

CONTRACT #8
RFS # 347.01-11057
FA # NA
Edison # Pending

Department of Revenue

VENDOR:
Global Payment Systems, LLC



RECEIVED

JUL 17 2013

FISCAL REVIEW

BILL HASLAM
Governor

STATE OF TENNESSEE
DEPARTMENT OF REVENUE
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37242

RICHARD H. ROBERTS
Commissioner

July 15, 2013

The Honorable Bill Ketron, State Senator
Chair, Joint Fiscal Review Contract Service Subcommittee
309 War Memorial Building
Nashville, Tennessee 37243-0213

Re: Proposed New Non-Competitive Contract - Global Payment Systems LLC

Dear Senator Ketron:

The subject proposed new contract between the Tennessee Department of Revenue and Global Payment Systems LLC ("GPS") is enclosed herewith for the review of your Subcommittee. The current non-competitive contract between TDOR and GPS, which was approved by the Fiscal Review Committee on June 25, 2008, ends on August 31, 2013. TDOR is now seeking approval of a new non-competitive contract with a five year term.

Global Payment Systems provides the Department of Revenue with an Electronic Funds Transfer (EFT) service that is used by taxpayers to remit tax payments by ACH Debit. The EFT program is legislatively mandated to certain taxpayers. Currently, the Department has electronic filing and payment mandates for Sales Tax, Business Tax, Franchise & Excise Tax, and Professional Tax.

The Department of Revenue had been planning to embark on a project to transition the current EFT service to in-house services. With the significant increase in volume of electronic payments and tax filings associated with recent electronic filing mandates the proposed in-house project is not feasible at this time

The Department of Revenue believes it is in the best interest of the Taxpayers, TDOR and the State to keep the current EFT program and the over 30,000 taxpayers registered for the EFT service stable until it can be transitioned to in-house services. Any disruption could cause the Department of Revenue to not be in compliance with TCA code and impact the timely collection of an average \$130 million dollars monthly.

The Department of Revenue requests approval of the contract needed to obtain vital EFT services.

Your approval of this request will be greatly appreciated.

Sincerely,

A handwritten signature in blue ink that reads "Richard H. Roberts". The signature is written in a cursive style with a large, prominent "R" at the beginning.

Richard H. Roberts

RR:JAL



BILL HASLAM
Governor

STATE OF TENNESSEE
DEPARTMENT OF REVENUE
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37242

RICHARD H. ROBERTS
Commissioner

July 12, 2013

The Honorable Bill Ketron, State Senator
Chair, Joint Fiscal Review Contract Service Subcommittee
309 War Memorial Building
Nashville, Tennessee 37243-0213

Re: Explanation – Request for Approval Less than Sixty (60) Days Before Effective Date -
Global Payment Systems LLC

Dear Senator Ketron:

Global Payment Systems provides the Department of Revenue with an Electronic Funds Transfer (EFT) service that is used by taxpayers to remit tax payments by ACH Debit. The EFT program is legislatively mandated to certain taxpayers. Currently, the Department has electronic filing and payment mandates for Sales Tax, Business Tax, Franchise & Excise Tax, and Professional Tax.

Addressing the significant increase in volume of electronic payments and tax filings associated with recent electronic filing mandates and time needed to review the contract caused delay in crafting a contract.

The Department of Revenue requests approval of the contract needed to obtain vital EFT services.

Your approval of this request will be greatly appreciated.

Sincerely,

A handwritten signature in blue ink that reads "Richard H. Roberts".

Richard H. Roberts

RR:JAL

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	John Lamar	*Contact Phone:	(615) 253-1381		
*Original Contract Number:	N.A. (New)	*Original RFS Number:	34701-11057		
Edison Contract Number: <i>(if applicable)</i>	N.A. (New)	Edison RFS Number: <i>(if applicable)</i>	N.A.		
*Original Contract Begin Date:	9/1/2013	*Current End Date:	8/31/18		
Current Request Amendment Number: <i>(if applicable)</i>	N.A.				
Proposed Amendment Effective Date: <i>(if applicable)</i>	N.A.				
*Department Submitting:	Revenue				
*Division:	Processing				
*Date Submitted:	7/17/13				
*Submitted Within Sixty (60) days:	No				
<i>If not, explain:</i>					
*Contract Vendor Name:	Global Payments Systems				
*Current Maximum Liability:	\$1,000,000				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY: 2014	FY:2015	FY: 2016	FY:2017	FY:2018	FY:2019
\$166,667	\$200,000	\$200,000	\$200,000	\$200,000	\$33,333
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY:	FY:	FY:	FY:	FY	FY
\$0	\$	\$	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			The contract is used on as needed basis. DOR needs the amount requested in case GPS services are required. Surplus funds when to effort to boost reversion to the General Fund.		
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			N.A.		
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			N.A.		
*Contract Funding	State:	\$1,000,000	Federal:		

Supplemental Documentation Required for
Fiscal Review Committee

Source/Amount:				
Interdepartmental:			<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>		
N.A.		N.A.		
Method of Original Award: <i>(if applicable)</i>		Non-Competitive Negotiation		
*What were the projected costs of the service for the entire term of the contract prior to contract award?		None		

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
See Attachment One					

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
See Attachment Two					

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
See Attachment Two					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

Supplemental Documentation Required for Fiscal Review Committee

ATTACHMENT ONE

The contract does not list planned expenditures by fiscal year by deliverable. The contract lists amount per compensable increment. Please see enclosed Section C.3. of the contract.

Supplemental Documentation Required for
Fiscal Review Committee

ATTACHMENT TWO

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment.

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site).

Response:

The Department of Revenue (TDOR) had been planning to embark on a project to transition the current EFT service to in-house services. With the significant increase in volume of electronic payments and tax filings associated with recent electronic filing mandates the proposed in-house project is not feasible at this time. When this implementation of this project does become feasible, TDOR will estimate initial and recurring costs for the program and compare to actual vendor costs. One of the potential costs of an in-house program is whether any new staff will need to be hired for this EFT program. Another of the costs that will have to be considered is the effort to transition 30,000+ taxpayers to a new program.

