

CONTRACT #11
RFS # 317.01-05005
FA # 05-16373

Finance and Administration
Division of Accounts

VENDOR:
Link2Gov Corporation



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF ACCOUNTS
21ST FLOOR, WILLIAM R. SNODGRASS TENNESSEE TOWER
312 - 8TH AVENUE, NORTH
NASHVILLE, TENNESSEE 37243-0293

DAVE GOETZ
COMMISSIONER

To: Jim White, Director
Fiscal Review Committee

From: Jan I. Sylvis *Jan I. Sylvis*
Chief of Accounts

Subject: Link2Gov Amendment 4

Date: April 1, 2009

RECEIVED

APR 01 2009

FISCAL REVIEW

The State of Tennessee contracts with Link2Gov Corp for the authorization and processing of VISA and MasterCard cards for payment. The State also contracts with DFS Services LLC for the acceptance and settlement of Discover cards for payment. DFS Services LLC has changed its delivery method as it relates to issuing Discover cards and settling Discover transactions. Now rather than handling all aspects of card transactions they are permitting third parties to settle and issue. In order to streamline our reconciliation process on the settlement of transactions we want to include acceptance and settlement of Discover in our existing Link2Gov contract.

All required documentation is attached.

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Rhonda Hicks	*Contact Phone:	741.9795		
*Contract Number:	Edison 00000000000000000000 3723 (STARS FA-05-16373)	*RFS Number:	31701-05005		
*Original Contract Begin Date:	5-27-2005	*Current End Date:	5-26-2010		
Current Request Amendment Number: <i>(if applicable)</i>	4				
Proposed Amendment Effective Date: <i>(if applicable)</i>	June 1, 2009				
*Department Submitting:	Finance and Administration				
*Division:	Accounts				
*Date Submitted:	4/1/2009				
*Submitted Within Sixty (60) days: <i>If not, explain:</i>	Yes				
*Contract Vendor Name:	Link2Gov Corporation				
*Current Maximum Liability:	\$5,000,000				
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)					
FY:2005	FY:2006	FY:2007	FY:2008	FY2009	FY2010
\$50,000	\$500,000	\$500,000	\$1,500,000	\$1,450,000	\$1,000,000
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)					
FY:2005	FY:2006	FY:2007	FY:2008	FY2009	FY2010
\$2,821.67	\$436,142.04	\$695,042.25	\$921,551.63	577,174.95	\$
<p>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</p>			<p>This contract's maximum liability is calculated using an estimated # of transactions @ the various contract rates. Any difference between the estimated maximum liability by fiscal year (i.e., Contract Allocation) and Contract Expenditures by fiscal year would roll forward to the next fiscal year. At the end of the contract term any cumulative difference between the estimated maximum liability and the Total Contract Expenditures would not be spent. There was no surplus budgetary funding because budgetary dollars were not encumbered/used until actual payment amounts were known as due.</p>		
<p>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</p>			<p>As stated above, there are no surplus budgetary funds associated with this contract. The contract is a multi-year contract with no fiscal year maximum so after each fiscal year any excess maximum liability rolls to the next fiscal year's allocation. Any excess at the end of the contract terms expires with the contract.</p>		

Supplemental Documentation Required for
Fiscal Review Committee

IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			
*Contract Funding Source/Amount:	State:		Federal:
Interdepartmental:	2,632,732.54		<i>Other:</i>
If "other" please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
Amendment 1 – April 2008		Increased maximum liability & updated Section E.2.	
Amendment 2 – August 2008		Added 2 pieces of equipment in Contract Att B	
Amendment 3 – February 15, 2009		Allow extension of services and service rates to political subdivisions and higher education systems	
Method of Original Award: <i>(if applicable)</i>		Alternative Procurement	

Shared Reports My Reports Create Report My Subscriptions History List Preferences Search Help Logout

AGFA PRD Financial Analysis > My Reports > *Contract Total FA0516373

File	View	Data	Format	Last update: 3/27/09 1:24:26 PM			
Classic							
Row Axis	Values	Font	Size				

REPORT FILTER

Document Number (ID) Equals "FA0516373"

PAGE BY: none

Data rows: 1 Data columns: 1

DF Vendor Name	LINK2GOV CORP
Document Number	FA0516373
Department Number	317
Department Title	DEPARTMENT OF FINANCE AND ADMINISTRAT
Division Number	95
Division Title	DIVISION OF ACCOUNTS
Metrics	Document Payment Amount
	\$2,329,429.23

C:\Documents and Settings\ag05b37\Desktop\Credit Card Fee spreadsheets\May05 thru Current Monthly Fees recorded on contract 3 2009.xls

	L2G		
May-05			
Jun-05	2,821.67		
	2,821.67		
Jul-05	11,749.32		
Aug-05	10,217.75		
Sep-05	17,495.02		
Oct-05	45,356.31		
Nov-05	35,531.18		
Dec-05	28,244.92		
Jan-06	37,184.62		
Feb-06	36,082.57		
Mar-06	48,870.79		
Apr-06	48,369.66		
May-06	51,976.66		
Jun-06	65,063.24	21-Jul-06	D191941
	436,142.04		
Jul-06	67,324.58	21-Aug-06	D192057
Aug-06	56,441.16	21-Sep-06	D192194
Sep-06	54,181.73	1-Nov-06	D192368
Oct-06	56,440.07	28-Nov-06	D192457
Nov-06	42,450.21	2-Jan-07	D192578
Dec-06	40,531.27	6-Feb-07	D192679
Jan-07	42,790.93	9-Mar-07	D192800
Feb-07	41,349.16	26-Mar-07	D192840
Mar-07	61,305.14	28-Apr-07	D192945
Apr-07	60,515.88	29-Jun-07	D193162
May-07	86,882.31	29-Jun-07	D193162
Jun-07	84,829.81	31-Jul-07	D193242
	695,042.25		
Jul-07	82,486.72	24-Aug-07	D193316
Aug-07	70,823.97	27-Sep-07	D193416
Sep-07	64,202.28	23-Oct-07	
Oct-07	73,859.80	23-Nov-07	
Nov-07	61,426.88	20-Dec-07	
Dec-07	53,251.37	23-Jan-08	
Jan-08	69,647.77	28-Feb-08	
Feb-08	59,680.36	24-Mar-08	
Mar-08	89,068.21	22-Apr-08	
Apr-08	85,634.00	22-May-08	
May-08	108,704.43	1-Jul-08	May 2008 L2G fees
Jun-08	102,765.84	25-Aug-08	June 2008 L2G fees
	921,551.63		
Jul-08	106,886.70	14-Oct-08	July 2008 L2G fees
Aug-08	84,007.94	15-Oct-08	August 2008 L2G fees
Sep-08	82,977.00	24-Nov-08	September 2008 L2G fees
	273,871.64		
STARS	2,329,429.23		
Oct-08	85,976.00	21-Jan-09	October 2008 L2G fees
Nov-08	64,331.12	21-Jan-09	November 2008 L2G fees
Dec-08	66,137.61	2-Feb-09	December 2008 L2G fees
Jan-09	86,858.58	27-Feb-09	January 2009 L2G fees
Feb-09			
Mar-09			
Apr-09			
May-09			
Jun-09			
Edison recognition pending	303,303.31	(researching best way to handle in new system)	
	2,632,732.54		

A detailed breakdown of the actual expenditures anticipated in each year of the contract, including specific line items, the source of funds (federal, state, or other--if other, please specify source), and the disposition of any excess funds.

Amending the final year of the Link2Gov contract would increase the Link2Gov expenditures an estimated \$50,760 (estimated annual Discover card net sales of \$2,700,000 @ 1.88%). This amendment results in reducing expenditures under the current contract for Discover cards by a similar amount. The total estimated expenditures under the Link2Gov contract is approximately \$1,000,000.

A detailed breakdown in dollars of any savings that the department anticipates will result from this contract, including but not limited to, reduction in positions, reduced equipment costs, travel, or any other item related to the contract.

Amending the final year of the Link2Gov contract would decrease expenditures slightly due to a decrease in the rate from 1.95% to 1.88%. This reduction in rate on estimated net sales of \$2,700,000 is \$1,900.

A detailed analysis in dollars of the cost of obtaining this service through the proposed contract as compared to other options.

To amend the final year of the Link2Gov contract would cost little in administrative time. Whereas a procurement to obtain a 3rd party vendor to administer Discover card transactions would require considerable additional administrative time estimated at \$24,000.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED
Commissioner of Finance & Administration Date:

EACH REQUEST ITEM BELOW <u>MUST</u> BE DETAILED OR ADDRESSED <u>AS REQUIRED</u> .	
1) RFS #	31701-05004
2) State Agency Name :	DEPARTMENT OF FINANCE AND ADMINISTRATION
EXISTING CONTRACT INFORMATON	
3) Service Caption :	Statewide Credit Card & Debit Card Processing; Visa/MasterCard Acceptance & Settlement; Debit Card Acceptance & Settlement
4) Contractor :	Link2Gov Corporation
5) Contract #	FA-05-16373 - <i>Edison #3723</i>
6) Contract Start Date :	5/27/2005
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	5/26/2010
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$5,000,000.00
PROPOSED AMENDMENT INFORMATON	
9) <u>Proposed</u> Amendment #	Four
10) <u>Proposed</u> Amendment Effective Date : <small>(attached explanation required if date is < 60 days after F&A receipt)</small>	6/1/2009
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	5/26/2010
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$5,000,000.00
13) Approval Criteria : <small>(select one)</small>	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service.
14) Description of the Proposed Amendment Effects & Any Additional Service :	
DFS Services has changed its delivery method as it relates to issuing Discover cards and settling Discover transactions. Now rather than handling all aspects of the card transaction they are permitting third parties to settle and issue.	

