

1. AGREEMENT TERM:

This Master Service Agreement (“MSA” or “Agreement”) shall be for a five (5) year term starting on the date of its execution by the State of California Department of General Services (“DGS”), as specifically noted on the attached Std 213 Standard Agreement (the “Effective Date”). DGS reserves the right to extend this Agreement for one additional two (2) year period at the same rates, excluding any third party fees, subject to the terms and conditions of this Agreement. This extension will require a written amendment to be fully executed and mutually agreed to by the parties.

2. CONTRACT MANAGEMENT:

Contractor must provide the name, address, telephone number, and e-mail address of the individual directly responsible for managing this Agreement on behalf of the Contractor to the State’s designated Contract Manager. Should the Contractor’s Contract Manager change or any of the contact information change, Contractor will provide written notice with the updated information as soon as reasonably possible after the change to the State’s Contract Manager. Contractor is responsible for notifying all Authorized Users (as defined in Exhibit D) in writing of any changes to a contact person, address, phone numbers, or any other information deemed important to the day-to-day operation of the electronic payment acceptance program.

As of the Effective Date of this Agreement, the Contract Manager for the State of California shall be as follows:

Mary Anne DeKoning
Department of General Services
Procurement Division
707 Third Street, 2nd Floor
West Sacramento, CA 95605
MaryAnne.Dekoning@dgs.ca.gov
916-375-4365

Should the Contract Manager for the State of California change, the State must provide written notice with the updated information no later than ten (10) business days after the change to the Contractor’s Contract Manager.

3. GENERAL OVERVIEW OF SERVICES:

Contractor shall provide the services identified below according to this Agreement to the State of California agencies, local entities such as universities and city and county government offices, and states participating in the Western States Contracting Alliance (WSCA).

- a. Credit Card and Debit Card Transaction Processing (See Exhibit G)**
- b. PayPoint Gateway (See Exhibit H)**
- c. Electronic Fund Transaction (“EFT”) (See Exhibit I)**
- d. Remote Deposit (See Exhibit J)**

Exhibit A – Scope of Services

**e. TeleCheck Services (Internet Check Acceptance, Checks by Phone, etc)
(See Exhibit K)**

4. MINIMUM SERVICE LEVEL AGREEMENTS:

Contractor shall provide electronic payment acceptance and processing services as follows:

a. General Service Level Agreements (All Categories)

Contractor will:

1. Allow for batch processing of transactions. Settle transactions as follows:

Transaction Day (Credit Card and Debit Card Charges received by 5:00 PM MST)^{2/}	Initiate^{1/} Funding to Authorized User's Account Via ACH
Monday	Tuesday
Tuesday	Wednesday
Wednesday	Thursday
Thursday	Friday
Friday	Monday
Saturday	Monday
Sunday	Monday

Transaction Day (e-Check and ACH Charges received by 2:00 PM MST)^{3/}	Initiate^{1/} Funding to Authorized User's Account Via ACH
Monday	Tuesday
Tuesday	Wednesday
Wednesday	Thursday
Thursday	Friday
Friday	Monday
Saturday	Monday
Sunday	Monday

^{1/} Includes Contractor's authorization to send funds from Contractor's bank to Authorized User's bank account.

^{2/} This table is applicable to Category 1

^{3/} This table is applicable to Categories 2-4

Exhibit A – Scope of Services

2. Provide to each Authorized User access to detailed statements and online reporting tools that provide sufficient information for each Authorized User to reconcile deposits and adjustments made to the Authorized User's designated bank account(s).
3. Provide a 24x7 Customer Support.
4. Maintain industry standard data privacy controls. In addition to any other remedies Authorized Users have under the MSA, Contractor and Authorized User agree to negotiate in good faith to address the administrative and financial obligations that may arise from any confirmed security breach caused by Contractor.
5. Annually, make Contractor's SAS-70 information available for review on Contractor's premises upon Authorized User's 30 days written notice. Authorized User's review shall take place during Contractor's normal business hours upon the signing of Contractor's confidentiality agreement. Authorized User's review does not include copying of such documents or taking of notes.
6. Be charged a penalty when the following occurs:
 - i. Contractor is unable to provide continuous service and Contractor's system is not functional 1.1 percent of the time, measured on a monthly basis.
 - ii. Contractor is unable to settle transactions in the required timeframes as specified above in Section 4-a.1.

The penalty is calculated using the following formula: ((Gross Dollar Amount Delayed X Number of Days Delayed X Annual LIBOR rate as published daily in the Wall Street Journal) / 365 Days).

Authorized User and Contractor agree that the remedies described in Section 4-a.6 above are the sole and exclusive remedies, in addition to termination, available to Authorized User for Contractor's failure to comply with a Performance Standard in this Section 4.A.6.

b. Credit & Debit Merchant Card Processing (Service Category 1 – Credit & Debit)

Contractor will:

1. Process for the Authorized User, MasterCard, Visa, American Express, Discover, JCB, Debit Cards, & Purchasing Cards in accordance with the operating rules of each of the named associations and pursuant to the obligations set forth in both Regulations Z and E of the Federal Reserve Bank.
2. Provide continuous service and Contractor's system shall be functional at a minimum 99.90 percent of the time. Scheduled maintenance will occur during Authorized User's non-business hours.