TDOR believes it is in the best interest of the Taxpayers, TDOR and the State to keep the current EFT program and the 30,000+ taxpayers registered for the EFT service stable until it can be determined whether an in-house program is cost efficient. Any disruption could cause the Department of Revenue to not be in compliance with TCA code and impact the timely collection of an average \$133 million dollars monthly

Rule Exception Request

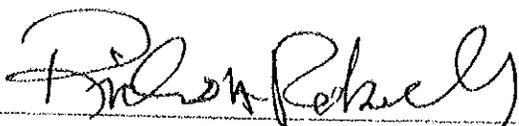
Route completed request, as one file in PDF format, via e-mail attachment sent to: AgSprs.Agsprs@state.tn.us

APPROVED

Michael J. Perry

COMMISSIONER OF FINANCE & ADMINISTRATION - CPO

Request Tracking #	34701-11057	
1. Contract #	TBD	
2. Service Caption	The provision of Electronic Funds Transfer Services	
3. Contractor	Global Payment Systems, LLC	
4. Contract Period <i>(with ALL options to extend exercised)</i>	60 months	
5. Contract Maximum Liability <i>(with ALL options to extend exercised)</i>	\$ 1,000,000	
6. Rule <i>(for which the exception is requested)</i>	<input checked="" type="checkbox"/> 0620-3-3-.03(2)(a) OR 0620-3-3-.05 requiring compliance with relevant model guidelines (only if required by oversight authorities) <input type="checkbox"/> 0620-3-3-.05(5) requiring the prescribed Nondiscrimination contract provision <input type="checkbox"/> 0620-3-3-.07(5) prohibiting a contract term greater than five (5) years <input type="checkbox"/> 0620-3-3-.07(8) prohibiting a contract with a former state employee in within six (6) months of termination <input type="checkbox"/> 0620-3-3-.07(22) requiring contractor travel reimbursement in accordance with state travel regulations <input type="checkbox"/> OTHER <i>(cite the relevant rule below)</i>	
7. Explanation of Rule Exception Requested	The requested exception language adds language to comply with Automatic Clearing House (ACH) laws and regulations.	
8. Justification	The Department of Revenue has concluded that no other vendor could provide the EFT service offered by Global Payment Systems without an interruption in service which would cause serious ramifications to taxpayers who use this service. The ACH language ensures that GPS and the state follow ACH laws and regulations. DOR's Legal Section reviewed the language and it adequately protects the state and GPS insists it is needed to enter into a contract with DOR. Please see page 3 for the proposed amendment language	

Request Tracking #	34701-11057
Agency Head Signature and Date <i>(contracting agency head or authorized signatory)</i>  7/15/13	

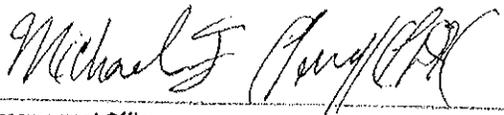
Additional Language Requested:

- E.8 The State also warrants that it will not initiate ACH entries or otherwise use the ACH system in violation of the ACH Rules or laws of the United States (including but not limited to the sanction laws administered by the Office of Foreign Assets Control ("OFAC") and programs administered by the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN")), or the laws of any other applicable jurisdictions.
- E.9. Automated Clearing House Processing. Where such services described in Attachment 2 relate to the processing and initiation of entries into the Automated Clearing House (ACH) network on behalf of the State, the Contractor agrees to comply with all applicable and current National Automated Clearing House ACH Rules in effect at the time of performing such services for the State as a Third-Party Service Provider. In addition, the Contractor agrees to enter into a separate agreement with the State's designated ACH Originating Depository Financial Institution (ODFI) at the request of the State and/or the State's ODFI, regarding quality of data, input schedules and deadlines, operating procedures, and any other issues pertinent to the actual processing and delivery of ACH data. The State acknowledges its responsibilities as the Originator under the ACH Rules and maintains agreement with its ODFI to be bound by the ACH Rules relative to Originators. The State further acknowledges that in performing these services for the State, the Contractor is acting in the capacity of a Third-Party Service Provider, but not as a Third-Party Sender, as defined under the ACH Rules. The State warrants that it has obtained or will obtain the authorization of the Receiver for ACH entries transmitted to the Receiver's account prior to transmission of such entries. The State also acknowledges its responsibilities for settling all related ACH entries with the State's designated ODFI.

Special Contract Request

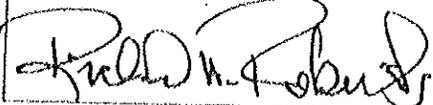
NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.
Route a completed request, as one file in PDF format, via e-mail attachment sent to: agsprs.agsprs@tn.gov.

APPROVED



Chief Procurement Officer

Request Tracking #	34701-11057
1. Contracting Agency	Department of Revenue
2. Type of Contract	<input checked="" type="checkbox"/> Non-Competitive <input type="checkbox"/> No Cost <input type="checkbox"/> Revenue
3. Requestor Contact Information	John Lamar, (615) 253-1381, john.lamar@tn.gov
4. Date Requested	6/14/13
5. Brief Service Caption	Tax payments through Electronic Funds Transfer (EFT)
6. Proposed Contractor	Global Payment Systems
7. Proposed Contract Period - with ALL options to extend exercised <i>The proposed contract start date shall follow the approval date of this request.</i>	60 months
8. Maximum Contract Cost - with ALL options to extend exercised	\$ 1,000,000.00
9. Office for Information Resources Endorsement <i>- information technology (N/A to THDA)</i>	<input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Attached
10. eHealth Initiative Support <i>- health-related professional, pharmaceutical, laboratory, or imaging</i>	<input type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
11. Human Resources Support <i>- state employee training</i>	<input type="checkbox"/> Not Applicable <input type="checkbox"/> Attached
12. Has the contracting agency procured the subject service before? <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, it was procured by... <input type="checkbox"/> RFP <input checked="" type="checkbox"/> Non-Competitive Negotiation <input type="checkbox"/> Another Competitive Method	
13. Will the State incur any substantial cost as a result of the subject agreement? (For No Cost or Revenue Contracts <u>only</u>)	<input type="checkbox"/> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> Not Applicable
14. Will the State also contract with other parties interested in entering substantially the same agreement?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES

Request Tracking #	34701-11057
15. Description of Product/Services Contractor Will Provide: Global Payment Systems provides the Department of Revenue with an Electronic Funds Transfer (EFT) service that is used by taxpayers to remit tax payments for any business tax by ACH Debit. The EFT program is legislatively mandated to certain taxpayers, and there are currently approximately 30,000 taxpayers enrolled to use this service. The service generates an average of over 3,000 transactions and \$130 million dollars monthly.	
16. Is this product/service currently available on a statewide contract? <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES If YES, please explain why the current statewide contract is not being used for this procurement.	
17. Summary of State Responsibilities Under Proposed Contract (For No Cost and Revenue Contracts only): N.A.	
18. Explanation of Need for or Requirement Placed on the State to Acquire the Service: Many taxpayers are legislatively mandated to remit tax payments electronically.	
19. Proposed Contract Impact on Current State Operations: None. TDOR currently has contract and system in place to process EFT transactions from this vendor.	
20. Justification - The department has concluded that no other vendor could provide the EFT service provided by Global Payments Systems without an interruption of service that could have serious ramifications to the department and to taxpayers. An interruption of service would cause TDOR to not be in compliance with the law and an average of \$130 million dollars monthly would not be collected timely until a new contract is in place or another solution is implemented.	
21. Contractor Selection Process and Efforts to Identify Reasonable, Competitive, Procurement Alternatives - The department has concluded that no other vendor could provide the EFT service provided by Global Payments Systems without an interruption of service that could have serious ramifications to taxpayers. There are approximately 30,000 taxpayers that will have to change their EFT Tax payment reporting procedures if another vendor is used.	
22. Name & Address of the Contractor's Principal Owner(s) - Office of the Corporate Secretary Global Payment Systems, LLC National Data Plaza Atlanta, GA 30329-2010	
23. Evidence of Contractor's Experience & Length Of Experience Providing the Service - GPS has been the department's sole provider of EFT services for over 20 years. The original procurement from GPS was by RFP.	
24. Was there an initial government estimate? <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	
25. Cost Determination Used- Cost is determined to be reasonable based on prior contracts with same vendor.	
26. Documentation of Discussions with Contractor- Draft contract emailed between agency and vendor. Any questions from either agency or vendor have been handled via email.	
27. Explanation of Fair and Reasonable Price- Cost is determined to be fair and reasonable based on prior contracts with same vendor.	
Agency Head Signature and Date - MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances	
 7/15/13	



OIR Pre-Approval Endorsement Request E-Mail Transmittal

TO : Jane Chittenden, OIR Procurement & Contract Management Director
Department of Finance & Administration
E-mail : Jane.Chittenden@tn.gov

FROM : John Lamar
E-mail : john.lamar@tn.gov

DATE : 6/3/13

RE : Request for OIR Pre-Approval Endorsement

Applicable RFS #	34701-11067
OIR Endorsement Signature & Date:	
 Chief Information Officer	
6/5/13	
<small>NOTE: Proposed contract/grant support is applicable to the subject IT service technical merit.</small>	

Office for Information Resources (OIR) pre-approval endorsement appears to be required pursuant to professional service contracting regulations pertaining to procurements with information technology as a component of the scope of service. This request seeks to ensure that OIR is aware of and has an opportunity to review the procurement detailed below and in the attached documents.

Please document OIR endorsement of the described procurement (with the appropriate signature above), and return this document via e-mail at your earliest convenience.

Contracting Agency	Department of Revenue
Agency Contact (name, phone, e-mail)	John Lamar, (615) 253-1381, john.lamar@tn.gov
Subject Procurement Document (mark one)	
<input type="checkbox"/> RFP	<input type="checkbox"/> Contract
<input type="checkbox"/> Competitive Negotiation Request	<input type="checkbox"/> Contract Amendment
<input type="checkbox"/> Alternative Procurement Method Request	<input type="checkbox"/> Grant
<input checked="" type="checkbox"/> Non-Competitive Contract Request	<input type="checkbox"/> Grant Amendment
<input type="checkbox"/> Non-Competitive Amendment Request	
Information Systems Plan (ISP) Project Applicability	
<input checked="" type="checkbox"/> Not Applicable to this Request	
<input type="checkbox"/> Applicable- ISP Project#	
Response Confirmed by IT Director/Staff (name): Bill Shanko	

Applicable RFS # 34701-11057
Required Attachments (as applicable -- copies without signatures acceptable) <ul style="list-style-type: none"><input checked="" type="checkbox"/> RFP, Competitive Negotiation Request, Alternative Procurement Method Request, Non-Competitive Contract Request, Non-Competitive Amendment Request<input type="checkbox"/> Original Contract/Grant or Amendment<input checked="" type="checkbox"/> Proposed Contract/Grant or Amendment
Subject Information Technology Service Description (Brief summary of Information technology services involved. Clearly identify included technologies such as system development/maintenance, security, networking, etc. As applicable, identify the contract & solicitation sections related to the IT services.) <p>Global Payment Systems provides the Department of Revenue with an Electronic Funds Transfer (EFT) service that is used by taxpayers to remit tax payments for any business tax by ACH Debit. The EFT program is legislatively mandated to certain taxpayers, and there are currently approximately 30,000 taxpayers enrolled to use this service. The service generates an average of over 3,000 transactions and \$130 million dollars monthly.</p>

Sourcing Analyst Recommendation

APPROVED

Central Procurement Officer

DATE: Wednesday, July 17, 2013

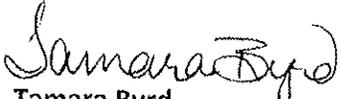
SUBJECT: Non-Competitive Contract Request – 34701-11057 –
Tennessee Department of Revenue (DOR), Global Payment Systems

I. **RECOMMENDATION:**

Approve special contract request for a Non-Competitive Contract, 34701-11057 for a Global Payment System for the Department of Revenue (DOR).

II. **ANALYSIS:**

The Department of Revenue provides Electronic Funds Transfer (EFT) for taxpayers to remit tax payments. The EFT service is legislatively mandated to certain taxpayers to remit payments electronically. The department has concluded that no other vendor could provide the EFT service provided by Global Payment Systems without an interruption in services, which would have serious ramifications to taxpayers and cause DOR to not be in compliance with the law.