15) Explanation of Need for the Proposed Amendment :	
In order to streamline our reconciliation process on the settlement of transactions we want to include acceptance and settlement of Discover in our existing Link2Gov contract.	
16) Name & Address of Contractor's Current Principal Owner(s) : (not required if proposed contractor is a state education institution)	
Link2Gov Corporation 1 Burton Hills Boulevard Suite 300 Nashville, TN 37215	
17) Documentation of Office for Information Resources Endorsement : (required <u>only</u> if the subject service involves information technology; N/A to THDA requests)	
select one:	<input type="checkbox"/> Documentation Not Applicable to this Request <input checked="" type="checkbox"/> Documentation Attached to this Request
18) Documentation of Department of Personnel Endorsement : (required <u>only</u> if the subject service involves training for state employees)	
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
19) Documentation of State Architect Endorsement : (required <u>only</u> if the subject service involves construction or real property related services)	
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :	
Other procurement alternatives are not applicable;	
21) Justification for the Proposed Non-Competitive Amendment :	
See 14 above.	
REQUESTING AGENCY HEAD SIGNATURE & DATE : (<u>must</u> be signed & dated by the <u>ACTUAL</u> procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)	
	3-27-09
Agency Head Signature	Date

DRAFT

C O N T R A C T A M E N D M E N T C O V E R

RFS Tracking #		Edison Contract ID #			Amendment #
31701-05005		0000000000000000000000003723			4
Amendment Purpose				Delegated Authority Requisition ID # (ONLY if applicable)	
For Discover cards add acceptance and settlement of cards to Link2Gov contract instead of maintain separate contract with Discover (i.e., DFS Services LLC); Authorization of Discover cards is currently included in Link2Gov contract;					
Contractor/Grantee				Contractor/Grantee FEIN or SSN	
Link2Gov Corp				<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 0000089753	
Begin Date		End Date		Subrecipient or Vendor	
05/27/2005		05/26/2010		<input type="checkbox"/> Subrecipient <input type="checkbox"/> Vendor	
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			50,000.00		50,000.00
2006			500,000.00		500,000.00
2007			500,000.00		500,000.00
2008			1,500,000.00		1,500,000.00
2009			1,450,000.00		1,450,000.00
2010			1,000,000.00		1,000,000.00
TOTAL:			5,000,000.00		5,000,000.00
— COMPLETE FOR AMENDMENTS —			Procuring Agency Contact & Telephone #		
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Rhonda Hicks – 741.9795		
2005	50,000.00		Procuring Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.)		
2006	500,000.00				
2007	500,000.00				
2008	1,500,000.00				
2009	1,450,000.00				
2010	1,000,000.00		Speed Code	Account Code	
TOTAL:	5,000,000.00		n/a	70803000	
— OCR Use —			Procurement Process Summary (FA or ED-type only)		
			Alternative Competitive Procurement		

DRAFT

**AMENDMENT FOUR
TO CONTRACT 00000000000000000003723**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration,, hereinafter referred to as the "State" and Link2Gov Corp., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section A.1. is deleted in its entirety and replaced with the following:
 - A.1. Visa, MasterCard and Discover Acceptance, Authorization and Settlement: Under the terms of this Contract the State will accept valid Visa, MasterCard and Discover credit and off-line debit cards when presented as payment for goods and services at State offices and facilities. The State will also accept valid Visa, MasterCard and Discover credit cards and off-line debit cards over the State's Internet Portal. The Contractor will arrange for payment to the State for amounts arising from Visa, MasterCard and Discover credit and debit cards where such indebtedness arises from transactions that comply with the terms of this Contract and represent bona fide sales or leases of goods or services.

2. The text of Contract Section A.2. is deleted in its entirety and replaced with the following:
 - A.2. American Express Cards Authorization: The Contractor's processor shall meet all the rules and requirements necessary to process authorizations for American Express cards so that American Express cards are available for use at all Point-of-Sale and Internet locations. The State has entered into separate agreements for American Express cards that govern acceptance and settlement of these cards.

3. The text of Contract Section A.8. is deleted in its entirety and replaced with the following:
 - A.8. Settlement. The Contractor shall process electronic funds transfer and automated clearinghouse transactions related to the settlement of the State's credit and debit card transactions. Upon presentation of such card item to the Contractor, accompanied by a form or format provided by the Contractor listing all card items presented at such time, and subject to the terms, conditions, warranties, and the State's obligations set out in this agreement and in the Merchant Agreement defined in Section A.5. Merchant Agreement, above, the Contractor will process the card items in the appropriate clearing systems. Upon receipt of settlement of credit by the Contractor for such card items, the Contractor will cause "the Account" (as defined below in Section A.8.1.) to be credited with an amount equal to the credit received by the Contractor in respect of the card items processes. The period of time between the presentment of Visa, MasterCard and Discover card items to the Contractor and the credit of funds to the "the Account" (as defined below in Section A.8.1.) shall not exceed two business days.

4. The text of Contract Section A.10. is deleted in its entirety and replaced with the following:
 - A.10. Chargebacks and Retrievals. The Contractor shall cooperate with the State to resolve any disputed Credit Cardholder charges that may occur in accordance with applicable law and the applicable rules, regulations, and operating procedures of MasterCard, Visa and Discover. The Contractor shall provide all available documentation to the State for chargebacks and retrieval requests. The Contractor shall provide sufficient information regarding the disputed charge as necessary to aid the State in resolving the claims.

5. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:
 - C.3. Payment Methodology. The Contractor shall be compensated based on the actual costs paid by the Contractor for the credit card associations' and the debit networks' interchange, dues, assessments and fees and the Unit Prices set forth in Attachment B to

this Contract, in amounts not to exceed the Contract Maximum liability established in Section C1. The Contractor shall be compensated at an interchange rate of 1.88% for Discover cards. The Contractor's compensation shall be contingent upon the satisfactory completion of services as defined in the Scope of Services section of this contract.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation. Such invoices shall be submitted for completed units of service for the amount stipulated.

The revisions set forth herein shall be effective June 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

**IN WITNESS WHEREOF,
LINK2GOV CORP:**

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

APPROVED:

COMMISSIONER OF FINANCE & ADMINISTRATION

DATE

COMPTROLLER OF THE TREASURY

DATE



FAX/EMAIL TRANSMITTAL

to Request OIR Procurement Endorsement

TO : Jane Chittenden, Director
OIR Procurement & Contract Management FAX # 741-6164

FROM : Rhonda Hicks, Asst Director for
Administration FAX # 532.2332

DATE : 3/17/2009

RFS # 31701-05005

RE : Procurement Endorsement — Link2Gov Corporation Amendment 4

INFORMATION SYSTEMS PLAN PROJECT: N/A

NUMBER OF FAX PAGES (including cover) : N/A

The nature and scope of service detailed in the attached service procurement document(s) appears to require Office for Information Resources (OIR) review and support, because the procurement involves information technology or information systems services.

This communication seeks to ensure that OIR is aware of the procurement and has an opportunity to review the matter. Please determine whether OIR is supportive of the procurement. If you have any questions or concerns about this matter, please call Rhonda Hicks at 741.9795.

Please indicate below your response to this proposed procurement, and return this communication at your earliest convenience (note the return FAX number above).

Thank you for your help.

Attachment(s)

Must include the entire contract or amendment document and where applicable, the non-competitive contract or amendment request form. The original contract and any prior amendments that were applied to the same section of the contract must be provided with an amendment. Electronic copies of the contract, amendments, and request form without signature are acceptable.

RFP documents must be provided in electronic form.

OIR Endorsement :

Mark Bengel (s)

3/31/09

OIR Chief Information Officer

Date



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North - 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman
Representatives
Curt Cobb Donna Rowland
Curtis Johnson David Shepard
Gerald McCormick Curry Todd
Mary Pruitt Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*

Sen. Douglas Henry, Vice-Chairman
Senators
Bill Ketron Reginald Tate
Doug Jackson Jamie Woodson
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee
Bill Ketron, Chairman, Contract Services Subcommittee

DATE: November 14, 2008

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 11/12/08)

CC
Blc

RFS# 317.05-103

Department: Finance & Administration/Division of Accounts

Contractor: Link2Gov Corporation

Summary: This vendor is responsible for the provision of credit card, and on-line (PIN-based) debit card acceptance and processing services; implementation and support point-of-sale (POS) terminals; Internet and third-party interface processing at various State facilities and through the State portal. The proposed amendment extends those services to various political subdivisions. The term of the contract and the maximum liability remain the same.

Maximum liability: \$5,000,000

Maximum liability w/amendment: \$5,000,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Ms. Jan Sylvis, Chief of Accounts
Mr. Robert Barlow, Director, Office of Contracts Review

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.05-103	
2) State Agency Name :	DEPARTMENT OF FINANCE AND ADMINISTRATION	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Statewide Credit Card & Debit Card Processing; Visa/MasterCard Acceptance & Settlement; Debit Card Acceptance & Settlement	
4) Contractor :	Link2Gov Corporation	
5) Contract #	FA-05-16373	
6) Contract Start Date :	5/27/2005	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	5/26/2010	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$5,000,000.00	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	Three	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	12/1/2008	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	5/26/2010	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$5,000,000.00	
13) Approval Criteria : (select one)	<input type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state	
	<input checked="" type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
<p>The State of Tennessee contracts with Link2Gov Corporation for the authorization and processing of VISA and MasterCard credit cards for payment. The Department of Revenue is planning to implement a new Title and Registration system in counties across the State. Credit card acceptance is an integral part of the system processes. In order to do this, the Link2Gov contract needs to be amended to include political subdivisions. Each county could then, under the State's contract, work directly with Link2Gov to process and account</p>		

for credit card transactions.

