

STANDARD CONTRACT FORM
Goods and Non-Professional Services

1. Agency Contract Number RFP 2013-0400-1810	2. Contract Title Depository and Banking Services	3. Financial Coding	4. Agency Assigned Encumbrance Number	
5. Vendor Number	6. Project/Case Number	7. Alaska Business License Number 254794		
This contract is between the State of Alaska,				
8. Department of Revenue		Division Treasury	hereafter the State, and	
9. Contractor KeyBank hereafter the Contractor				
Mailing Address 601 108 th Ave NE, 2 nd Floor	Street or P.O. Box PO Box 90027	City Bellevue	State WA	ZIP+4 98004-9027

10. **ARTICLE 1. Appendices:** Appendices referred to in this contract and attached to it are considered part of it.

ARTICLE 2. Performance of Contract:

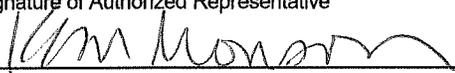
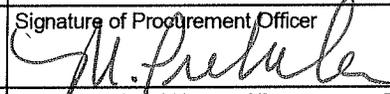
2.1 Appendix A¹ (General Conditions), Items 1 through 17, govern contract performance.
 2.2 Appendix B sets forth the liability and insurance provisions of this contract.
 2.3 Appendix C sets forth the scope of work/services to be performed by the contractor.

ARTICLE 3. Period of Performance: The period of performance for this contract begins June 1, 2014, and ends May 31, 2019, with two (2) one-year renewal options.

ARTICLE 4. Considerations:

4.1 In full consideration of the contractor's performance under this contract, the State shall pay the contractor a sum not to exceed \$1,700,000.00 in accordance with the provisions of Appendix D.
 4.2 When billing the State, the contractor shall refer to the Agency Contract Number and send the billing to:

11. Department of Revenue	Attention: Division of Treasury
Mailing Address PO Box 110406	Attention: Bronze Ickes

12. CONTRACTOR	13. CONTRACTING AGENCY
Name of Firm KeyBank, N.A.	Department/Division Revenue / Treasury
Signature of Authorized Representative 	Signature of Procurement Officer 
Typed or Printed Name of Authorized Representative Kim Monson	Typed or Printed Name of Procurement Officer Michelle Prebula
Date 6/25/13	Date 7/2/13

APPENDIX A¹

GENERAL CONDITIONS

1. Inspections and Reports:

The department may inspect, in the manner and at reasonable times it considers appropriate, all of the contractor's facilities and activities under this contract. The contractor shall make progress and other reports in the manner and at the times the department reasonably requires.

2. Suitable Materials, Etc.:

Unless otherwise specified, all materials, supplies or equipment offered by the contractor shall be new, unused, and of the latest edition, version, model or crop and of recent manufacture.

3. Disputes:

Any dispute arising out of this agreement shall be resolved under the laws of Alaska. Any appeal of an administrative order or any original action to enforce any provision of this agreement or to obtain any relief from or remedy in connection with this agreement may be brought only in the superior court for the State of Alaska.

4. Default:

In case of default by the contractor, for any reason whatsoever, the State of Alaska may procure the goods or services from another source and hold the contractor responsible for any resulting excess cost and may seek other remedies under law or equity.

5. No Assignment or Delegation:

The contractor may not assign or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the written consent of the Procurement Officer.

6. No Additional Work or Material:

No claim for additional supplies or services, not specifically provided in this contract, performed or furnished by the contractor, will be allowed, nor may the contractor do any work or furnish any material not covered by the contract unless the work or material is ordered in writing by the Procurement Officer.

7. Independent Contractor:

The contractor and any agents and employees of the contractor act in an independent capacity and are not officers or employees or agents of the State in the performance of this contract.

8. Payment of Taxes:

As a condition of performance of this contract, the contractor shall pay all federal, State, and local taxes incurred by the contractor and shall require their payment by any subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by the State under this contract.