Tamara Byrd
Sourcing Analyst

Draft



CONTRACT

(fee-for-service contract with an individual, business, non-profit, or governmental entity of another state)

Begin Date 09/01/13	End Date 8/31/18	Agency Tracking # 34701-11057	Edison Record ID
Contractor Legal Entity Name Global Payment Systems, LLC			Edison Vendor ID 32944

Service Caption (one line only)
Provision of Electronic Funds Transfer Services

Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA # N.A.
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Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2014	\$166,667				\$166,667
2015	\$200,000				\$200,000
2016	\$200,000				\$200,000
2017	\$200,000				\$200,000
2018	\$200,000				\$200,000
2019	\$33,333				\$33,333
TOTAL:	\$1,000,000				\$1,000,000

American Recovery and Reinvestment Act (ARRA) Funding: YES NO

Ownership/Control

African American
 Asian
 Hispanic
 Native American
 Female
 Person w/Disability
 Small Business
 Government
 NOT Minority/Disadvantaged
 Other:

Selection Method & Process Summary (mark the correct response to confirm the associated summary)

<input type="checkbox"/> RFP	The procurement process was completed in accordance with the approved RFP document and associated regulations.
<input type="checkbox"/> Competitive Negotiation	The predefined, competitive, impartial, negotiation process was completed in accordance with the associated, approved procedures and evaluation criteria.
<input type="checkbox"/> Alternative Competitive Method	The predefined, competitive, impartial, procurement process was completed in accordance with the associated, approved procedures and evaluation criteria.
<input checked="" type="checkbox"/> Non-Competitive Negotiation	The non-competitive contractor selection was completed as approved, and the procurement process included a negotiation of best possible terms & price.
<input type="checkbox"/> Other	The contractor selection was directed by law, court order, settlement agreement, or resulted from the state making the same agreement with <u>all</u> interested parties or <u>all</u> parties in a predetermined "class."

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.	OCR USE - FA
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Speed Chart (optional)	Account Code (optional)
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RV00000252

70803000

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**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
TENNESSEE DEPARTMENT OF REVENUE
AND
GLOBAL PAYMENT SYSTEMS, LLC**

This Contract, by and between the State of Tennessee, Department of Revenue, hereinafter referred to as the "State" and Global Payment Systems, LLC, hereinafter referred to as the "Contractor," is for the provision of Electronic Funds Transfer Services, as further defined in the "SCOPE OF SERVICES."

The Contractor is a Limited Liability Company
Contractor Place of Incorporation or Organization: Georgia
Contractor Edison Registration ID # 33944

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.
- A.2. The Contractor agrees to perform those services described in Attachment 2, Service Description, ("Service Description"), a copy of which is attached hereto and the terms of which are incorporated into this Contract by reference.
- A.3. The State agrees to perform the following services:
 - A.3.a. Provide the information necessary to load the master file maintained by Contractor at the required time and in the fashion set out in the Service Description.
 - A.3.b. Provide information necessary to add or delete the information referenced in A.3.a. above on the master file at the required time and in the fashion set out in the Service Description.
 - A.3.c. Provide approval of, or reasonably withhold approval of, calling instruction cards and other information publications submitted by the Contractor, which require the approval of the State.

B. CONTRACT PERIOD:

This Contract shall be effective for the period beginning September 1, 2013, and ending on August 31, 2018. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed one million dollars (\$1,000,000). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates 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 payment rates 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 payment rates 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 payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in section C.1.
- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.
 - b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

SERVICES	Unit	Years 1 - 3	Years 4 - 5
EFT			
Tax Payment (Ttone, Voice, Internet)	Each	\$0.63	\$0.66
Transaction Error (Ttone, Internet)	Each	\$0.63	\$0.66
Transaction - Warehouse	Each / Per Day	\$0.01	\$0.01
Additional Fields (Subcategory / Amount Type)	Each / Per Day	\$0.05	\$0.05
Transaction Display / Inquiry	Each	\$0.83	\$0.87
MAINTENANCE			
Taxpayer Storage	Each	\$0.26	\$0.27
Taxpayer (Add/Change/Delete)	Each	\$1.05	\$1.10
Taxpayer Password Reset	Each / Per Day	\$1.05	\$1.10
REPORT CHARGES			
Output File	Each / Month	\$315.00	\$330.75
Fax Confirmation	Each / Month	\$52.50	\$55.13
Other - Daily Transaction Report	Each / Month	\$157.50	\$165.38
IMPLEMENTATION			
New Application Set-up	Each	\$2,100.00	\$2,205.00
Touchtone Set-up	Each	\$262.50	\$275.63
Touchtone Custom Prompts	Each	\$10.50	\$11.03
Postage	Each	\$2.10	\$2.21
Express Postage	Each (Cost Plus)	\$10.50	\$11.03
Database File Extraction	Each	\$315.00	\$330.75
	Greater than 100	\$5.25	\$5.51
SYSTEM DEPENDABILITY			
Back-up Files		\$0.00	\$0.00
Other-Research	Hour	\$52.50	\$55.13
Leased Line Implementation	Each	\$1,575.00	\$1,653.75
Leased Line	Each / Month	\$1,312.50	\$1,378.13
PROFESSIONAL SERVICES			
VP/Industry Specialist/Partner		\$236.25 / \$1890.00	\$248.06 / \$1984.50
Senior Consultant / Director		\$210.00 / \$1680.00	\$220.50 / \$1764.00

Project Leader/Manager		\$189.00 / \$1512.00	\$198.45 / \$1587.60
Senior Programmer Analyst		\$157.50 / \$1260.00	\$165.38 / \$1323.00
Implementation Specialist / Trainer		\$199.50 / \$1596.00	\$209.48 / \$1675.80
Programmer / Analyst		\$99.75 / \$798.00	\$104.74 / \$837.90
System Analyst		\$99.75 / \$798.00	\$104.74 / \$837.90
Programmer		\$99.75 / \$798.00	\$104.74 / \$837.90
Technical Writer		\$126.00 / \$1050.00	\$132.30 / \$1102.50
Quality Assurance / Analyst		\$105.00 / \$840.00	\$110.25 / \$882.00

- c. The Contractor shall not be compensated for travel time to the primary location of service provision.
- d. A "day" shall be defined as a minimum of eight (8) hours of service. If the Contractor provides fewer than eight hours of service in a standard twenty-four hour day, the Contractor shall bill *pro rata* for only those portions of the day in which service was actually delivered. The Contractor shall not bill more than the daily rate even if the Contractor works more than eight hours in a day.