15) Explanation of Need for the Proposed Amendment :

This amendment will allow other entities to benefit from the services and service rates contained in the State's contract.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Link2Gov Corporation
1 Burton Hills Boulevard Suite 300
Nashville, TN 37215

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology; N/A to THDA requests)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

Other procurement alternatives are not applicable;

21) Justification for the Proposed Non-Competitive Amendment :

See 14 above.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Agency Head Signature

Date

CONTRACT AMENDMENT COVER

RFS Tracking #	Edison Contract ID #	Amendment #
31701-05003	0000000000000000000000003723	3

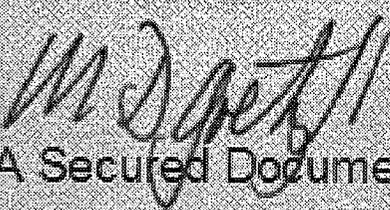
Amendment Purpose	Delegated Authority Requisition ID # (ONLY if applicable)
Allowance extension of services and rates to political subdivisions and the institutions of UT and TBR	

Contractor/Grantee	Contractor/Grantee FEIN or SSN
Link2Goy Corp	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 0000089753

Begin Date	End Date	Subrecipient or Vendor	CFDA #(s)
05/27/2005	05/26/2010	<input type="checkbox"/> Subrecipient <input type="checkbox"/> Vendor	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			50,000.00		50,000.00
2006			500,000.00		500,000.00
2007			500,000.00		500,000.00
2008			1,500,000.00		1,500,000.00
2009			1,450,000.00		1,450,000.00
2010			1,000,000.00		1,000,000.00
TOTAL:			5,000,000.00		5,000,000.00

— COMPLETE FOR AMENDMENTS —			Procuring Agency Contact & Telephone #	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Rhonda Hicks – 741.9795	
2005	50,000.00		Procuring Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.)  2-13-09	
2006	500,000.00			
2007	500,000.00			
2008	1,500,000.00			
2009	1,450,000.00			
2010	1,000,000.00		Speed Code	Account Code
TOTAL:	5,000,000.00		N/A	70803000

 F&A Secured Document # FA0516373	Procurement Process Summary (FA or ED-type only)
	Alternative Competitive Procurement

**AMENDMENT THREE
TO FA-05-16373**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and Link2Gov Corp., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The following provision is added as Contract Section A.21.:

A.21. Contract Services and Service Rates. The State permits the extension of the Contractor's services and service rates to political subdivisions of the State of Tennessee such as city and county governments and special districts as well as to the institutions of the University of Tennessee and the Tennessee Board of Regents. These extensions must be implemented through separate agreements between Contractor and the political subdivision or the institutions of the University of Tennessee or the Tennessee Board of Regents. Neither the State of Tennessee or the Department of Finance and Administration will be a party to such agreements or have any liability under such agreements.

2. The following provision is added as Contract Section D.20.:

D.20. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Contract Attachment C, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.

b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.

c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State solely to the extent necessary to confirm Contractor's compliance with this section D.20.

d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.

e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or

regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

3. The following provision is added as Contract Section E.11.:

E.11. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

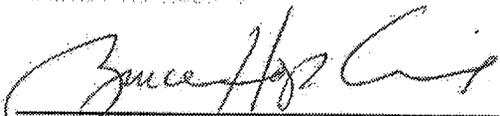
- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
- b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.
- c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

4. Contract Attachment C attached hereto is added as a new Contract Attachment.

The revisions set forth herein shall be effective February 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

LINK2GOV CORP.:



1/26/09



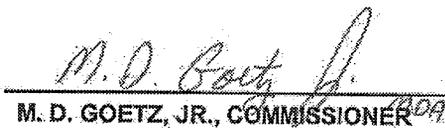
CONTRACTOR SIGNATURE

DATE

BRUCE HOPKINS, DIVISION PRESIDENT

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION:



M. D. GOETZ, JR., COMMISSIONER

2-13-09

DATE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-05-16373
CONTRACTOR LEGAL ENTITY NAME:	LINK2GOV CORP
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	62-1868563

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.



CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

BRUCE HOPKINS, DIVISION PRESIDENT

PRINTED NAME AND TITLE OF SIGNATORY

1/26/09

DATE OF ATTESTATION



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North - 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman
Representatives

Curt Cobb Donna Rowland
Curtis Johnson David Shepard
Gerald McCormick Curry Todd
Mary Pruitt Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*

Sen. Douglas Henry, Vice-Chairman
Senators

Doug Jackson Reginald Tate
Bill Ketron Jamie Woodson
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

M E M O R A N D U M

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee *CC*
Bill Ketron, Chairman, Contract Services Subcommittee *B/C*

DATE: March 7, 2008

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 2/25/08)

RFS# 317.05-095

Department: Finance & Administration/Division of Accounts

Contractor: Link2Gov Corporation

Summary: The vendor provides for provision of credit card, off-line debit card and on-line (PIN-based) debit card acceptance and processing services; implementation and support of point-of-sale (POS) terminals; Internet and third-party interface processing; and for the ability to accept electronic checks over the counter at various State of Tennessee facilities and through the State portal. The proposed amendment increases the maximum liability by \$2,400,000. The term of the contract remains the same.

Maximum liability: \$2,600,000

Maximum liability w/amendment: \$5,000,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Ms. Jan Sylvis, Chief of Accounts
Mr. Robert Barlow, Director, Office of Contracts Review

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

RECEIVED

FEB 12 2008

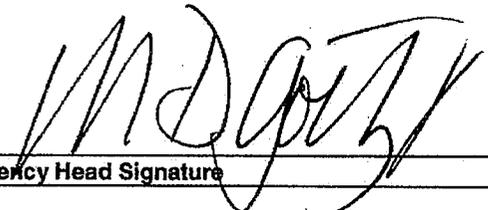
Commissioner of Finance & Administration

Date:

FISCAL REVIEW

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.05-095		
2) State Agency Name :	DEPARTMENT OF FINANCE AND ADMINISTRATION		
EXISTING CONTRACT INFORMATION			
3) Service Caption :	Contract for credit/debit card acceptance and processing services		
4) Contractor :	LINK2GOV CORPORATION		
5) Contract #	FA- 05-16373		
6) Contract Start Date :			May 27, 2005
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :			May 26, 2010
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :			\$2,600,000.00
PROPOSED AMENDMENT INFORMATION			
9) <u>Proposed</u> Amendment #			One
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)			April 10, 2008
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :			May 26, 2010
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :			\$5,000,000.00
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/>	use of Non-Competitive Negotiation is in the best interest of the state	
	<input type="checkbox"/>	only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :			
<p>Amendment increases contract's maximum liability in order to continue accepting credit cards (excluding American Express and Discover). This amendment does not provide for any additional services nor does it impact the contract's current scope of services.</p> <p>The contact information in Section E.2. is updated.</p>			

15) Explanation of Need for the Proposed Amendment :	
In order to provide credit cards (e.g., Visa and MasterCard) as a payment option, an amendment to increase the maximum liability of this contract is required because the number of merchant locations and the volume of transaction activity have increased.	
16) Name & Address of Contractor's Current Principal Owner(s) : (not required if proposed contractor is a state education institution)	
Link2Gov Corporation, 1 Burton Hills Boulevard, Suite 300, Nashville, Tennessee 37215	
17) Documentation of Office for Information Resources Endorsement : (required <u>only</u> if the subject service involves information technology)	
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
18) Documentation of Department of Personnel Endorsement : (required <u>only</u> if the subject service involves training for state employees)	
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
19) Documentation of State Architect Endorsement : (required <u>only</u> if the subject service involves construction or real property related services)	
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :	
<p>The original procurement was competitive via an Alternative Procurement Request. This Non-Competitive form is required due to the increase in the contract's maximum liability.</p> <p>The maximum liability needs to be increased due to the increase in fees because the number of merchant locations and the volume of transaction activity have increased.</p>	
21) Justification for the Proposed Non-Competitive Amendment :	
See 20) above.	
REQUESTING AGENCY HEAD SIGNATURE & DATE : (<u>must</u> be signed & dated by the <u>ACTUAL</u> procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)	
 Agency Head Signature	2/8/2008 Date

CONTRACT SUMMARY SHEET

121107

RFS #	Contract #
317.05-095	FA-05-16373-01

State Agency	State Agency Division
Finance and Administration	Division of Accounts

Contractor Name	Contractor ID # (FEIN or SSN)
Link2Gov Corporation	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-1868563

Service Description
 Contract for credit/debit card acceptance and processing services

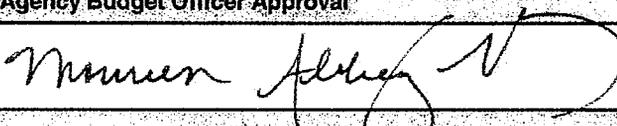
Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
5/27/2005	5/26/2010	Vendor	

Mark Each TRUE Statement

<input checked="" type="checkbox"/> Contractor is on STARS	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts
------------------------------------------------------------	----------------------------------------------------------------------------------

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.05	51220	083	12		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			\$ 50,000.00		\$ 50,000.00
2006	RECEIVED		\$ 500,000.00		\$ 500,000.00
2007			\$ 500,000.00		\$ 500,000.00
2008	AUG 29 2008		\$ 1,500,000.00		\$ 1,500,000.00
2009	FISCAL REVIEW		\$ 1,450,000.00		\$ 1,450,000.00
2010			\$ 1,000,000.00		\$ 1,000,000.00
TOTAL:	\$ -	\$ -	\$ 5,000,000.00	\$ -	\$ 5,000,000.00

— COMPLETE FOR AMENDMENTS ONLY —

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Rhonda Hicks -- 741.9795
2005	\$ 50,000.00	\$ -	State Agency Budget Officer Approval 
2006	\$ 500,000.00	\$ -	
2007	\$ 500,000.00	\$ -	
2008	\$ 550,000.00	\$ 950,000.00	Funding Certification (certification, required by T.C.A., §9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
2009	\$ 500,000.00	\$ 950,000.00	
2010	\$ 500,000.00	\$ 500,000.00	
TOTAL:	\$ 2,600,000.00	\$ 2,400,000.00	
End Date	5/26/2010	5/26/2010	

Contractor Ownership (complete for ALL base contracts — N/A to amendments or delegated authorities)

<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input type="checkbox"/> Government
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> NOT Minority/Disadvantaged	

Contractor Selection Method (complete for ALL base contracts — N/A to amendments or delegated authorities)

<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation*	<input type="checkbox"/> Alternative Competitive Method*
<input type="checkbox"/> Non-Competitive Negotiation*	<input type="checkbox"/> Negotiation w/ Government (ID, GG, GU)	

* **Procurement Process Summary** (complete for Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

APR 18 2008

OIR/ROM
4/7/08

DIVISION OF ACCOUNTS

**AMENDMENT ONE
TO FA-05-16373**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and Link2Gov Corporation, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section C.1. Maximum Liability, is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed five million dollars (\$5,000,000.00). The Unit Prices in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Prices include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Unit Prices detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

2. The text of Contract Section E.2. Communications and Contacts, is deleted in its entirety and replaced with the following:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Annette White, Director of Cash Management
Department of Finance and Administration
312 8th Avenue North, 14th Floor Tennessee Tower, Nashville, TN 37243
Annette.A.White@state.tn.us
Telephone # 615.532.1088
FAX # 615.532.2332

