry.

8. Payee's Right to Refund for Debit Entries

When initiating a debit entry, the CITY acknowledges the right of a CITY employee or vendor to stop payment on such an entry to their account or to obtain a return of the funds withdrawn from the CITY employee's or vendor's account in accordance with the procedures set forth in the Rules. The CITY agrees to promptly reimburse the CONTRACTOR for all funds received when a CITY employee or vendor properly follows those procedures.

9. Settlement Accounts

The payroll disbursement account shall serve as the Settlement Account to which deposits and disbursement will be made for the purpose of ACH entries related to the Direct Deposit of CITY employees' net pay.

The accounts payable disbursement account shall serve as the Settlement Account to which deposits and disbursement will be made for the purpose of ACH entries related to the Direct Deposit of CITY vendors' invoice payments.

10. Notice of Relationship Provision

The CONTRACTOR shall provide any written Notice of Relationship required under Section 224.075 of the Wisconsin State Statutes with their bid. Failure to do so will result in bid rejection.

E. Positive Pay Services

The CONTRACTOR shall compare all parent account, accounts payable, and payroll checks presented for payment at the CONTRACTOR prior to posting to the respective checks issued files on a daily basis to identify checks and exception items that do not match the CITY'S check issue information. The CONTRACTOR'S comparison shall include payee validation. All exception items are to be reviewed by the CONTRACTOR and correctable errors, such as encoding errors, are to be corrected by the CONTRACTOR with the affected items being posted to the respective disbursement accounts the next business day. Unresolved exception items are to be reported by the CONTRACTOR to the City Treasurer's investment officer by 10 A.M. each business day by e-mail notification. The CONTRACTOR shall provide the City Treasurer a secured electronic link via the Internet and the required system access to view exception items "on-line" to make a pay or return decision on

each item. The City Treasurer shall notify the CONTRACTOR by 12 Noon daily of which checks to "honor" and adjust, or "return" unpaid. If the City Treasurer fails to contact the CONTRACTOR by 12 Noon, all unmatched items are to be returned unpaid.

F. Stop Payments and Access to Paid Items

The CONTRACTOR shall provide the City Treasurer a secured electronic link via the Internet and the required system access to allow the City Treasurer to place stop payments "on-line" on the CONTRACTOR'S computer system for parent account, accounts payable, and payroll check issues.

In addition, the CONTRACTOR shall provide the means for the City Treasurer to access, research, and view paid items, front and back, of parent account, accounts payable, and payroll checks "on-line" on the CONTRACTOR'S computer system.

G. Account Reconciliation Services

1. Bank Statements and Account Reconciliations

At the end of each month, the CONTRACTOR shall provide the City Treasurer with a separate bank statement for each of the CITY'S three accounts – parent account, payroll account, and accounts payable account, in an electronic format to be mutually agreed upon by the City Treasurer and CONTRACTOR which shows all account activity within the given month.

All supporting documentation shall be provided to the City Treasurer via U.S. Mail separated and sorted as follows:

- Credit Memo's - Chronologically.
- Debit Memo's - Chronologically.
- Non-imaged Paid Checks - Numerical Sequence.
- Paid Post Listings - Chronologically.

In addition, the CONTRACTOR shall provide monthly to the City Treasurer an automated reconciliation report for each of the CITY'S three accounts – parent account, payroll account, and accounts payable account, in an electronic format to be mutually agreed upon by the City Treasurer and CONTRACTOR which will itemize all checks paid during the month and all checks still outstanding at the end of the month. The report must list each check number, date issued, payee, issue amount, and date paid where applicable.

The CONTRACTOR shall also provide paid checks information monthly to the City Treasurer for each of the CITY'S three accounts – parent account, payroll account, and accounts payable account, which lists the checks presented and paid during the month, by remote data

transmission. The paid checks file must contain the paid check numbers, the respective amounts paid, and the date each was paid. Reference Appendix "B" for file layout of the required paid checks files.

The CONTRACTOR shall provide full reconciliation services for each of the CITY'S three accounts - parent account, payroll account, and accounts payable account, which shall include, but is not limited to:

- Identifying and correcting all posting errors.
- Identifying and correcting all MICR reading errors.
- Properly removing voids and adding new issues and / or replacement checks manually, outside of the remote data file transmissions, when required.