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in section C.3, above, and present said invoices no more often than monthly, with all necessary supporting documentation, to:

State of Tennessee, Department of Revenue
500 Deaderick Street
Room 1220
Nashville, Tennessee 37242

- a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).
 - (1) Invoice Number (assigned by the Contractor)
 - (2) Invoice Date
 - (3) Contract Number (assigned by the State)
 - (4) Customer Account Name: Tennessee Department of Revenue, Information Technology Resources Division
 - (5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
 - (6) Contractor Name
 - (7) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
 - (8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
 - (9) Contractor Remittance Address
 - (10) Description of Delivered Service
 - (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name & title as applicable) of each service invoiced
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
 - iv. Amount Due by Service
 - v. Total Amount Due for the invoice period

- b. The Contractor understands and agrees that an invoice under this Contract shall:
- (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
 - (2) only be submitted for completed service and shall not include any charge for future work;
 - (3) not include sales tax or shipping charges; and
 - (4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount invoiced.

C.7. 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.8. 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.

C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.

- a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH).
- b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations.

D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations.

D.3. Termination for Convenience. The Contract may be terminated by either party by giving written notice to the other, at least thirty (30) days before the effective date of termination. Should the State exercise this provision, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Should the Contractor exercise this provision, the State shall have no liability to the Contractor except for those units of service which can be effectively used by the State. The final decision as to what these units of service

are, shall be determined by the State. In the event of disagreement, the Contractor may file a claim with the Tennessee Claims Commission to seek redress.

- 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, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). 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.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee.

- 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 handicap or 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. Prohibition of Illegal Immigrants. The requirements of *Tennessee Code Annotated*, Section 12-4-124, *et seq.*, 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 Attachment One, 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.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of *Tennessee Code Annotated*, Section 12-4-124, *et seq.* 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.
- D.9. Records. The Contractor shall maintain documentation for all charges 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.10. 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.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.12. 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.13. 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.14. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.15. 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, natural disasters, riots, wars, epidemics, or any other similar cause.

- D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.17. 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.18. 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.19. 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.20. 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 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:

Bill Shanko, Information System Manager 3
ITR Division
Tennessee Department of Revenue
7th Floor, Andrew Jackson State Office Building
500 Deaderick Street
Nashville, TN 37242
Email: Bill.Shanko@state.tn.us
Tel: (615) 741-8386
FAX: (615) 532-2701

The Contractor:

Dianne Sheppard

Director Money Transfer Services
Global Payments Systems LLC
10 Glenlake Parkway NE
North Tower
Atlanta, Georgia 30328-3473
Dianne.sheppard@globalpay.com
Telephone # 770-829-8044
FAX # 770-829-8009

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- 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. 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 (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts 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, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.5. Tennessee Department of Revenue Registration. The Contractor shall be registered with the Department of Revenue for the collection of Tennessee sales and use tax. This registration requirement is a material requirement of this Contract.
- E.6. Confidentiality of State Records. Strict standards of confidentiality of records of the State 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, whether verbal, written, magnetic tape, cards or otherwise, 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 shall maintain the confidentiality of any "Return", "Tax Information" or "Tax Administration Information" as defined by Tenn. Code Ann. Sec. 67-1-1701, generated or acquired pursuant to this Contract. Such "Return", "Tax Information" or "Tax Administration Information" shall be protected as confidential by the Contractor in accordance with the requirements of Tenn. Code Ann. Sec. 67-1-1702 and other applicable laws and regulations. In addition to maintaining the confidentiality of any "Return", "Tax Information" or "Tax Administration Information", the Contractor shall also maintain the confidentiality of other information which it acquires from the State under the Contract, that is marked "Confidential", and shall not disclose such information to any third party unless specifically authorized to do so in writing by the State.

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 or second paragraphs 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 that the obligations set forth in this section shall survive the termination of this Contract.

- E.7. Limitation of Liability. The parties agree that the Contractor's liability under this Contract shall be limited to an amount equal to Two (2) times the Maximum Liability amount detailed in section C.1. and as may be amended, PROVIDED THAT in no event shall this section limit the liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct.
- E.8 The State also warrants that it will not initiate ACH entries or otherwise use the ACH system in violation of the ACH Rules or laws of the United States (including but not limited to the sanction laws administered by the Office of Foreign Assets Control ("OFAC") and programs administered by the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN")), or the laws of any other applicable jurisdictions.
- E.9. Automated Clearing House Processing. Where such services described in Attachment 2 relate to the processing and initiation of entries into the Automated Clearing House (ACH) network on behalf of the State, the Contractor agrees to comply with all applicable and current National Automated Clearing House ACH Rules in effect at the time of performing such services for the State as a Third-Party Service Provider. In addition, the Contractor agrees to enter into a separate agreement with the State's designated ACH Originating Depository Financial Institution (ODFI) at the request of the State and/or the State's ODFI, regarding quality of data, input schedules and deadlines, operating procedures, and any other issues pertinent to the actual processing and delivery of ACH data. The State acknowledges its responsibilities as the Originator under the ACH Rules and maintains agreement with its ODFI to be bound by the ACH Rules relative to Originators. The State further acknowledges that in performing these services for the State, the Contractor is acting in the capacity of a Third-Party Service Provider, but not as a Third-Party Sender, as defined under the ACH Rules. The State warrants that it has obtained or will obtain the authorization of the Receiver for ACH entries transmitted to the Receiver's account prior to transmission of such entries. The State also acknowledges its responsibilities for settling all related ACH entries with the State's designated ODFI.

IN WITNESS WHEREOF,

GLOBAL PAYMENT SYSTEMS, LLC:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF REVENUE:

RICHARD H. ROBERTS, COMMISSIONER

DATE

ATTACHMENT ONE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	

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.

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

ATTACHMENT 2

SERVICE DESCRIPTION

1. ELECTRONIC FUNDS TRANSFER SERVICES

Global Payments' Taxpayer @dvantage provides a user-friendly mechanism by which the State of Tennessee can provide complete electronic tax payment services to commercial taxpayers. Businesses simply initiate their tax payments via a variety of input modes including operator-assisted, touch-tone, internet, and/or batch reporting.