The Contractor:

Elizabeth Lodewijk, Director of Account Management
Link2Gov Corporation
1 Burton Hills Boulevard Suite 300
Nashville, TN 37215
elodewijk@link2gov.com
Telephone # 615-297-2770 ext. 236
FAX # 615.297.9032

CONTRACT SUMMARY SHEET

021406

RFS #	Contract #
317.05-080	FA-05-16373

State Agency	State Agency Division
Finance and Administration	Accounts

Contractor Name	Contractor ID # (FEIN or SSN)
Link2Gov Corporation	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-1868563

Service Description
Contract for credit/debit card acceptance and processing services

Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
5/27/2005	5/26/2010		

Mark Each TRUE Statement

Contractor is on STARS Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.05	4831	083	12		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			\$ 50,000.00		\$ 50,000.00
2006			\$ 500,000.00		\$ 500,000.00
2007			\$ 500,000.00		\$ 500,000.00
2008			\$ 550,000.00		\$ 550,000.00
2009			\$ 500,000.00		\$ 500,000.00
2010			\$ 500,000.00		\$ 500,000.00
TOTAL:	\$ -	\$ -	\$ 2,600,000.00	\$ -	\$ 2,600,000.00

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY	State Agency Fiscal Contact & Telephone #
			Rhonda Hicks 741.9795
			State Agency Budget Officer Approval
			<i>Man Alby</i>
	NOV 13 2006		Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL:	\$ -	\$ -	
End Date			

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government(eg, ID, GG, GU)	<input checked="" type="checkbox"/> Other

Procurement Process Summary (complete for Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)

Alternative Procurement Request

Cost center change
2007 to 4831

CONTRACT SUMMARY SHEET

RFS Number:	317.05-046	Contract Number:	FA-05-16373-00
State Agency:	Department of Finance & Adm	Division:	Accounts
Contractor:		Contractor Identification Number	
Link2Gov Corporation		X	62-1868563
		V- C-	

Service Description:

Contract for credit/debit card acceptance and processing services

Contract Begin Date	Contract End Date
May 27, 2005	May 26, 2010

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.05	2007	083	12	on STARS		
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)	
2005			50,000		50,000	
2006			500,000		500,000	
2007			500,000		500,000	
2008			550,000		550,000	
2009			500,000		500,000	
2010			500,000		500,000	
Total:	-	-	2,600,000	-	2,600,000	

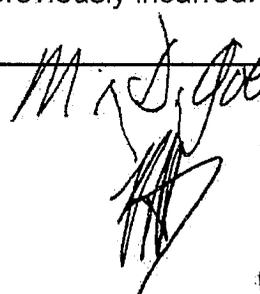
CFDA #	Check the box ONLY if the answer is YES:
State Fiscal Contact	
Name:	Rhonda Hicks
Address:	14th Floor 312 8th Ave N
Phone:	741-9795
Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Is the Contractor a VENDOR? (per OMB A-133) <input checked="" type="checkbox"/>	
Is the Fiscal Year Funding STRICTLY LIMITED?	
Is the Contractor on STARS?	
Is the Contractor's FORM W-9 ATTACHED? <input checked="" type="checkbox"/>	
Is the Contractors Form W-9 Filed with Accounts?	

Funding Certification:

COMPLETE FOR ALL AMENDMENTS (only)

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

END DATE →	Base Contract & Prior Amendments	This Amendment ONLY
FY: 2005		
FY: 2006		
FY: 2007		
FY: 2008		
FY: 2009		
FY: 2010		
Total:	-	-


RECEIVED
 MAY 27 2005
 Office of Contracts Review

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
AND
LINK2GOV CORPORATION**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and Link2Gov Corporation, hereinafter referred to as the "Contractor," is for the provision of acquiring a broad range of merchant services, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit corporation. The Contractor's address is:

Link2Gov Corporation
1 Burton Hills Boulevard, Suite 300
Nashville, Tennessee 37215

The Contractor's place of incorporation or organization is Tennessee.

A. SCOPE OF SERVICES:

- A.1. Visa and MasterCard Acceptance, Authorization and Settlement: Under the terms of this Contract the State will accept valid Visa and MasterCard credit and off-line debit cards when presented as payment for goods and services at State offices and facilities. The State will also accept valid Visa and MasterCard credit cards and off-line debit cards over the State's Internet Portal. The Contractor will arrange for payment to the State for amounts arising from Visa and MasterCard credit and debit cards where such indebtedness arises from transactions that comply with the terms of this Contract and represent bona fide sales or leases of goods or services.
- A.2. American Express, Diners, Discover Cards Authorization: The Contractor's processor shall meet all the rules and requirements necessary to process authorizations for American Express, Diners/Carte Blanche and Discover cards so that American Express, Diners/Carte Blanche and Discover cards are available for use at all Point-of-Sale and Internet locations. The State has entered into separate agreements for American Express, Diners/Carte Blanche and Discover cards that govern acceptance and settlement of these cards.
- A.3. On-line (PIN-based) Debit Card Acceptance, Authorization and Settlement. Under the terms of this Contract the State will accept on-line debit cards (PIN-based) when presented as payment for goods and services at State offices and facilities. The Contractor will arrange for payment to the State for amounts arising from debit cards where such indebtedness arises from transactions that comply with the terms of this Contract and represent bona fide sales or leases of goods or services.
- A.4. Visa Cardholder Information Security Program (CISP). The Contractor shall be a Visa CISP Compliant Service Provider and annually provide the State with a copy of its revalidation CISP Acceptance Letter. The Contractor shall provide the revalidation letter within thirty (30) days of its receipt from the card associations.
- A.5. Merchant Agreement. The State and Contractor shall agree to a separate Merchant Agreement that further delineates roles and responsibilities in credit card and debit card acceptance, presentation, authorization, and the management of refunds, credits, returns, and chargebacks. This Merchant Agreement is Attachment A to this Contract.
- A.6. Notification of Rate Changes. The Contractor shall provide written notification to the State of all applicable industry-wide interchange, dues, assessments and other fee changes by MasterCard and/or Visa at least 30 days prior to the effective date of the rate change.
- A.7. Authorization. The Contractor shall provide an on-line authorization service that is capable of capturing and verifying data necessary to electronically process MasterCard, Visa, American Express, Diners/Carte

Blanche, and Discover card transactions. Batch processing of authorizations is unacceptable. The on-line authorization service must operate 24 hours a day, 365 days per year.

- A.8. Settlement. The Contractor shall process electronic funds transfer and automated clearinghouse transactions related to the settlement of the State's credit and debit card transactions. Upon presentation of such card item to the Contractor, accompanied by a form or format provided by the Contractor listing all card items presented at such time, and subject to the terms, conditions, warranties, and the State's obligations set out in this agreement and in the Merchant Agreement defined in Section A.5. Merchant Agreement, above, the Contractor will process the card items in the appropriate clearing systems. Upon receipt of settlement of credit by the Contractor for such card items, the Contractor will cause "the Account" (as defined below in Section A.8.1.) to be credited with an amount equal to the credit received by the Contractor in respect of the card items processes. The period of time between the presentment of Visa and MasterCard card items to the Contractor and the credit of funds to the "the Account" (as defined below in Section A.8.1.) shall not exceed two business days.
- A.8.1. The Account. The State will maintain a demand account in good standing ("the Account") with a financial institution and account number as the State may determine, to be communicated to the Contractor in writing. Such financial institution shall be a State Depository institution pursuant to Tennessee Code Annotated, Section 9-4-107. Unless otherwise directed by the State all credits or transfers of card items herein under shall be made to the financial institution at the account number specified. All other credits or transfers shall be unauthorized transfers. The State shall take all action necessary to ensure that the Contractor has the right to debit or credit the Account under the terms of the contract.
- A.8.2. Automated Settlement. The Contractor will provide an automated settlement capability, which occurs without human intervention.
- A.9. Alternate Site and Systems. The Contractor will establish and maintain an alternative processing arrangement adequate to resume immediately the credit card authorization and processing services provided under this agreement, in the event the Contractor's primary operation site or equipment is unavailable due to either human error, equipment failure, man made or natural disaster.
- A.10. Chargebacks and Retrievals. The Contractor shall cooperate with the State to resolve any disputed Credit Cardholder charges that may occur in accordance with applicable law and the applicable rules, regulations, and operating procedures of MasterCard and Visa. The Contractor shall provide all available documentation to the State for chargebacks and retrieval requests. The Contractor shall provide sufficient information regarding the disputed charge as necessary to aid the State in resolving the claims.
- A.11. Reporting. The Contractor shall provide a web-based reporting solution that is hosted by the Contractor, in the form of an Application Service Provider (ASP). The means of accessing the hosted reporting solution must be through a secure connection. In order for a connection to be deemed secure, each connection and/or connection method, and the associated security method employed, must adhere to the State's Technical Architecture. In order for the downloading of captured and settled transactions to be deemed secure, 128-bit secure sockets layer (SSL) (for web-based transactions) or Triple Data Encryption Standard (3DES) equivalent or greater (for batch transactions) must be used.

The Contractor shall provide reports from a statewide (corporate) level as well as the agency and individual merchant location levels. On a daily basis, State of Tennessee, Department of Finance and Administration's Division of Accounts must be able to access reporting for all of the State's merchant locations and securely download a single file of all captured and settled transactions. For security purposes, each participating agency must be able to access reporting for all of its merchant locations without having access to any other agencies' merchant locations.

The Contractor shall control access to its reporting solution by individual user-ids and passwords. The Department of Finance and Administration's Division of Accounts must approve agency requests for access to the reporting solution. The use of individual user-ids and passwords is a State required security standard.