The CITY shall notify the CONTRACTOR of any discrepancies between the CITY'S records and the information shown on monthly reconciliation or account statements upon discovery.

2. Imaging of Paid Items

Each month, the CONTRACTOR shall electronically image scan the front and back of each parent and disbursement account check paid. The CONTRACTOR shall provide the CITY with the requisite software to retrieve, view, and print the imaged paid items at the Office of the City Treasurer and the Office of the City Comptroller from the CD-ROM'S produced each month by the CONTRACTOR. In addition, each CD-ROM produced by the CONTRACTOR shall contain electronic images of the paid items of such quality that it enables the City Treasurer and City Comptroller to generate fully readable images of both the front and back of each check scanned to meet legal standards when the need arises. An electronic index of all paid items shall also be generated by the CONTRACTOR, which enables paid items retrieval by check number or check amount. The CONTRACTOR shall produce a separate CD-ROM, which includes the electronic index, every month for each of the accounts – one for the parent account, one for the Payroll Account, and one for the Accounts Payable Account. An additional copy of the CD-ROM for the Accounts Payable Account is required every month. The CONTRACTOR shall label each CD-ROM. The label shall include the name of the account, the imaging date, and the paid items included on the CD-ROM. The CONTRACTOR shall provide the City Treasurer with an index listing the reasons (codes) for a paid item being rejected and not imaged. A reject code shall be displayed by the CONTRACTOR on the CD-ROM in each situation where the CONTRACTOR has not imaged a paid item.

The CONTRACTOR shall safe keep all paid checks for a period of at least sixty days after electronically image scanning them and then dispose of the paid checks in a manner consistent with generally accepted industry standards. The City Treasurer reserves the right to extend the CONTRACTOR'S safekeeping period beyond sixty days and to request the delivery of a paid check when circumstances may require (examples: auditor's request, criminal investigation, contract dispute). All paid checks not electronically image scanned are to be returned to the City Treasurer. Such rejects are to be separated into three groups – one labeled Parent Account Checks, one labeled Payroll Checks, and one labeled Accounts Payable Checks. The CONTRACTOR shall deliver CD-ROM's with those paid checks that were not electronically image scanned at the same time the bank statements and supporting documentation are delivered.

H. Disbursement Account Float Analysis

At the end of each month, the CONTRACTOR shall provide the City Treasurer's investment officer with a comprehensive float analysis report for each disbursement account maintained by the CONTRACTOR in an electronic format to be mutually agreed upon by the City Treasurer and CONTRACTOR.

I. Prior Day Account Balances Reporting

The CONTRACTOR shall provide the City Treasurer a secured electronic link via the Internet and the required system access to allow the City Treasurer to inquire and receive prior day account balances reports on the parent account and both disbursement accounts.

If the City Treasurer is unable, for any reason, to electronically link to and access the CONTRACTOR'S system to inquire and receive prior day account balances reports on the parent account and both disbursement accounts, the CONTRACTOR shall provide touch-tone telephone access to the account balances at no charge.

J. Servicing Stale Dated Checks

In order to avoid the CONTRACTOR'S making payment on an outlawed check drawn on a CITY account, the City Treasurer shall provide the CONTRACTOR annually with a cut-off check number for each account. No check numbered below this cut-off is to be honored. Instead, such checks should be returned marked "REFER TO MAKER FOR PAYMENT."

To facilitate the annual mandated outlawing of stale dated checks, the CONTRACTOR shall, upon request of the City Treasurer's Investment Officer, provide outstanding checks information to the City Treasurer for each of the CITY'S three accounts – parent account, payroll account, and accounts payable account, which lists the checks outstanding (check number, date of issue, check amount, and payee) by remote data transmission.

K. Checks and Deposit Books

The CONTRACTOR shall provide the City Treasurer with 300 sets (original and one copy) of commercial deposit slips for the parent account.

The CITY shall furnish its own checks to be used for the parent account and both disbursement accounts maintained by the CONTRACTOR.

**Specifications for Zero Balance Concentration
Account Service for Accounts Payable and Payroll
for the Office of the City Treasurer**

August 15, 2008