Exhibit A – Scope of Services

3. Provide Authorization and Settlement functions on behalf of Authorized User. Authorizations must be completed in real time with response times of no more than 2-12 seconds.
4. Permit the Authorized User to establish a pre-set number of transactions in a batch.
5. Deliver, at a minimum, the following standard reports:
 - i. Deposit Summary
 - ii. Transaction Reports
 - iii. Statements
 - iv. Interchange
 - v. Adjustments
 - vi. Chargebacks
 - vii. Authorizations
 - viii. Control for Duplicate Transmissions
6. Process Chargebacks, Voids, Cancels, Returns (partial and full) and Retrievals on behalf of the Authorized User. Chargebacks will be noticed to the Authorized User within 1 business day of receipt by the Contractor and the Contractor will provide all reasonable assistance to allow the Contractor to protest any Chargeback. Chargebacks and adjustments will be invoiced to the Authorized User for compensation.
7. Control for duplicate transactions.
8. Remain Payment Card Industry (PCI) compliant at all times.

c. Web And Tel E-Check Processing (Service Category 2 – Paypoint Gateway)

1. Provide alternate solutions to all Authorized Users, a direct web interface hosted by the Contractor, or an XML interface for Authorized Users that support their own web interface.
2. Provide solutions for IVR or telephone operator assisted interfaces.
3. Support industry standard privacy and National Automated Clearinghouse Association (“NACHA”) payor authorization, enrollment and disclosure requirements.
4. Satisfy the minimum requirements of NACHA for payor related user information (name, routing & transit number, account number, dollar amount) collection. Based on Authorized User’s instruction, create a secure and reusable database of payor’s data for recurring payments.
5. Validate the accuracy of that check data in the public domain (i.e. routing & transit number).

Exhibit A – Scope of Services

6. Provide timely (2-12 seconds) response for payment authorization.
7. Permit Authorized Users to void or cancel transactions and batches through a web interface.
8. Send an e-mail notification to the payor for each payment placed.
9. Settle all e-checks using the correct NACHA standard entry class code (WEB or TEL) through the Authorized User's designated bank account.
10. Respond accurately, on a same day basis, to all Notifications of Change ("NOC") received from the Authorized User's designated bank account.
11. Store transaction data securely and make that data available on-line, real time for a minimum of 120 calendar days, to Authorized Users using a Multi-Factor Authentication.
12. Report transaction activity for Authorized User's revenue reports, reconciliation, adjustments, voids, and cancels.

d. Electronic Check Conversion & Remote Deposit (Service Category 3 – Remote Deposit)

Contractor will:

1. Provide Authorized Users with both web based and client software based paper check scanning utilities.
2. Allow Authorized Users to scan any check written on a checking or brokerage account domiciled at a United States financial institution including, but not limited to:
 - Consumer checks
 - Business checks
 - Travelers checks
 - Convenience checks
 - Money orders
 - Government checks
 - Cashiers checks
 - Official checks
3. Allow Authorized Users, using MICR and/or OCR scanning devices, to transmit Magnetic Ink Character Recognition ("MICR") lines or images of the front and back of checks to a central, secure scanner controlled by the Contractor.
4. Provide the following features in the check imaging process:

Exhibit A – Scope of Services

- i. CAR/LAR¹
 - ii. Image Quality Assurance
 - iii. Control Totals
 - iv. Duplicate Check controls
 - v. MICR Line correction (configurable by MICR line component)
5. Using a hosted decision engine, convert all checks received at the central, secure server into:
 - i. Point of Presentation/Payment (“POP”) entries permitted by the rules and regulations of the NACHA (if all items can be converted to BOC, POP is optional).
 - ii. Back Office Conversion (“BOC”) entries permitted by the rules and regulations of the NACHA.
 - iii. Check 21 eligible images permitted under the rules and regulations formulated by the Federal Reserve Bank.
 6. For those entries converted to POP or BOC, deliver correctly formatted and compliant Automated Clearinghouse debit files to the Authorized User’s bank for credit to the Authorized User’s designated bank account.
 7. For those entries converted to Check 21 images, deliver correctly formatted and compliant X9.37 image files to the Authorized User’s bank for credit to the Authorized User’s designated bank account.
 8. Provide Authorized User with access to electronically converted check history via a web interface or by delivering images of checks to the Authorized User by secure e-mail or by CD-ROM with image viewer and index.
 9. Provide Authorized User with daily and monthly check processing (transaction and dollars) statistics and reconciliation data.
 10. Provide Authorized User with industry standard individual user enrollment and authentication procedures that include a Multi-Factor Authentication.

e. General Electronic Payment Services (Service Category 4 - EFT)

Contractor will:

1. Provide alternate Wire Transfer and Automated Clearinghouse (“ACH”) origination interfaces to include:
 - i. Secure web (https or better)
 - ii. Secure IVR
 - iii. FTP or FSTP direct transmission

¹ Courtesy amount recognition (CAR)/ legal amount recognition (LAR) technology which allows machine recognition of optical character recognition data, hand printed data and machine printed data.