1.1 TAXPAYER REPORTING

Taxpayers report their tax payments using easy, step-by-step reporting instructions that are customized to reflect Tennessee's data requirements for each tax type. The taxpayer may report a single tax payment or may include multiple tax payments in a single reporting session, using any of four reporting methods:

- Voice (i.e., operator-assisted)
- Touch-tone
- Internet
- Batch

Global Payments provides toll-free telephone numbers for voice and touch-tone reporting. These numbers are unique to the EFT Tax Collection program. In addition to tax payment information, each taxpayer's report includes the confidential PIN. This PIN is verified against the master database during the reporting sequence.

The reported information is transmitted to Global's computer system where it is edited to ensure its validity. A response – indicating acceptance or rejection – is then returned to the taxpayer.

Taxpayers may report multiple tax type payments during the same session.

1.1.1 Voice Reporting

Participating voice taxpayers call Global Payments using Global's toll-free number. Operators are available 24 hours a day, seven days a week and are experienced in collecting tax payments. Additionally, these operators are trained to transcribe EFT tax payments, enabling them to assist taxpayers that may be unfamiliar with the call-in process.

1.1.1.1. Voice Reporting Process

The following table illustrates Tennessee's voice reporting process:

Step	Action						
1	Taxpayer calls Global Payments using the toll-free number: <ul style="list-style-type: none"> At least one business day prior to the due date and before the predetermined cutoff time 						
2	Operator asks for and verifies: <ul style="list-style-type: none"> Bank Number Taxpayer Identification number (TIN) Personal Identification number (PIN) 						
3	Taxpayer reports: <ol style="list-style-type: none"> Tax type code Tax period Tax Payment Amount Settlement data 						
4	Operator repeats information for confirmation						
5	Operator transmits data to Global's computer system						
6	Global's computer system edits data to ensure validity						
7	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">If the operator....</th> <th style="width: 50%;">Then the operator...</th> </tr> </thead> <tbody> <tr> <td>Receives a confirmation number</td> <td>Passes along confirmation number to taxpayer, indicating the report was successful.</td> </tr> <tr> <td>Receives a message that a field of data was invalid.</td> <td>Requests taxpayer to repeat the data for that field. Once corrected data has been entered, steps 5-7 are repeated.</td> </tr> </tbody> </table>	If the operator....	Then the operator...	Receives a confirmation number	Passes along confirmation number to taxpayer, indicating the report was successful.	Receives a message that a field of data was invalid.	Requests taxpayer to repeat the data for that field. Once corrected data has been entered, steps 5-7 are repeated.
If the operator....	Then the operator...						
Receives a confirmation number	Passes along confirmation number to taxpayer, indicating the report was successful.						
Receives a message that a field of data was invalid.	Requests taxpayer to repeat the data for that field. Once corrected data has been entered, steps 5-7 are repeated.						

1.1.2 TOUCHTONE REPORTING

The following table illustrates the touch-tone reporting process.

Step	Action
1	Taxpayer calls Global Payments using the toll-free number: <ul style="list-style-type: none"> At least one business day prior to the due date and before the determined cutoff time.

2	IVR prompts the caller for: <ul style="list-style-type: none"> • Bank number • Taxpayer identification number (TIN) • Personal identification (PIN) 	
3	Caller provides the information requested.	
4	IVR prompts caller for required data: <ul style="list-style-type: none"> • Tax type code • Tax period • Tax payment amount • Settlement date 	
5	As caller provides each item of data, IVR repeats information to the caller for confirmation.	
6	IVR transmits data to Global's computer system.	
7	Global's computer system edits data to ensure validity.	
8	If the IVR.....	Then the IVR...
	Receives a confirmation number	Provides the confirmation number to taxpayer, indicating that the report was successful.
	Determines input is erroneous	Transfers caller to a Global Payments operator.
	Accepts the data, but data is rejected by the application server	Transfers caller to a Global Payments operator.

1.1.2.2. IVR Call Management System

The mechanisms and procedures incorporated into our voice telephone call management are also present for touch-tone telephone calls. In addition, the IVR call management system allows a touch-tone call to “roll over” to a Service Representative.

Once the input data has been confirmed by the caller, the IVR transmits the information over the Global Payments telecommunications network to the Global Payments central computer complex for editing, processing and data storage. Upon completion, the Global Payments computer system sends a reply to the IVR which then “speaks” the response to the caller.

If Global’s computer system detects any data errors, an appropriate error message is returned to the IVR, which advises the caller of the error and requests corrected information. The IVR then transmits the corrected data to the central computer complex.

Upon completion of the call, the IVR releases the call and the IVR port becomes available to take another call.

1.1.3 INTERNET REPORTING

Internet reporting is done through Global Payments' Taxpayer @dvantage service designed specifically for the entry and transmission of tax payments.

Internet reporting provides a number of unique features which allows the taxpayer to use the service easily and effectively:

- Web pages with user-friendly layout and terminology
- Functionality for adding payments by tax type
- Functionality for viewing pending and cut-off payments
- Functionality for changing and/or deleting pending payments
- Multiple levels of security, password protection and user-specific access to key functions

Like the other reporting methods, internet reporting is available to taxpayers 24 hours a day, 7 days a week. Taxpayers selecting the internet as their primary access are also provided with touch-tone and voice reporting instructions as backup.

1.1.4 BATCH REPORTING

Taxpayers, third party preparers and/or service bureaus have the ability to report large volumes of tax payment information through a batch reporting process. As part of this reporting process, Global Payments provides a confirmation file for each payment file processed.

1.2 UPDATES TO TAXPAYER DATABASE

Each taxpayer is added to Global's taxpayer database using a state assigned taxpayer identification number via Global's Taxpayer Administrator service. When a taxpayer is set up, the system assigns each taxpayer a unique personal identification number and taxpayer password to be used during taxpayer reporting.

An ACH prenotification record is created each time a new taxpayer record is added to the taxpayer database and each time the taxpayer's banking information is changed. A "prenote" file of all such ACH prenotification records is produced and transmitted to the state's bank for processing.