9. Compliance:

In the performance of this contract, the contractor must comply with all applicable federal, state, and borough regulations, codes, and laws, and be liable for all required insurance, license, permits and bonds.

10. Conflicting Provisions:

Unless specifically amended and approved by the Department of Law the General Conditions of this contract supersede any provisions in other appendices. The contractor specifically acknowledges and agrees that provisions in any form contracts it appends hereto that purport to (1) waive the State of Alaska's sovereign immunity, (2) impose indemnification obligations on the State of Alaska that are not conditioned on legislative appropriation, or (3) seek to limit liability of the contractor for acts of contractor negligence, are expressly superseded by this contract and are void.

11. Officials Not to Benefit:

Contractor must comply with all applicable federal or State laws regulating ethical conduct of public officers and employees.

12. Contract Prices:

Contract prices for commodities must be in U.S. funds and include applicable federal duty, brokerage fees, packaging, and transportation cost to the FOB point so that upon transfer of title the commodity can be utilized without further cost. Prices for services must be in U.S. funds and include applicable federal duty, brokerage fee, packaging, and transportation cost so that the services can be provided without further cost.

13. Contract Funding:

Contractors are advised that funds are available for the initial purchase and/or the first term of the contract. Payment and performance obligations for succeeding purchases and/or additional terms of the contract are subject to the availability and appropriation of funds.

14. Force Majeure:

(Impossibility to perform) The contractor is not liable for the consequences of any failure to perform, or default in performing, any of its obligations under this Agreement, if that failure or default is caused by any unforeseeable Force Majeure, beyond the control of, and without the fault or negligence of, the contractor. For the purposes of this Agreement, Force Majeure will mean war (whether declared or not); revolution; invasion; insurrection; riot; civil commotion; sabotage; military or usurped power; lightning; explosion; fire; storm; drought; flood; earthquake; epidemic; quarantine; strikes; acts or restraints of governmental authorities affecting the project or directly or indirectly prohibiting or restricting the furnishing or use of materials or labor required; inability to secure materials, machinery, equipment or labor because of priority, allocation or other regulations of any governmental authorities.

15. Contract Extension:

Unless otherwise provided, the State and the contractor agree: (1) that any holding over of the contract excluding any exercised renewal options, will be considered as a month-to-month extension, and all other terms and conditions shall remain in full force and effect, and (2) to provide written notice to the other party of the intent to cancel such month-to-month extension at least thirty (30) days before the desired date of cancellation.

16. Severability:

If any provision of the contract is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected; and, the rights and obligations of the parties will be construed and enforced as if the contract did not contain the particular provision held to be invalid.

17. Continuing Obligation of Contractor:

Notwithstanding the expiration date of this contract, the contractor is obligated to fulfill its responsibilities until warranty, guarantee, maintenance and parts availability requirements have completely expired.

APPENDIX B¹
INDEMNITY AND INSURANCE

Article 1. Indemnification

The Contractor shall indemnify, hold harmless, and defend the contracting agency from and against any claim of, or liability for error, omission or negligent act of the Contractor under this agreement. The Contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of the Contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Contractor" and "Contracting agency", as used within this and the following article, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the Contracting agency's selection, administration, monitoring, or controlling of the Contractor and in approving or accepting the Contractor's work.

Article 2. Insurance

Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Contractor's policy contains higher limits, the state shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Contracting Officer prior to beginning work and must provide for a notice of cancellation, nonrenewal, or material change of conditions in accordance with policy provisions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the Contractor's services. All insurance policies shall comply with, and be issued by insurers licensed to transact the business of insurance under AS 21.

2.1 Workers' Compensation Insurance: The Contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations including but not limited to Federal U.S.L. & H. and Jones Act requirements. The policy must waive subrogation against the State.

2.2 Commercial General Liability Insurance: covering all business premises and operations used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000. combined single limit per occurrence.