Exhibit A – Scope of Services

- iv. Secure voice/operator assisted
2. Maintain payment instruction delivery solutions that meet or exceed the mandates of Uniform Commercial Code Division 4 Section 1.
3. Support NACHA standard entry class codes PPD, CCD, CCD+, CTX, WEB, TEL.
4. Permit Authorized Users to void or cancel transactions and batches through a web interface.
5. Store transaction data securely and make that data available on-line, real time for a minimum of 120 calendar days.

5. DEMONSTRATIONS AND PILOT PROGRAMS:

Contractor agrees to conduct demonstrations and pilot programs, at the request of the State and/or an Authorized User, prior to implementation of an electronic payment acceptance program during the term of the contract. Specifically, if services in Categories 2 and 3 are requested, the State will require the Contractor to provide them on a "Pilot Program" basis to State of California agencies. Contractor and requesting State Authorized User may need approval from and shall work collaboratively with the State Treasurer's Office (STO) and other State entities for successful implementation and monitoring of any Pilot Program.

6. TRAINING:

Upon Authorized User's request, Contractor shall provide on-site training at no additional charge for initial implementation at a site designated by an Authorized User and no more frequently than quarterly thereafter.

Contractor shall complete initial implementation training to each Authorized User within 30 calendar days after set-up.

Each training session provided to an Authorized User shall be a minimum of four (4) hours, not to exceed eight (8) hours.

Trainer shall be provided by Contractor and shall have at least one year of related subject matter experience.

Contractor shall develop the training curriculum with input and final approval of the Authorized User. The curriculum shall be developed in accordance with the specific needs of each individual Authorized User.

Contractor shall track and report training attendance to each Authorized User.

Any and all travel expenses (i.e. air fare, food, lodging, car rental, gas, parking, other modes of transportation, telephone service, etc.) to and from the training site will be at the Contractor's expense and shall not be charged to the Authorized User.

Exhibit A – Scope of Services

Training attendees may not exceed thirty (30) individuals at any one training session.

The training site and all costs associated with facility costs (if any) shall be provided by the Authorized User.

Food and/or refreshments shall not be provided to attendees by Contractor at any time.

Training material and equipment shall be provided by the Contractor at the Contractor's expense and shall include the most recent version of the Contractor's Merchant Services Training Guide as described below. Contractor shall pay for all duplication, binding, and shipping costs of such training material. Contractor shall ensure that sufficient material is provided to all attendees.

Contractor shall provide a Training Guide both in hard copy (unlimited number as requested by Authorized User) and on-line for use by Authorized Users at no additional cost. The Training Guide must be approved by the DGS's Contract Manager and must be reviewed on an annual basis (at a minimum) and updated as necessary. The Training Guide shall include, at a minimum, but not be limited to the following:

- Step by step instructions
- Support Services
- Frequently Asked Questions and Answers

Authorized Users will have 24x7 access to the Online Merchant Services Training Guide, which will be posted on the following First Data Merchant Services website: <https://www.myclientline.net/>.

7. CUSTOMER SERVICE AND SUPPORT:

a. Authorized Users:

Contractor must provide contact information through the individual agreement with each Authorized User for problem resolution and inquiries. Any problems or inquiries regarding the direct reconciliation of an Authorized User's payment transactions, the transfer to the bank account or any other payment transactions involving the contractor shall be resolved by the contractor within three (3) business days from the date of the original inquiry. Other problems and inquiries will be addressed within five (5) business days from the date of the original contact.

Contractor's customer service representatives shall accurately and timely:

- Research and resolve concerns and provide immediate follow-up status/resolution.
- Resolve problems related to daily settlements and deposit variances.
- Coordinate and resolve complex reporting issues.

Exhibit A – Scope of Services

- Answer incoming telephone calls, e-mails, faxes, and letters.
- Log all problems/resolutions so that recurring problems can be tracked, reported and corrected.

Authorized Users shall be able to request a copy of any data file transmission that occurred within the required records retention period specified in this Agreement and have that data file available to them within forty-eight (48) hours after the request is made.

Contractor shall provide a technical liaison (live operator) available twenty-four (24) hours a day, 365 days a year for immediate response to data/technical needs such as, but not limited to, general inquires, point-of-sale and other payment channel assistance. Upon request, Contractor shall provide a written/electronic status report including a problem statement, proposed solution, and estimated time of problem resolution. Contractor's staff must be fully versed in electronic payment systems and fully capable of resolving any issues immediately.

b. Paying Parties:

Contractor shall provide knowledgeable customer assistance personnel for each type of payment channel for which it provides service.

8. PROGRAM WEBSITE:

Contractor shall create and regularly update a secure website for use by Authorized Users of this Agreement. This website shall include at a minimum, the following information:

- Link to the User Guide as described in the Training section of this Agreement.
- Link to industry related rules and regulations as described in this Agreement.
- Customer Service and Support Help desk telephone number.
- Frequently asked questions and answers.
- Link to report database (see Reporting Requirements of this Agreement)
- Ability for Authorized Users to subscribe to the website so that an e-mail notification is sent as the site is updated.