In addition, reporting instructions addressed to each new taxpayer will be generated and mailed to each taxpayer, as appropriate, updated in the database.

1.3 PAYMENT CONFIRMATION

The Taxpayer @dvantage system will provide a unique 8-digit EFT Verification Code for each tax payment accepted by the Taxpayer @dvantage system.

In addition, the system will provide a 2-digit Payment Validation Number against which the taxpayer may precalculate and compare the transaction's 2-digit validation number to assist with detecting input errors. Calculating the verification code incorporates the use of predefined algorithm based on the dollar amount of the tax payment. The resulting two-digit number will correspond to a portion of a system-generated, four digit number that is provided to the taxpayer

at the end of the report; the other two digits of the system-generated code are based on a proprietary algorithm. If the taxpayer's calculated payment validation code does not match the system-generated code, the taxpayer may then reconfirm and/or correct the reported fields.

1.4 WAREHOUSING

Taxpayers may initiate a tax payment up to one year in advance of the due date by reporting a future settlement date. This allows the taxpayer the ability to warehouse a transaction until the requested effective date of funds transfer. The taxpayer has sole responsibility to ensure that the reported settlement date is prior to the tax due date.

1.5 SYSTEM EDITS

The system edits all input field for format and integrity as follows:

- Bank number, which identified the State, must be numeric, 1-4 digits and in the Taxpayer @dvantage database.
- Bank password must match the value in the Taxpayer @dvantage database associated with the input Bank number.
- Taxpayer ID and Federal/State Code must exist in the Taxpayer @dvantage database under the Bank number.
- Taxpayer Password must match the value in the Taxpayer @dvantage database associated with the input Taxpayer ID and Federal/State Code.
- PIN must match the value in the Taxpayer @dvantage database associated with the input Taxpayer ID and Federal/State Code.
- Tax Type (Internet reporting only) and Tax Code must be valid for the specified Taxpayer ID and Federal/State Code.
- Effective Date must be a valid date for the Tax Type.
- Payment Amount must be dollars and cents and must be between 4 and 11 characters, inclusive.
- Settlement Date must be at least the following business day and cannot be more than one (1) year in the future.

1.6 SECURITY

The EFT transaction access methodology and structure provides the State of Tennessee with the following database security capabilities:

- For transaction processing programs, database access is limited solely to the unique ID for each Taxpayer ID. Transaction-processing programs are denied access to the taxpayer database without a valid ID and PIN.
- Web, touch-tone and batch processing programs are allowed to access and /or update only the taxpayer's reported payment data associated with the taxpayer ID. During transaction processing, these programs cannot update another Taxpayer's data; in

addition, these processing programs cannot alter a taxpayer’s “static” data (e.g., bank account).

- All data updates are logged automatically by the operating system to the computer system’s audit trail files.
- Sophisticated security systems and procedures protect the integrity of all components of our data collection, processing, and delivery systems. These safeguards include network security constraints, system safeguards and controls, devices and procedures for database protection, and unmodifiable audit trails for all transactions.

1.7 SYSTEM SAFEGUARDS AND CONTROLS

Global Payments provides safeguards and controls to ensure that data are protected from unauthorized access, accidental destruction, equipment – or software-related data contamination.

1.8 AUTHORIZED PASSWORD PROTECTED ACCESS

The Global Payments network system maintains two classes of logical (information) security. The first is programming mode. There are features in this mode that make it impossible to get into the Global Payments system by any means other than through one of the internal network ports. In addition, by the design of the network, it is impossible to access our host computer systems directly from outside the internal LAN. When a terminal is setup to allow programming mode, a unique user ID and password are assigned, and read and write privileges are established.

The second class of logical security is transaction mode. The feature of this mode provides for an operator to have an ID number and password to enable access; access is also restricted to user group, and user groups are restricted by function. Certain user groups can only execute each function; the system rejects any undefined terminal device, user, or message.

1.9 CONTROLLED ACCESS

Access security is provided by multilevel access controls. The following table lists the security fields required for access by each of our reporting methodologies:

Security Fields	Web	Touch-tone	Voice	Batch
Transmission System User ID				•
Transmission System Password				•
Bank No.	•	•	•	•
Bank Password	•			
TIN	•	•	•	•
Taxpayer Password	•			
Taxpayer PIN	•	•	•	•

All required input values are verified by the appropriate system and application security tables. Only authorized personnel can change passwords and PINS.

1.10 NETWORK AND DATABASE SECURITY

The following database and network security constraints are imposed by our systems on support personnel and terminals for nonapplication access to the database.

- Network access methodologies and database design do not allow direct modification of on-line data.
- Internal terminals are not authorized for direct updates to production databases.
- When necessary, update access capability to the production database requires signatures from operations senior management.
- Production database updates are performed from designated terminals that are “turned on” for production database access and “turned off” upon completion of the task.
- All such manual updates are logged to the system audit trail files. Neither programs nor personnel can override these security procedures and automatic logging.

1.11 UNMODIFIABLE AUDIT TRAIL

Audit trails are written to disk under the control of the operating system. An audit record is written for each transaction. The entire system database is copied to disk every two (2) hours at which point the audit trail sequence begins anew.

1.12 DATABASE HISTORY

At the application level, historical records are maintained for all updates to the taxpayer database as well as for all payment records.

1.13 SUPPORT

Global Payments personnel are available 24 hours a day to respond immediately to critical production or transmission situations and to take the necessary corrective action. The following table summarizes Global Payments customer service coverage:

Department	Hours of Coverage
Customer Support	7:00am – 5:00pm (EST) Mon.-Fri. Cell phone coverage 24 hours a day, 7 days a week
Data Transmission	24 hours a day, 7 days a week
Command Center	24 hours a day, 7 days a week

1.14 ADDITIONAL CUSTOMER CONTACTS

In addition to the support described above, Global Payments designates management escalation contacts that are available, 24 hours a day, 7 days a week.

1.15 ACH PROCESSING

As mutually agreed upon the the State and its designated financial institution, cutoff has been set at 4:30 each business day. At cutoff, data reported from the last cutoff period to the current is selected for generation of the output files. Transaction reported after cutoff will be included in the next business day's cycle.

Payment transactions are processed based on the reported settlement date, On the business day prior to its specified settlement date, each payment will be transmitted to the State's designated financial institution for processing.