2.3 Commercial Automobile Liability Insurance: covering all vehicles used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000. combined single limit per occurrence.

APPENDIX C SCOPE OF SERVICES

KeyBank ("Contractor") shall provide depository and related banking services as described in the State of Alaska ("State") Request for Proposals (RFP) and Contractor's proposal (both incorporated by reference as part of this contract). At the specific direction of the Cash Management Section of the Treasury Division, the Contractor will provide services that include, but are not limited to the following:

1. Depository Concentration

The Contractor will act as the State's primary depository bank and perform all required depository services. The Contractor shall provide a demand deposit account that will serve as the State's depository concentration account. The Contractor will process and report deposits for various State programs and locations (subaccounts) of the depository concentration account. Deposits include but are not limited to cash, checks, money orders, travelers checks, wire transfers, and ACH transactions. The State reserves the right to transfer any of the subaccounts of the depository concentration account to another bank at the State's discretion or for processing efficiency.

The State requires all deposits and deposit-related transactions to include the appropriate subaccount number. The subaccount number is the State's primary mechanism for tracking deposits by department, agency and location. This information is essential for the accurate appropriation accounting required for state government.

The Contractor will process and report all deposit related transactions, including but not limited to various debit and credit adjustments, zero balance account transactions, returned items, collection items, and foreign exchange adjustments. The Contractor will make a 2nd attempt to deposit all Non-Sufficient Funds checks, including on-us checks.

The Contractor will provide other related banking services, such as mobile banking, safe deposit boxes, disbursement accounts with fraud protection and other banking services that have been documented in the RFP and Contractor's proposal.

2. Other Accounts

The Contractor shall provide banking services for state agencies that have special processing requirements. These agencies may include, but are not limited to the Office of Public Advocacy, the Department of Corrections. These trust checking accounts generally require a wide range of banking services such as check processing, payee positive pay, zero balance accounts, depository services, wire transfers, ACH processing, and reporting for all banking transactions. The State reserves the right to transfer any of the special processing bank accounts to another bank at the State's discretion.

3. Supplies and Third Party Fees

The Contractor shall provide a variety of bank supplies including MICR encoded deposit slips, endorsement stamps, poly deposit bags and check stock. The State will order supplies from the Contractor's established third party printer. The State will only use supplies that meet the Contractor's quality specifications. All supply fees and any other third party fees, such as courier or armored car fees, will be paid by the Contractor and billed to the State through the account analysis.

4. Electronic Transactions

The Contractor will provide an electronic funds transfer (EFT) system that can be accessed through the public internet. The State will generate wire transfers and Automated Clearing House (ACH) transactions using this system. The Contractor and the State will comply with all Federal Reserve regulations, National Automated Clearing House Association (NACHA) rules, and Office of Foreign Assets Control (OFAC) requirements when generating wires and ACH transactions.

5. Collateralization

All State deposits maintained with the Contractor must be monitored daily and collateralized at 110% to the extent that deposits exceed insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). Collateral must be marked to market monthly. Acceptable collateral is defined as U.S. Treasury Bonds, Notes and Bills and debt securities guaranteed by the U.S. or its agencies or instrumentalities as follows:

- Debt Securities of the Federal Farm Credit System
- Debt Securities of the Federal Home Loan Banks
- Debt Securities of the Federal National Mortgage Association ("Fannie Mae")
- Debt Securities of the Government National Mortgage Association ("Ginnie Mae")
- Debt Securities of the Federal Home Loan Mortgage Corporation ("Freddie Mac")

A tri-party agreement will be executed between the State, the Contractor, and an eligible trustee who agrees to safe keep the pledged securities. The Contractor shall pay all collateralization expenses incurred with the trustee.