- A.12. Merchant Numbers. Upon the State's request, the Contractor will establish and maintain merchant numbers for each agency location accepting credit/debit card transactions. New merchant numbers shall be established within five business days.
- A.13. Equipment/Software. The Contractor shall reprogram existing State-owned point-of-sale equipment that can meet card association requirements or replace existing point-of-sale equipment. Point-of-sale equipment must be programmed so that no more than the last 5 digits of the card number or the expiration date is printed upon any receipt provided to the cardholder at the point of sale or transaction. The Contractor will provide authorization and imprinting equipment and/or software at additional merchant/sales locations as needed by the State. All equipment provided will be new, commercially available equipment. The Contractor will provide routine and non-routine servicing and maintenance of equipment at each location on conditions and terms to be mutually agreeable to the Contractor and the State.
- A.14. Certifications. The Contractor shall provide the necessary message formats and communication requirements to the State for system interfaces.
- A.14.1. The Contractor shall provide the necessary message formats and communication requirements for existing State applications. These formats shall support retail, lodging/hospitality and restaurant industries.
- A.14.2. For new applications, the Contractor shall complete system interface certifications within 60 days from the date the State provides notice to the Contractor that the new system application is complete and the telecommunication connections are in place.
- A.15. Training. The Contractor shall at the request of the State provide training sessions at locations to be determined by the State and at times to be mutually agreeable to both the Contractor and the State. In addition, the Contractor will provide the State with continuation training by telephone to State staff members as part of its regular merchant services and provide on-site continuation training when requested by the State, on mutually agreeable terms.

The State will require training prior to implementation activity under this contract. Agency staff attending these sessions will include staff from the business area, accounting and technical areas.

The training sessions must include but are not limited to:

- a. Onsite training for staff utilizing Contractor provided reporting application
- b. Telephone training for staff utilizing equipment or software

Onsite training should also provide information on the functions and options available under the contract, authorization and settlement processes, implications of processing cut-off times for settlement, reporting capability for reconciliation, and industry rules, terms and conditions.

- A.16. Project Staff. The State requires the Contractor to supply the following Core Team personnel at a minimum:

One (1) Project Manager with a minimum of two (2) years of current experience in managing large, complex projects with outstanding interpersonal and communication skills. The project manager must have management responsibility for project quality. He/she must have sufficient authority to act independently to resolve quality related issues at the project level. The project manager must maintain current knowledge of the project's status and be accessible to State project management.

One (1) Customer Service Representative with a minimum of two (2) years of current experience as a Customer Service Representative with excellent interpersonal and communication skills. The customer service representative is expected to be the lead role for the day-to-day operations and interactions that may occur between the State and the Contractor. Areas of knowledge should include, but not be limited to, transaction processing, settlements, and data.

One (1) Technical Solutions Representative with a minimum of two (2) years of current experience in participating in and coordinating system interfaces with outstanding interpersonal and communication skills. The technical solutions representative is expected to coordinate the successful resolution of technological issues that are encountered above and beyond day-to-day operations. Areas of action would include system interface certifications, connectivity issues, and reporting solution issues not related to end-user training.

Core Team personnel will be available for weekly conference calls during conversion and rollout and throughout the contract as requested by the State. In addition, the Contractor will provide a customer service center which operates 24 hours a day, 365 days per year for day to day resolution of acceptance, authorization, processing or settlement issues.

- A.17. Statewide Rollout. The Contractor will implement statewide rollout of services under this Contract to smoothly transition from the current contract. The Contractor shall provide an installation and implementation schedule to the State for review and approval within three (3) business days after announcement of contract award.
- A.18. Technical Support. The Contractor shall provide technical support for the successful management, operation and implementation of the proposed solution, which must operate 24 hours a day, 365 days per year.
- A.19. Security. The Contractor shall provide the ability to execute secure, two-way transactions and ensure that card numbers, name, address, and expiration dates are secured through encryption, authentication, and other standard credit card operating procedures. The Contractor will maintain and ensure data integrity and user confidentiality and privacy as described in Section E.6. of this Contract. The Contractor will ensure that security provisions described in the Contractor's proposal to the State are maintained throughout the length of this Contract. The Contractor will report to the State any compromise of network security involving the State's transactional data.
- A.20 Performance Standard Guarantee.
- a. Standards. The Contractor agrees the following performance standard shall be met upon successful implementation in accordance with the approved installation and implementation schedule.
 1. Assuming that national electronic payment networks and communication networks are working properly, card transaction processing shall be continuous.
 - b. Guarantee. If none of the State's merchant locations have the capability to authorize transactions for a twenty four (24) hour period, the Contractor's compensation shall be reduced by \$500 for each such 24-hour lapse of service.
 - c. Waiver of Reduction. The State shall notify the Contractor in writing within 10 calendar days of any reduction in compensation to be made pursuant to this Section. Any amount assessed hereunder may be waived by the State upon presentation of written documentation from the Contractor indicating why the standard was not met. Such documentation must be submitted to the State within ten (10) calendar days of the issuance of a notice of reduction.

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on May 27, 2005 and ending on May 26, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed two million six hundred thousand dollars (\$2,600,000.00). The Unit Prices in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Prices include, but are not limited

to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Unit Prices detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2. Compensation Firm. The Unit Prices and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
- C.3. Payment Methodology. The Contractor shall be compensated based on the actual costs paid by the Contractor for the credit card associations' and the debit networks' interchange, dues, assessments and fees and the Unit Prices set forth in Attachment B to this Contract, in amounts not to exceed the Contract Maximum liability established in Section C1. The Contractor's compensation shall be contingent upon the satisfactory completion of services as defined in the Scope of Services section of this contract.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation. Such invoices shall be submitted for completed units of service for the amount stipulated.

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.

- D.14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under **Tennessee Code Annotated**, Sections 9-8-101 through 9-8-407.
- D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Terry Mason, Accounting Manager
Department of Finance and Administration
312 8th Avenue North, 14th Floor Tennessee Tower, Nashville, TN 37243
615.741.9744
615.532.2332 fax

The Contractor:

Link2Gov Corporation
David Stephenson, Vice President of Channel Sales
1 Burton Hills Boulevard Suite 300
Nashville, TN 37215
615.297.2770 ext. 229
615.297.9032 fax
dstephenson@Link2Gov.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.
- E.5. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.6. Catalog of Products and Services Supplement(s). During the course of this contract, the State may request the Contractor to update the Catalog of Products and Services with additional product(s) or service(s). The additional data product(s) or service(s) shall be within the general scope of services. The State shall provide the Contractor with a written description of the additional product or service, and the Contractor shall submit a price for the additional item(s). If the State and Contractor reach an agreement regarding the product(s) or service(s) and the fee associated with the addition, the agreement shall become effective by means of a contract amendment. Any such amendment requiring additional product(s) or service(s) must be mutually agreed upon by the parties and signed by the Contractor and the head of the procuring State agency and must be approved by other State officials as required by State laws and regulations. The Contractor shall not commence additional work until the State has issued a written contract amendment and secured all required approvals.
- E.7. Date/Time Hold Harmless. As required by **Tennessee Code Annotated**, Section 12-4-118, the Contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.
- E.8. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in **Tennessee Code Annotated**, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the

Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

- E. 9. Interchange, Dues, Assessments and Fees. The Contractor shall maintain documentation of the actual costs for the credit card associations' and the debit networks' interchange, dues, assessments and fees paid by the Contractor. The Contractor shall provide such documentation as well as documentation of the credit card associations' and the debit networks' interchange descriptions, rates and fees at the State's request. The Contractor shall maintain such documentation in accordance with Section D.8. Records.
- E.10 Certificate of Insurance. The Contractor shall send a Certificate of Insurance Coverage to the State for each policy period covered during the length of the Contract, and shall notify the State of any change in the Financial Institution Blanket Bond Coverage. If the Contractor utilizes a financial institution for settlement, the Contractor shall send the Certificate of Insurance Coverage for the settlement bank.

IN WITNESS WHEREOF:

LINK2GOV CORPORATION:



5/26/05

John Hunnicutt, Executive Vice President/Secretary

Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:



5-27-05

M. D. Goetz, Jr., Commissioner

Date



APPROVED:

per FdA Commissioner Signature above

DEPARTMENT OF FINANCE AND ADMINISTRATION:

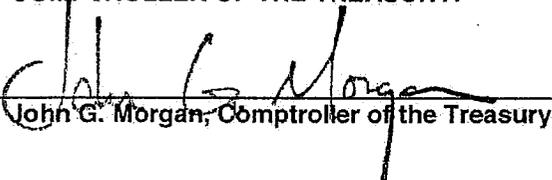


MAY 27 2005

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:



5/27/05

John G. Morgan, Comptroller of the Treasury

Date

MERCHANT AGREEMENT



**SUBMITTER MERCHANT AGREEMENT
PAYMENT PROCESSING INSTRUCTIONS AND GUIDELINES**

Paymentech, L.P. ("Paymentech" or "we", us" or "our" and the like) and Link2Gov, Corp. ("Link2Gov") are excited about the opportunity to provide you with state-of-the-art payment card processing services. For ease of reference, we will refer to the agency signing these instructions and guidelines below as ("you", "yours" and the like). The following information is designed to inform and assist you as we begin our relationship.

Important Definitions

To help you understand these instructions and guidelines, you will need to understand these defined terms.