1.16 ACH FILE

At cutoff, Global Payment prepares a NACHA-format CCD file of the tax payment data for delivery to the State's designated financial institution. The file contains information for each tax payment as follows:

- Code to specify ACH debit transactions
- Effective entry date of these transactions
- Taxpayer bank's ABA number, account number and account type for this tax type
- TIN
- Payment amount
- Reference (trace) number for this transaction and
- Totals for all ACH debit transaction for above transaction date

1.17 STATE'S FILE

Global Payments provides the State an ACH CCD+TXP file containing all the tax payment data using standard banking convention.

- Code to specify AC debit transactions
- Effective entry date of these transactions
- Tax code
- Taxpayer bank's ABA number, account number and account type for this tax type
- Tax period ending date for this payment
- TIN
- Payment amount
- Reference (trace)number for this transaction and

- Totals for all ACH debit transactions for above transactions for above transaction date.

1.18 TAXPAYER @ADMINISTRATOR

Taxpayer @administrator enables the State to manage and maintain its taxpayer database. For security and control, Taxpayer @administrator allows a State coordinator (whose access credentials are established by Global Payments) to implement State users. Users may then be granted access, as appropriate, to the following capabilities:

- Add, change delete and view taxpayers
- Reset passwords
- View current and historical tax payments
- View other information such as tax types, holiday processing schedules and end-of-day processing.

1.19 TaxPayer Enrollment Process

- Taxpayer logs into custom enrollment webpage
- Taxpayer selects Tax Group for Enrollment
- Taxpayer is informed of items need to complete enrollment process
- Taxpayer completes on-line enrollment and Authorization Agreement (ACH debit)
- Global Payments receives Authorization Agreement and input instructions are mailed to the taxpayer.

Tennessee DOR received weekly file transmission of newly enrolled taxpayer ids with DLN number

2. SYSTEM DEPENDABILTIY

The Global Payments team has engineered its real-time, on-line systems to ensure that backup has been provided for all critical system components. The intent and design has been to ensure that no single component failure can adversely affect the service being offered. In most cases, any transient problem that may be encountered can be corrected without impacting our clients; most system components can be replaced without affecting the overall system operation.

The comprehensive backup resources that ensure system availability to Global Payment customers are as follows:

- Global Payments' applications servers are multiprocessor computers supported by other computers that can replace the primary systems,if necessary.
- The entire data processing complex is protected by uninterruptible power source and preaction sprinkler systems.
- Critical on-line databases stored in high-availability storage area network systems or on mirrored disk drives to provide total redundancy.

- All data stored in Global Payments database is backup up onto magnetic cartridge media each 24 hours. For recovery purpose, audit trail records are written to reflect database updates following each database back-up.
- The voice center has its own uninterruptible power source systems.
- Redundant frame-relay circuits from different telecomm providers link the voice center with the central processing facility and back-up site.
- Within the voice center, battery backup and/or other forms of power protection systems are utilized.
- The calls handled by Global Payments utilize a large group of WATS circuits such that a failure of one or more circuits will not adversely affect the overall service.
- Where communications controllers are utilized, sufficient backup equipment exists to enable service to be quickly resolved.

Global maintains 24x7 systems and network monitoring operations, which closely monitor the total delivery mechanism.

2.1 SYSTEM AVAILABILITY

One of the important reasons for Global Payments success is the corporate tax payment business is our ability to consistently provide a very high level of system availability. We minimize system downtime by building redundancy and backup in all aspects of our operations. To ensure that taxpayers will be able to access our web site, IVR and voice operators to make their tax payment reports, we provide multiple and backup telephone lines, IVR equipment, web servers, etc. In addition, the voice center has UPS capabilities with battery and generator support.

The existence of backup equipment, although important, is not the only key to success. The most important element of success is the prevention or minimization of service interruption. A second element is the speed with which service is restored when interruptions occur. In order to minimize the effects of the interruption, Global Payments has concentrated much effort in these areas; where possible, backup equipment is actually in use rather than simply being in a standby mode.

2.2 BUSINESS CONTINUITY

Global Payments has developed a Business Continuity Plan that provides guidelines and instructions for handling many types of emergencies such as uninhabitable facilities, primary systems failures, etc.

In addition to the redundancy provided at each primary site, we also have a business continuity backup site to ensure continuity of service even if the primary computer center malfunctions. The backup site enables us to resume processing incoming tax payments should the primary site be unavailable.

2.3 SYSTEM INFRASTRUCTURE

Global Payments has the necessary computer and audio response hardware, systems and applications software, telecommunications network, voice centers, technical personnel, and extensive experience necessary to handle the State's data collection, processing and delivery requirements.

2.3.1. FILE TRANSFER – SERVERS

Global Payments' file transfer servers enable customers to communicate file data in a variety of methods including VPN/SFTP. File transfers are handled by Windows servers which provide the customer interface for internal file distribution. Each customer has sign-on credentials associated with dedicated file directories for input and output services.

2.3.2 WEB - SERVERS

Our web server systems provide a highly redundant web interface for all customer applications using this input/output methodology. Servers use network load balancing technologies to provide highly available web services. Web servers are accessed through secure firewall systems to control access security. SSL security is utilized for applications dealing with funds transfers and tax payments.

2.3.3. APPLICATION – SERVERS

Application servers are clustered to provide a high degree of availability for customer applications. These applications servers interface to the file transfer, web and database servers to enable scaleable application growth. Application software is developed on a separate development system; quality assurance testing is performed on a separate QA system. Once application updates satisfy assurance testing parameters, updates are then moved to the production systems – thus providing an orderly deployment of new software releases.

2.3.4. DATABASE

The database is deployed on the clustered application servers using the MAPPER relational database environment. All data is archived to external media for long-term data storage and system back-up/recovery.

2.3.5 DATA STORAGE

Off-line storage is utilized for backup and archival purposes. On daily, weekly, and monthly cycles, Global Payments performs a backup of the data from the mass storage media onto magnetic cartridge. These backups are stored in duplicate: one copy in the Tap Library and one at the off-site facility. Taxpayer @dvantage tax payment transactions are retained on-line for a year, then archived. The MAPPER database, in which Taxpayer @dvantage information resides, is backup up multiple time daily.