6. **Reporting**

The Contractor will provide a variety of daily, monthly and ad hoc reports for the State's use. These reports will include a daily bank report, in BAI2 format, of the prior day's activity of the detail transaction activity and balance transactions for all State bank accounts as specified by the State Treasury. This report should be made available to the State via a secure, electronic delivery channel prior to 7:30 am Alaska Prevailing Time each business day. If the State notifies the Contractor that it is not able to pick up the daily file due to technical difficulties or an emergency, the Contractor will retain the file(s) until such a time that the State can resume normal operations. Other required reports include but are not limited to account statements, account analyses, paid check files, ACH activity files and check images.

7. **Negative Collected Balance**

The intent of the State is to maintain a positive collected balance in the depository concentration, OPA and Department of Corrections accounts. However, there will be occasions when an account will become overdrawn. Upon discovery of an overdrawn account, the State will deposit funds to eliminate the negative collected balance.

8. **Confidentiality**

All information each party receives from or respecting the other in the performance of this agreement shall be received in confidence and shall not be disclosed to any other person except as such disclosure may be required by law or expressly permitted in writing by the other party.

9. **Other Services**

The description of services in this contract is not meant to preclude the use of new services or technologies as they are developed, such as new internet-based systems or features, new fraud prevention techniques, and advances in imaging technology.

If the State requires the Contractor provide new banking services or technologies, those services will be within the general scope of this contract. The State will provide the Contractor a written description of the additional work and request the contractor to submit a firm time schedule for accomplishing the additional work and a firm price for the additional work.

APPENDIX D
PAYMENT FOR SERVICES

1. Method of Payment

The State may compensate the Contractor by maintaining compensating balances, by direct payment, or by a combination of the two methods. The State will initially use compensating balances for the purpose of providing payment to the Contractor for services performed under this contract. The State will inform the Contractor in advance of any changes in the compensation method.

The State will use its best efforts to maintain a level of compensating balances that will generate an earnings allowance equal to the cost of services at the close of each calendar year. However, due to fluctuations in the earnings rate and the volume of services provided, the State will be unable to reach a net zero funding position. The Contractor agrees to carry forward to the new calendar year a reasonable amount not to exceed \$5000 net of all cumulative fees and earnings credit allowances for all accounts combined.

2. Compensating Balance Account

The Contractor shall make available an account in which the State may maintain compensating balances. Earnings credits accruing on this account will offset fees accrued.

3. Earnings Credits

The Earnings Credit Rate (ECR) is 0.50% and a potential minimum ECR floor is established at 0.25%. The ECR will be compared quarterly to the indexed rate of 3 month LIBOR. When rates rise to the point that this is beneficial to the State, the Contractor and the State will work together to ensure that a mutually agreeable ECR is established. The contractor will review and consider interest rates of various short term investments including US Treasury Bills, Fed Funds, LIBOR and other Short-term investments to establish the ECR that will be offered to the State.

The earnings credit allowance shall be calculated monthly using the following formula and will be reported by the Contractor, along with any adjustments, on the account analyses:

Earnings Credit Rate divided by 100
Multiplied by days in month (31)
Divided by days in year (365)
Truncated at 5 decimals
Multiplied by the average collected balance to support services
Equals the Earnings Credit Allowance (truncated at 2 decimals)

4. Uncollected Funds Charge

The state will not be charged individual overdraft fees per occurrence. A service charge for uncollected funds will be charged for any day(s) when an account has a negative collected balance, using the formula listed below. The uncollected funds rate is the contractor's prime rate. The state has the option to pay the uncollected funds charge with compensating balances.

$$\frac{(\text{Uncollected fund rate divided by } 100) \times (\text{number of negative days}) \times (\text{average daily negative collected balance})}{\text{Number of days in the year}}$$

5. Charges

The Contractor will assess charges for services performed that are listed in the attached Schedule of Fees.

If the State requests Contractor to perform a service that is not included in the attached Schedule of Fees, the Contractor and the State will agree on the charge to be assessed prior to the service being performed.