- *Authorization* is the authorization of all entries to a consumer's account given by the consumer to you. The authorization must be obtained in a manner and form consistent with the regulations pertaining to consumer authorizations as consistent with NACHA rules and regulations and Regulation E, and, where required thereby, must be in writing. Authorization is required for all ACH transactions both recurring and non-recurring.
- *ACH* is an electronic debit or credit to or from your bank account; or an electronic debit or credit to a consumer's bank account as authorized by an agreement between you and the consumer which represents a sale of Products to the consumer.
- *Association* is a group of Card issuer banks or debit networks that facilitate the use of payment cards, such as the systems operated by MasterCard International, Inc. and Visa, Inc., NYCE, Pulse, Star, and Interlink debit networks.
- *Association Rules* are the bylaws, rules, and regulations, as they exist from time to time, of the Associations.
- *Card* is both the plastic card or other evidence of the account and the account number, issued by a Card Issuer or a debit network to the Cardholder, either of which you accept from your customers as payment for their purchases from you, and for which Paymentech agrees to process.
- *Cardholder* is the person to whom the Card is issued and who is entitled to use the Card.
- *Chargeback* is a reversal of a Card sale you previously presented to Paymentech pursuant to Association Rules.
- *ECP* is electronic check processing which are ACH or Facsimile Draft transactions sent by you to us for the purposes of debiting or crediting consumer demand deposit or savings accounts.
- *ECP Return* is the reversal of charge that you have previously presented for ECP, or the receipt of a Notification of Change. It is generally initiated by the consumer's bank at the request of the consumer or may be caused due to invalid account data, insufficient funds at the receiving institution or any reason allowed by Federal Reserve Regulations pertaining to the ACH system.
- *Facsimile Draft* means a non-electronic document representing Sales Data created by Paymentech upon your request.
- *NACHA* means the National Automated Clearing House Association, which is an organization that establishes and controls the rules and regulations under which financial institutions may process ACH transactions.
- *Notification of Change* is a non-dollar transaction sent to us by the receiving Institution which advises that the data contained in the original transaction is either incorrect or has been changed. The Notice of Change provides the correct data allowing for the processing of the Transaction.
- *Prenote* means a non-dollar transaction sent through the ACH network by us at your request to a consumer's bank for the purpose of verifying the accuracy of the account data. It has the same information (with the exception of the dollar amount and transaction code) that will be carried on subsequent entries. Prenotes are optional.
- *Products* mean those goods and services that are sold or rendered by you in connection with your usual business.
- *Retrieval Request* is a request for information by a Cardholder or Card Issuer relating to a claim or complaint concerning a Card sale you have made.
- *Sales Data* is the evidence and electronic record of a sale or lease transaction representing payment by use of a Card or of a refund/credit to a Cardholder.
- *T&E Card* is a travel and entertainment Card issued by American Express, Novus/Discover, Carte Blanche, Diner's Club, or such other T&E Card for which we may agree to accept submissions in the future.
- *Validation* is the process by which we determine if the Sales Data or Prenote presented are capable of being processed through the Federal Reserve System.
- *Verification* means the system of electronically matching Sales Data information against a negative file account database for the purpose of identifying accounts which have unpaid checks outstanding or have been closed for cause. There is no financial recourse or payment provided for any checks that are later returned regardless of the verification response.

Your Acceptance of Cards

- Each sale you make involving a Card must be evidenced by a single Sales Data record completed with the sale date and the sale amount, and other information as required by the Associations or by us. You are not allowed to set a dollar amount above or below which you refuse to honor otherwise valid Cards.
- You agree to comply with all Association Rules, as may be applicable to you and in effect from time to time and of which you have been informed. You understand that we may be required to modify these instructions and guidelines in order to comply with requirements imposed by the Association Rules.
- The Association Rules require that each Sales Data you tender to us for processing comply with the following conditions: (1) The Sales Data represents payment or refund of payment, for the bona fide sale or lease of the goods, services or both, which you have provided in the ordinary course of your business; (2) The Sales Data does not involve any element of credit for any purpose other than payment for a current transaction (including payment of a previously-dishonored check) and, except in the case of approved installment or pre-payment plans, the goods have been shipped or services actually rendered to the Cardholder; (3) To your knowledge, the Sales Data is free from any material alteration not authorized by the Cardholder; and (4) You have not advanced any cash to the Cardholder or to yourself in connection with the Card transaction, nor have you accepted payment for effecting credits to a Cardholder's account.
- In offering payment options to your customers, you may elect any one of the following options: (1) Accept all types of Visa and MasterCard Cards, including consumer credit and debit/check cards, and commercial credit and debit/check cards; (2) Accept only Visa and MasterCard credit cards and commercial cards (if you select this option, you must accept all consumer credit cards (but not consumer debit/check cards) and all commercial card products, including business debit/check cards); Accept only Visa and MasterCard consumer debit/check cards (if you select this option, you must accept all consumer debit/check card products (but not business debit/check cards) and refuse to accept any kind of credit cards). The acceptance options above apply only to domestic transactions and, as such, they do not apply to Visa or MasterCard Cards issued by non-U.S. banks. In other words, if your customer presents a Visa or MasterCard Card issued from a European or Asian bank, for example, Association Rules require you to accept that card just as you would any other card (provided you receive a valid authorization and confirm the identity of the cardholder with a signature or otherwise, etc.), regardless of the acceptance option choice you have made and even if you have elected not to accept that type of Card from U.S. issuers.
- If you choose to limit the types of Cards you accept, the following rules apply to you: (1) You must display appropriate signage to indicate acceptance of the limited acceptance category you have selected (that is, accept only debit/check card products or only credit and commercial products); and (2) Any Sales Data submitted into interchange outside of the selected product category will be assessed the standard interchange fee applicable to that Card product and may also have additional fees/surcharges assessed.
- All available information about the sale, including handling and shipping charges, if applicable must be accurately recorded. You are responsible for determining that the purchaser is the person whose name appears as the Cardholder. If an account number is transposed into an invalid or inappropriate account number, the sale will result in a Chargeback.
- For recurring transactions, you must obtain a written request or similar authentication from the Cardholder for the goods and/or services to be charged to the Cardholder's account, specifying the frequency of the recurring charge and the duration of time during which such charges may be made. You must not complete any recurring transaction after receiving: (i) a cancellation notice from the Cardholder (ii) notice from Paymentech or an Association; or (iii) an authorization code that the Card is not to be honored. You must include in your Sales Data the electronic indicator that the transaction is a recurring transaction.

Authorizations

- The Card Associations require you to obtain authorization codes for all Card transactions. We will designate an authorization center for you to contact. Under certain circumstances, we will make authorization/approval code requests on your behalf, if you have not otherwise provided an authorization/approval code. Please understand that receiving an authorization code for a Card transaction indicates only that credit is available for the Card transaction at the time the authorization is given, and it does not constitute a representation from us or from the Cardholder's Issuing bank that a particular Card transaction is in fact a valid or undisputed transaction entered into by the actual Cardholder or an authorized user of the Card.

Refunds and Adjustments

- The Card Associations require you to maintain a fair policy with regard to the return/cancellation of merchandise or services and adjustment of Card sales. You must also disclose your return/cancellation policy to your customers.
- If you allow a price adjustment, return of merchandise or cancellation of services in connection with a Card sale, you must prepare and deliver to us Sales Data reflecting such refund or adjustment within 3 days of receiving the customer's request for such refund/adjustment. The amount of the refund/adjustment cannot exceed the amount shown as the total on the original Sales Data except by the exact amount required to reimburse the Cardholder for postage that the Cardholder paid to return merchandise. You are not allowed to accept cash or any other payment or consideration from a customer in return for preparing a refund to be deposited to the Cardholder's account nor to give cash refunds to a Cardholder in connection with a Card sale, unless required by law.
- Paperwork is not necessary for an even exchange. For an uneven exchange, complete a credit for the total amount of the merchandise being returned and complete a new sales transaction for any new merchandise purchased.
- Please be aware, if your refund policy prohibits returns under certain circumstances, you may still receive a Chargeback relating to such sales pursuant to the Association rules.

Settlement

- In order to receive the most favorable Interchange rate, you need to transmit your Sales Data to us on the next business day immediately following the day that such Sales Data is originated. For debit Card transactions that are credits to a Cardholder's account, you must transmit such transaction to us within 24 hours of receiving the authorization for such transaction. Late submission of Sales Data may result in higher Association fees and/or a Chargeback to you.
- We will settle all proceeds from your Card transactions in accordance with the *Funding Schedule* that is attached to these instructions and guidelines.
- If you want us to process T&E Card transactions for you, you must have in effect a valid agreement with the respective T&E Card company. Upon transmission of such Sales Data by you, we will forward the Sales Data to the appropriate T&E Card company. Payment of the proceeds due you will be governed by whatever agreement you have with that T&E Card company, and we do not bear any responsibility for their performance. If your agreement with a T&E Card company requires the T&E Card company's consent for us to perform the services you want us to perform, you are responsible for obtaining that consent.
- Upon our receipt of your Sales Data for Card transactions, we will process your Sales Data to facilitate the funds transfer between the various Associations and you for Card sales. After we receive credit for such Sales Data, we will provide provisional credit to you as you designate in the *Funding Schedule*.
- You must not submit Sales Data for payment until the goods are delivered, shipped, or the services are performed. If the Cardholder disputes being charged for merchandise or services before receiving them, the result may be a chargeback to you. We may from time to time contact customers to verify that they have received goods or services for which Sales Data has been submitted.

Retrieval Requests

- The Associations require you to store original documentation of each transaction for at least six months from the date of the respective transaction, and to retain copies of all such data for at least 18 months from the date of the respective transaction. The Associations do not allow you to charge a fee for the creation or storage of such copies.
- We will send you any Retrieval Request that we cannot satisfy with the information we have on file concerning any Card sale. In response, you must provide us in writing by certified or overnight mail or by confirmed fax the resolution of your investigation of such Retrieval Request and include legible copies of any documentation required by the Retrieval Request within seven business days after we send it to you. Once we receive your response, we will take the appropriate steps in a timely manner to reduce the probability of the Cardholder's bank sending an unjustified Chargeback to you. Remember, your failure to fulfill a Retrieval Request in accordance with Association Rules may result in an Irreversible Chargeback to you.

Chargebacks

- You may receive a Chargeback from a Cardholder or Card issuer for a number of reasons under the Association Rules. The following are some of the most common reasons for Chargebacks: (1) You do not issue a refund to a Cardholder upon the return or non-delivery of goods or services; (2) An authorization/approval code was required and not obtained; (3) The Sales Data is prepared incorrectly or fraudulently; (4) We did not receive your response to a Retrieval Request within seven business days as required by the Association Rules; (5) The Cardholder disputes the Card sale or the signature on the sale documentation, or claims that the sale is subject to a set-off, defense or counterclaim; (6) The Cardholder refuses to make payment for a Card sale because in the Cardholder's good faith opinion, a claim or complaint has not been resolved, or has been resolved by you but in an unsatisfactory manner; or (7) The Card was not actually presented at the time of the sale or you did not obtain an electronic record or a physical imprint of the Card, and the Cardholder denies making the purchase.
- If you have reason to dispute or respond to a Chargeback, then you must do so by the date provided by us on our report to you. We are not required to investigate, reverse or make any adjustment to any chargeback when thirty (30) calendar days have elapsed from the date of the Chargeback. All responses to Chargebacks must be in writing, and must contain the following information: (1) Date of debit/credit advice; (2) your case number; (3) the total amount of the Chargeback; (4) the date and dollar amount in which the sale/credit was originally submitted; (5) If known, the date and authorization code; and (6) Any supporting documentation to substantiate your claim. You should include a dated cover letter detailing the reasons for requesting a review of the Chargeback.

