



July 22, 2009

**RE: Request for Proposal
ALC-090003 – Comprehensive Banking Services**

Dear Mr. Ernie Passailaigue:

Please see attached question presented to the Arkansas Lottery Commission on behalf of Bank of America regarding the Request for Proposal for Comprehensive Banking Services. We look forward to the responses.

If you have any questions or need additional information please contact me at 501-378-1678.

Sincerely,

Donald J Cook
President – Central Arkansas

Tel: 888.650.5000 x 4305 · Fax: 214.416.0732

Bank of America, AR1-101-09-09
200 W. Capitol, 3rd Floor, Little Rock, AR 72201

State of Arkansas
Arkansas Lottery Commission

Request for Proposal
ALC-090003 -- Comprehensive Banking Services

Questions submitted by Bank of America

1. **1.0 INTRODUCTION** – The purpose of this Request For Proposal (RFP) is to invite responses (Proposals) from qualified full services Federal Deposit Insurance Corporation banking institutions (Vendors) desiring to provide comprehensive banking services for the Arkansas Lottery Commission (ALC).

It has been reported in the Arkansas Democrat Gazette that several commissioners have said they hoped to award the contract to an Arkansas-based institution. Currently the State of Arkansas in Arkansas Code Annotated 19-3-502, defines Financial Institutions who are designated to do business with State entities, is the Commission going to use that existing criteria or something different? Please provide clarification as to what the ALC considers "qualified" banking institution

2. Operate four (4) prize payment centers, a headquarters located in Little Rock, Arkansas and three (3) district offices

Please provide the cities where the three (3) district offices will be located

3. **1.6 TYPE OF CONTRACT** – This will be a term contract for a term of seven (7) years from date of award with an option for renewal up to three (3) additional times in one (1) year increments or a portion thereof

State purchasing rules normally does not allow contracts for this time period, please confirm that ALC can contract for a period out to 10 years.

4. **1.7 PAYMENT AND INVOICE PROVISIONS** – Payment will be made only after the Successful Vendor has successfully satisfied the requesting agency as to the reliability and effectiveness of the services as a whole. Purchase Order Number and/or Contract Number should be referenced on each invoice.

Most banks provide monthly an account analysis statement that would indicate all the services and the total cost for that period. These analysis statements normally do not show an invoice or billing number, would the Commission accept this in lieu of an invoice? Please also clarify what is meant by the statement of "reliability and effectiveness of the services as a whole"?

5. **1.12 PERFORMANCE SECURITY** –

The Commission is requiring a performance security bond of 2% of the contract amount. Normally in most State of Arkansas professional contract bids such as for banking services the State does not require a performance bond to be required. Would the Commission consider removing this requirement?

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6. **1.23 COST** – All charges must be included on the Official Proposal Price Sheets, must be valid for one hundred eighty day following proposal opening, and shall be included in the costing evaluation.

Should pricing for additional services be listed in the pricing proposal and if so, please specify where with in the pricing proposal should the pricing for any additional services not listed on the pricing template, be listed?

7. **2.1 – ALC OBJECTIVES** - To ensure that the Successful Vendor's system is fully operational and installed on or prior to October 29, 2009, supporting all banking functions in all retail locations of retailers by the ALC two (2) weeks prior to start-up.

Please clarify "supporting all banking functions in all retail locations of retailers"

8. **3.02 TOTALLY AUTOMATED PRIMARY ZERO BALANCE ACCOUNT (ZBA)** – This will fund the activity of designated sub-accounts, and will receive deposits from up to five thousand (5,000) retailers using Automated Clearing House (ACH) transactions. The Vendor shall provide ACH initiation software to facilitate these operations, and shall provide a record of all failed ACH transactions and returned items in a format to be specified by the ALC. All accounts must be interest bearing. Vendor shall provide a ZBA arrangement such that all available funds are centralized into a single account for overnight interest earning purposes.

Will the Commission require all Retailers who are selling tickets to open segregated accounts for the deposit of these funds?

9. **3.1 – MINIMUM SERVICES REQUIRED** - The fully automated concentration of lottery proceeds from retailer's accounts.

Will the ALC utilize its system to determine the funds available for concentration from the retailers and provide an ACH file to the bank for processing or will the bank be responsible for developing a reporting and ACH origination system for retailers to report and move their funds?

10. **3.1 – MINIMUM SERVICES REQUIRED** – Cut off dates for monthly statements shall be end of the month. Bank statements must be provided and electronically transmitted within ten (10) working days. Record positions must be in a format to be specified by the ALC.

Can the ALC please provide a sample of the format they require the electronic bank statements to be delivered in?

11. **5.1 VENDOR PROFILE**

In regards to the RFP authorizing and requesting background checks of individuals. Banking regulations do not permit individuals to work in the industry with felonies therefore is a general statement of the banks requirement sufficient to satisfy this requirement?

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12. **5.2 ORGANIZATION, SIZE, STRUCTURE, AND FINANCIAL CONDITION** – Vendor shall include all pertinent information to substantiate its qualifications and capabilities to perform services described in the scope of work including: Affiliated banking institutions.

Can ALC please clarify what is meant by affiliated banking institutions?

13. **5.16 BACKGROUND AND FINANCIAL VIABILITY** – A Vendor must submit a copy of its last three (3) years financial statements that have been audited by an independent public accounting firm. Also mentioned in **Section 3.1, Minimum Services Required**: Vendors shall provide a copy of their most recently published financial statements.

- *Please clarify, how many years of audited financial statements does the ALC require?*
- *In our effort to conserve our natural resources via our "Green" initiative, all of our Financial Statements are on line at our company web site. Would the Commission permit the web site reference within the body of the RFP response where this requirement is notated, so that the financial statements could be obtained by the ALC thereby eliminating the need of the printing of these Financial Records? If the Commission requires a printed copy in lieu of web site access would the Commission permit the vendor to supply one complete copy of the RFP package which will include the requested financial information and copies of the RFP without the financial information in lieu of all packages containing the required financial information? If neither of these options is viable, then can we opt to put all required financial statements on a CD ROM in lieu of paper?*

14. *With in the RFP, in Section 2.1: ALC objectives, the ALC indicates the banking services would have to be fully operational 2 weeks prior to October 29, 09, but in Section 6, Evaluation Criteria for Selection, detailed in the last paragraph on page 17, the RFP indicates banking services must be available for use by August 28, 09. Would the ALC please clarify the date required for the system to be available*

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