Contract prices will remain firm through the first three years of the initial five-year period of the contract. The Contractor must request a price adjustment, in writing, 30 days prior to the end of the first three years of the contract and annually on the same date thereafter. If the Contractor fails to request a CPI price adjustment 30 days prior to the adjustment date, the adjustment will be effective 30 days after the State receives their written request.

Price adjustments will be made in accordance with the percentage change in the U.S. Department of Labor Consumer Price Index (CPI-W) for Urban Wage Earners and Clerical Workers, All Items, Anchorage Area. The price adjustment rate will be determined by comparing the percentage difference between the CPI in effect for the base year six month average for July through December 2013; and each July through December six month average thereafter. The percentage difference between those two CPI issues will be the price adjustment rate. No retroactive contract price adjustments will be allowed. The original July through December 2013 index will continue to be used as the base throughout the life of the contract.

Fee Schedule

AFP Code	Service Description	Per Item Fee	Comments
00 02 30	Deposit Insurance	N/C	Unless regulatory conditions require
01 00 00	Subaccount DDA Maintenance	N/C	
01 00 00	Account Maintenance	5.00	
01 00 20	ZBA Concentration Account	5.00	
01 00 21	ZBA Subaccount	N/C	
01 03 00	DDA Paper Statement	5.00	
01 03 00	DDA Online Statement Delivery	N/C	
01 01 00	Debits Posted	0.04	ACH debits and checks paid
01 01 01	Credits Posted	0.04	ACH credits. Per deposit fee is listed below at \$0.15.
01 04 06	Analysis Statement Paper mailed	5.00	
01 04 06	Analysis Statement Online	N/C	
10 00 00	Night Bag Deposited Cash	0.0008	
10 00 05	Night Bag Fee	N/C	
10 00 15	Deposited Cash Branch	0.0008	
10 00 48	Currency Order	N/C	
10 00 40	Change Order	N/C	
10 01 00	Deposited Cash - Vault	0.0008	
10 02 00	Deposits at a Branch	0.15	
10 02 00	Deposits Night Drop	0.15	
10 02 00	Deposits Remote Deposit Capture	0.15	
10 02 00	Deposits Vault	0.15	
10 02 1B	Electronic Item Clearing Agent	0.045	All three electronic item charges roll into a single electronic line item at \$0.045 per item.
10 02 10	Electronic Item On Us	0.045	
10 02 18	Electronic Item Direct Send	0.045	
10 02 10	Encoded Checks Deposited - On Us	0.045	
10 02 11	Encoded Checks Deposited - Affiliates	0.045	
10 02 14	Encoded Checks Deposited - Fed	0.045	
10 02 15	Encoded Checks Deposited - Regional (RCPC)	0.045	
10 02 18	Encoded Checks Deposited - Direct Send	0.045	
10 02 1A	Encoded Checks Deposited - Travelers Checks	0.045	
10 02 1Z	Encoded Checks Deposited - Bundled	0.045	
10 02 20	UnEncoded Checks Deposited - Onus	0.045	
10 02 21	UnEncoded Checks Deposited - Affiliates	0.045	
10 02 24	UnEncoded Checks Deposited - Fed	0.045	
10 02 25	UnEncoded Checks Deposited - Regional (RCPC)	0.045	
10 02 26	UnEncoded Checks Deposited - Direct Send	0.045	
10 02 27	UnEncoded Checks Deposited - Travelers Checks	0.045	
10 02 2Z	UnEncoded Checks Deposited - Bundled	0.045	
10 03 10	Deposited Foreign Item	0.045	
10 04 00	Returned Item Chargeback	2.00	
10 04 02	Redeposited Returned Items	1.00	
10 04 14	Electronic Return Item Report Monthly Access	N/C	
10 04 14	Electronic Return Item Image Retrieval	N/C	
10 08 30	Disposable Deposit Bags Furnished 9" x 12" single pocket	0.16	