Data Security and Privacy

- We will exercise reasonable care to prevent disclosure or use of Card information, other than as permitted under the Association Rules. You must exercise reasonable care to prevent disclosure of Card information, other than to your agents and contractors for the purpose of assisting you in completing a Card transaction, or to the applicable Association, or as specifically required by law. Each party will store all media containing Card numbers in an area limited to selected personnel and prior to either party discarding any material containing Cardholder information, the party will destroy it in a manner rendering the Card account numbers unreadable. If at any time either party determines that Card account number information has been compromised, such party will notify the other party immediately and assist in providing notification to the proper parties as we deem necessary. Merchant information may be shared by us with our affiliates subject to the provisions of this Agreement and Association Rules. Association Rules require you to comply with all security standards and guidelines that may be published from time to time by Visa, MasterCard or any other Association, including, without limitation, the Visa U.S.A. Cardholder Information Security Program (collectively, the "Security Guidelines"). Pursuant to CISP, you must: (1) Install and maintain a working network firewall to protect data accessible via the Internet; (2) Keep security patches up-to-date; (3) Encrypt stored data and data sent over open networks; (4) Use and update anti-virus software; (5) Restrict access to data by business "need-to-know"; (6) assign a unique ID to each person with computer access to data; (7) Not use vendor-supplied defaults for system passwords and other security parameters; (8) Track access to data by unique ID; (9) Regularly test security systems and processes; (10) Maintain a policy that addresses information security for employees and contractors; (11) Restrict physical access to cardholder information; and (12) When outsourcing administration of information assets, networks, or data, retain legal control of proprietary information and use limited "need-to-know" access to such assets, networks or data. Please note that failure to comply with the CISP requirements and other Security Guidelines may result in fines and/or penalties being levied against you or against us because of your actions by the Associations. If this occurs you agree to reimburse us immediately for any fine or penalty imposed due to your violation of the Security Guidelines.
- The Associations require you to post and maintain on all your applicable web sites both your consumer data privacy policy and your method of transaction security.
- The Associations prohibit you from retaining or storing CVV2/CVC2 data subsequent to the authorization.

- The Association Rules provide that Cardholder Information and transaction data is owned by the Associations, the Card Issuer and the Cardholder.
- You may not use any Card or Cardholder Information other than for the sole purpose of completing the transaction authorized by the customer for which the information was provided to you, or as specifically allowed by Association Rules, or required by law. Any Association or its designee may inspect your premises and computers, and the premises and computers of any company you have contracted with, for the purposes of verifying that Cardholder Information is securely stored and processed, and is not used for any purpose other than processing the transactions to which it relates.

Electronic Check Processing

- You are not required utilize us for electronic check processing. If you choose to send us ECP transaction, you must present Sales Data to us in the same manner you submit other Sales Data to us. All Sales Data must be supported by a previously obtained Authorization, if required, from the consumer.
- We will deliver to a participant in the Federal Reserve System data representing such Sales Data that pass the Validation process in a timely manner allowing for the Initiation of an ECP transaction to the consumer's bank account. We will report to you those transactions which fail the Validation process.
- The delivery to us of such Sales Data shall constitute an assignment to us by you, conditional upon your compliance with these instructions, of each Item of Sales Data and the indebtedness thereunder.
- You must obtain the consumer's Authorization prior to the initiation of any ECP transaction and you must maintain a file containing such Authorizations.
- You cannot reinstate ECP transactions once they have received a "Payment Stopped" as a reason for return, unless an Authorization from the customer overriding the stop payment has been received.
- You are responsible for complying with the laws and regulations governing the initiation of preauthorized electronic debit entries, including but not limited to the Electronic Fund Transfer Act of 1978 and Federal Reserve Regulation E, as it may be amended from time to time, and all applicable NACHA rules and regulations.

Debit Bill Payment

- Upon your request, we will provide you with the ability to accept customers' debit cards or ATM cards for payment with the debit network logos for NYCE, STAR and PULSE, without use of personal identification numbers ("PINs") (the "Services"). These debit networks allow merchants to accept debit card or ATM card payments under the rules and regulations they have established for debit bill payment.
- You will allow transactions without a PIN for bill payments to be processed through your customer-facing payment platforms; which are solely controlled and operated by you and not included within the services we provide to you. Paymentech will immediately provide and continually update a bank identification number ("BIN") file for you to determine whether the card presented by each customer can be processed over the debit networks, i.e., whether it is a debit card that can be processed, or credit card that cannot be processed. You agrees to provide all bill payment data in accordance with the pre-existing and independently-developed Paymentech data processing formats that are used for generic payment processing. If the Card's BIN range is found on the BIN table, you may format the transaction as a debit bill payment and process the transaction through the debit networks, provided you have made all the required disclosures to, and given the consumer/cardholder the required payment choice language and the option to cancel the payment before it's completed if they choose to do so.
- We will settle with you on any submitted debit bill payment transaction that you have processed and sent to us through the network correctly and that has not been rejected in the network for any other reason in accordance with our pre-existing and independently-developed data processing systems.
- We will report to you both authorized but unsettled and settled debit bill payment transactions on a daily basis via a secured and password protected Internet connection in accordance with our pre-existing and independently-developed reporting systems. The debit bill payment transactions successfully deposited will be categorized by network, i.e., method of payment (e.g., Star, Pulse or NYCE).

Please acknowledge your receipt of these instructions and guidelines and your agreement to comply therewith.

State of Tennessee Department of Finance and Administration
Name of Government Entity or Agency

By: _____
Printed Name: _____
Title: _____
Date: _____

Agreed and Accepted by:

Link2Gov, Corp.

By: _____
Print Name: Ed Braswell
Title: Chief Executive Officer
Date: _____
Address: 1 Burton Hills Blvd., Suite 300, Nashville, TN 37215

Agreed and Accepted by:

PAYMENTECH, L.P.

By: PTI General Partner, LLC
Its: General Partner

By: _____
Print Name: Sheryl M. York
Title: Director
Date: _____
Address: 4 Northeastern Boulevard, Salem, NH 03079

Link2Gov/040605/Ver-27Adden



FUNDING SCHEDULE

In order to receive funds from Paymentech, you must maintain a bank account at a bank that is a member of the Automated Clearing House ("ACH") system and the Federal Reserve wire system. You are solely liable for all fees and costs associated with your bank account and for all overdrafts. You authorize Paymentech to initiate electronic credit and debit entries and adjustments to your bank account in accordance with this funding schedule. We will not be liable for any delays in receipt of funds or errors in bank account entries caused by third parties, including but not limited to delays or errors by the Associations or your bank.

The proceeds payable to you shall be equal to the amounts received by us in respect of your Sales Data less all Chargebacks and Cardholder refunds. Such amounts will be paid to you promptly following our receipt of the funds. If the Sales Data does not represent sufficient credits or the bank account does not have a sufficient balance to pay amounts due from you under this funding schedule, we may pursue one or more of the following options: (i) demand and receive immediate payment for such amounts; (ii) debit your bank account for the amount of the negative balance; (iii) withhold your settlement payments until all amounts are paid, (iv) delay presentation of your refunds until you make a payment to us of a sufficient amount to cover the negative balance; and (v) pursue any remedies we may have at law or in equity.

Unless and until we receive written instructions from you to the contrary, all amounts payable by Paymentech to you will be deposited in the bank account designated and authorized by you on the Addendum For Application For Credit Card Processing Service Agreement/New Division Request.

CONTRACT ATTACHMENT B

UNIT PRICES

Cost Item Description	Unit	Unit Price-Year 1	Unit Price-Year 2	Unit Price-Year 3	Unit Price-Year 4	Unit Price-Year 5
Authorization and Processing Fees:						
Visa and MasterCard - Rate Per Item (.XXXXXX%)	\$ Volume	.04000%	.04000%	.04000%	.04000%	.04000%
Visa and MasterCard - Cost Per Item (\$.XXXXX)	Each	.12500	.12500	.12000	.12000	.12000
American Express - POS - Cost Per Item (\$.XXXXX)	Each	.12500	.12500	.12000	.12000	.12000
American Express - Internet - Cost Per Item (\$.XXXXX)	Each	.15000	.15000	.14500	.14000	.13500
Diners - POS - Cost Per Item (\$.XXXXX)	Each	.12500	.12500	.12000	.12000	.12000
Diners - Internet - Cost Per Item (\$.XXXXX)	Each	.15000	.15000	.14500	.14000	.13500
Discover - POS - Cost Per Item (\$.XXXXX)	Each	.12500	.12500	.12000	.12000	.12000
Discover - Internet - Cost Per Item (\$.XXXXX)	Each	.15000	.15000	.14500	.14000	.13500
Virtual Terminal Transaction - Cost Per Item (\$.XXXXX)	Each	.03000	.03000	.02500	.02500	.02500
On-line Debit card (PIN-based) - Cost Per Item (\$.XXXXX)	Each	.17500	.17500	.17000	.16500	.16000
Equipment:						
Replacement of existing POS terminals, printers & software for existing merchant/sales locations, with the following applications: <ul style="list-style-type: none"> Retail Application (features include: Address Verification, Purchasing Cards) Restaurant Application (features include: Waiter Banking, Server Report, IRS Tip Report) (With built-in pin pad and printer to be included) Device Type: Verifone Omni 3740	Each	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
For additional merchant/sales locations, purchase of POS Terminal, printer & software with the following applications: <ul style="list-style-type: none"> Retail Application (features include: Address Verification, Purchasing Cards) Restaurant Application (features include: Waiter Banking, Server Report, IRS Tip Report) IP-enabled terminal with Ethernet and dial capabilities With built-in pin pad and printer Device Type: Verifone Omni 3740	Each	\$495.00	\$490.05	\$485.15	\$480.30	\$475.50

Cost Item Description	Unit	Unit Price-Year 1	Unit Price-Year 2	Unit Price-Year 3	Unit Price-Year 4	Unit Price-Year 5
Equipment: (cont)						
For additional merchant/sales locations, purchase of POS Terminal, printer & software with the following applications: <ul style="list-style-type: none"> • Retail Application (features Include: Address Verification, Purchasing Cards) • Restaurant Application (features include: Waiter Banking, Server Report, IRS Tip Report) • Lodging Application (features include: No Show Billing, Delayed Charge, Express Charge, Card Deposit Function, Rapid Check-In, Incremental Authorizations, Update Folio Information) 	Each	\$395.00	\$391.05	\$387.14	\$383.27	\$379.44
Device Type: Verifone Omni 7000						
Purchase of PC Software (for processing transactions at point-of-sale using a PC application):	Each	\$7.49	\$7.24	\$6.99	\$6.74	\$6.49
Software Title: LINK2POS (browser based with real-time reporting)						
Set-up Fee for Internet Virtual Terminal:	Each	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LINK2POS (browser based with real-time reporting)						
Purchase of Debit Card Pin Pad:	Each	\$129.00	\$127.71	\$126.43	\$125.17	\$123.92
Device Type: Pinpad 1000 (not required if Omni 3740 is utilized)						
Magnetic Card Reader for PC Software:	Each	\$89.00	\$88.11	\$87.23	\$86.36	\$85.49
Device Type: Wedge Model IDT 3321						
PIN Pad for PC Software:	Each	\$129.00	\$127.71	\$126.43	\$125.17	\$123.92
Device Type: Pinpad 1000						
Combination Pin Pad/ Magnetic Card Reader for PC Software:	Each	\$269.00	\$266.31	\$263.65	\$261.01	\$258.40
Device Type: Verifone Omni SC5000						
Equipment Maintenance:						
Monthly Maintenance Fee for POS Terminal, printer & software	Each	\$4.49	\$4.49	\$4.49	\$4.49	\$4.49
Monthly Support Fee for PC Software (for processing transactions at point-of-sale using a PC application)	Each	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(Included with LINK2POS in Equipment above)						
Monthly Support Fee for Internet Virtual Terminal	Each	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(Included with LINK2POS in Equipment above)						

Cost Item Description	Unit	Unit Price-Year 1	Unit Price-Year 2	Unit Price-Year 3	Unit Price-Year 4	Unit Price-Year 5
<i>Other charges:</i>						
Merchant Number Set Up	Merchant #	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Merchant Number Maintenance	Merchant #	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95
Chargebacks	Each	\$9.95	\$9.95	\$9.95	\$9.95	\$9.95

REQUEST: ALTERNATIVE PROCUREMENT METHOD

<p>APPROVED</p> <p style="text-align: center;"><i>John S. Moran/cw</i></p> <p>Comptroller of the Treasury</p> <p>Date: <u>5-4-05</u></p>	<p style="text-align: center;">RECEIVED</p> <p style="text-align: center;">PR 29 AM 8:00</p> <p style="text-align: center;"><i>M.D. Smith Jr./BS</i></p> <p style="text-align: center;">COMMISSIONER'S OFFICE OFFICE OF MANAGEMENT SERVICES</p> <p>Commissioner of Finance & Administration</p> <p>Date: <u>4/28/05</u></p>
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Note: Comptroller approval is required for an Alternative Competitive process that will result in a contract requiring the approval of the Comptroller.

<p>Each of the request items below indicates specific information that <u>must</u> be individually detailed or addressed as required. A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.</p>	
RFS #	317.05-042
STATE AGENCY NAME :	Finance and Administration
SERVICE CAPTION :	Statewide Credit Card & Debit Card Processing; Visa/Mastercard Acceptance & Settlement; Debit Card Acceptance & Settlement
CONTRACT START DATE : (if date is < 60 days after F&A receipt, attach required explanation)	5/27/2005
LATEST POSSIBLE END DATE : (including ALL options to extend)	5/26/2010
TOTAL MAXIMUM COST : (including ALL options to extend)	\$2,600,000 (estimated \$2,080,000 for card-association interchange fees and rates and estimated \$520,000 for Contractor fees)
ADDITIONAL REQUIRED REQUEST DETAILS BELOW (address each item immediately following the requirement text)	
(1) description of service to be acquired :	
The State intends to secure a contract for: (a) Credit card, off-line debit card and on-line (PIN-based) debit card acceptance and processing services; (b) Implementation and support of Point-of-sale (POS) terminals, PC-based, Internet and third-party interface processing;	
(2) justification for using an Alternative Procurement Method rather than an RFP :	
See attached "Procurement Process for Merchant Services Contract". ^{attached} See <u>Appendix</u> .	
(3) proposed alternative procurement procedures and contractor selection criteria :	
A selection of potential contractors will be developed from a review of VISA/MC- compliant service providers, that are not banks nor processors. Those potential contractors will be invited to a pre-bid telephone conference. At the pre-bid conference the pro-forma contract will be discussed as well as a mandatory requirements document and a price schedule document. The procurement process will also be discussed. Responses to the Mandatory Requirements will be reviewed first by a panel of state employees. The Price Schedules will be opened for all Vendors who pass the mandates. A Evaluation Cost Amount will be calculated for each passing Vendor. The contract will be awarded to the Vendor with Lowest Evaluation Cost Amount.	
See attached Merchant Service Procurement document.	

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Office of Contracts Review

Cy05 # 260

(4) documentation of OIR endorsement of the Non-Competitive procurement request : (required <u>only</u> if the subject service involves information technology)	
select one:	<input type="checkbox"/> Documentation Not Applicable to this Request <input checked="" type="checkbox"/> Documentation Attached to this Request
(5) documentation of Department of Personnel endorsement of the Non-Competitive procurement request : (required <u>only</u> if the subject service involves training for state employees)	
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
AGENCY HEAD REQUEST SIGNATURE: (signed by the procuring agency head or authorized signatory)	
	SIGNATURE DATE:

Procurement Process for Merchant Services Contract

Current Contract Information:

Contractor	Description	Begin Date	End Date	Contract Amount
Key Merchant Services, LLC (KMS)	Statewide Credit Card & Debit Card Processing; Visa/Mastercard Acceptance & Settlement; Debit Card Acceptance & Settlement	7/10/2000	7/9/2005	\$4,600,000

Procurement Process Summary:

Issue Date	Document	Description and/or Result	# Responses	Evaluation of Technical Proposals	Evaluation of Cost Proposals	Notice Date
11/19/2002	Request for Information (RFI) RFS 317.05-001	RFI sent to 15 companies for the purpose of better understanding new advances in credit/debit card acceptance. Companies were asked to provide responses to various technical questions concerning credit/debit card acceptance and processing.	9	n/a	n/a	n/a
9/8/2003	Request for Proposals (RFP) RFP 317.05-013	RFP for electronic payment acceptance and processing services sent to 32 potential vendors.	8	(1) Govolution Incorporated and (2) 5th 3rd Bank (proposal after deadline) - Multiple Proposals (3) Key Merchant Services, LLC and (4) U. S. Bank Merchant Payment Services - Multiple Proposals (5) Concord EFS, Inc./Link2Gov Corp. and (6) Bank of America/Link2Gov - Multiple Proposals (7) Global Payments Direct - nonresponsive to mandatory proposer qualifications (8) Paymentech L. P. - nonresponsive to mandatory proposer qualifications	n/a - based on the failure of all proposals to meet technical specifications, the RFP was cancelled.	10/30/2003
12/15/2003	Request for Proposals (RFP) RFP 317.05-020	RFP for electronic payment acceptance and processing services sent to 36 potential vendors.	7	(1) Key Merchant Services, LLC and (2) U. S. Bank Merchant Payment Services - Multiple Proposals (3) Paymentech L. P. - nonresponsive to mandatory proposer qualifications	(1) Bank of America modified/qualified the Cost Proposal so in compliance with RFP language the proposal was deemed nonresponsive. (2) Concord EFS, Inc./Link2Gov Corp. modified the Cost Proposal so in compliance with RFP language the proposal was deemed nonresponsive.	2/17/2004

Procurement Process Summary:

Issue Date	Document	Description and/or Result	# Responses	Evaluation of Technical Proposals	Evaluation of Cost Proposals	Notice Date
2/17/2004	Competitive Negotiation Solicitation - RFS 317.05-022	Competitive Negotiation Solicitation for electronic payment acceptance and processing services sent to 8 vendors	5	<p>(4) Nationwide Payment Solutions, LLC and (5) First Data- Proposals received after the deadline</p> <p>(6) Concord EFS, Inc./Link2Gov Corp. - Technical Proposal met technical requirements.</p> <p>(7) Bank of America - Technical Proposal met technical requirements.</p>	None of the offers submitted complied with the Solicitation's requirements and as a result, all offers were determined nonresponsive.	3/29/2004
11/4/2004	Request for Proposals (RFP) RFP 317.05-029	RFP for electronic payment acceptance and processing services sent to 43 potential vendors.	5	<p>(1) Paymentech L.P. and (2) Bank of America - letter not responding due to contract issues</p> <p>(3) Key Merchant Services, LLC - non-responsive to Mandatory Requirements.</p> <p>(4) GP Money Services - faxed one response including price schedule - non-responsive to Mandatory Requirements.</p> <p>(5) U.S. Bank - price schedule not sealed - response primarily to previous RFP not to Competitive Negotiation</p>	<p>(1) Bank of America modified 1 cost item (Diners Card per item charge) in the Cost Proposal so in compliance with RFP language the proposal was deemed nonresponsive.</p>	1/31/2005

2/1/2005 Request: Non-Competitive Contract

Fiscal Review voted to recommend approval of the contract by the Commissioner of Finance and Administration and OCR approved February 9, 2005.

n/a

n/a

Procurement Process Summary:

Issue Date	Document	Description and/or Result	# Responses	Evaluation of Technical Proposals	Evaluation of Cost Proposals	Notice Date
		<p>Met with Bank of America (BOA) on February 15th to work through its Merchant Agreement. BOA expressed concern over there being just one contract. Discussed with and met with BOA several times. On March 28th, BOA called and withdrew from the opportunity to contract with the State citing its inability to sign one contract, the contract. BOA's practice is to sign a contract with the customer and then its partner, in this case Link2Gov, to sign its own contract with the customer.</p>				

ADDENDUM TO:

2. justification for using Alternative Procurement Method rather than an RFP:

F&A has tried the procurement process several times. The RFP process has been difficult for proposers to pass without making an error. By using this method, there is no evaluation of a technical proposal beyond the commitment of Mandatory Requirements, thus eliminating the risk for technical non-compliance by an error by the proposer in the technical proposal portion.

M.A. [Signature]
4-28-05