10 08 30	Disposable Deposit Bags Furnished 12" x 16" single pocket	0.21	
10 08 40	Deposit Tickets (200ea 2-part, bookbound, duplicates)	14.47	
10 08 50	Self Inking Endorsement Stamps	9.80	
10 99 99	Remote Deposit Capture Setup Fee	N/C	
10 99 99	Remote Deposit Capture Fixed Monthly	50.00	
10 99 99	Remote Deposit Capture Scanned Item	N/C	
10 99 99	Remote Deposit Capture Large Volume Fixed Monthly	50.00	
10 99 99	Remote Deposit Capture Scanner Equip Purch (75 items per min)	1,119.61	
15 00 30	Payee Positive Pay Service Setup Fee	N/C	
15 00 30	Payee Positive Pay Service monthly per Account	N/C	
15 00 30	Payee Positive Pay Daily Exceptions Report	N/C	
15 00 30	Payee Positive Pay Exceptions Returned	N/C	
15 01 20	Checks Paid Positive Pay	0.04	
15 04 10	Stop Payment Entry Automated	10.00	
15 04 20	Stop Payment Entry Manual	15.00	
15 08 00	Pre-Printed laser check stock (box of 1000)	50.12	
15 13 42	Check Image Retrieval	N/C	
15 13 50	Image Long-Term Maintenance	N/C	
15 13 50	Check Image Maintenance	N/C	
15 13 51	CD Item Capture	N/C	
15 13 51	Image Long-Term Capture fee	N/C	
15 13 52	Image Long-Term Viewing Fee	N/C	
15 13 53	Check Image CD Rom Creation	15.00	
20 00 10	Paper Disbursement Full Recon Maintenance	20.00	
20 01 10	Paper Disbursement Full Recon Processing	0.04	
20 02 01	Check Issuance Daily Transmission Input	25.00	
20 02 01	Account Reconciliation Transmission Output	0.75	
25 01 00	ACH Monthly Fee	30.00	
25 01 00	ACH Originated Debit Item	0.04	
25 01 01	ACH Originated Credit Item	0.04	
25 02 00	Incoming ACH Debit Item	0.04	
25 02 01	Incoming ACH Credit Item	0.04	
25 02 20	ACH Received Addenda	N/C	
25 03 02	ACH Return Items	1.50	
25 05 01	ACH Data Transmission	5.00	
25 10 50	ACH Debit Filter Implementation Fee	N/C	
25 10 53	ACH Debit Filter Administration Fee (online service)	10.00	
25 10 70	ACH Noc'S	0.75	
25 11 00	ACH Monthly Base Fee	10.00	
35 03 00	Wire Transfers - Incoming	5.00	
35 06 00	Wire Maintenance	10.00	
40 00 02	BAI File Transfer Per Acct (previous day)	10.00	
40 00 05	Intraday Report per account	10.00	
40 01 10	BAI Per File Transfer Fee	5.00	
40 02 21	BAI File Transfer Per Detail	0.01	
40 02 22	BAI2 Download	N/C	
40 02 25	Intraday Detail Items	0.01	
01 00 21	ZBA Sub Account	5.00	Sub accounts that are not KeyTRAC sub.

10 00 4A	Branch Strap Out	0.05	Per strap
10 00 44	Branch Roll Out	0.05	Per coin roll
10 99 99	Key Capture Plus (Image Cash Letter) Fixed Monthly	300.00	
10 99 99	Digital Check Scanner ChexPress CX30 (single feed)	444.96	Scanner prices are subject to change. Shipping fee is not included. You may check current pricing on Superior Press website (www.key.com/cashmanagement)
10 99 99	Digital Check Scanner TellerScan 230-35 IJ (35 items per min)	761.17	
10 99 99	Panini Vision Scanner X1F (35 items per min)	627.27	
10 99 99	Panini Vision Scanner X50 (50 items per min)	972.32	
10 99 99	Panini Vision Scanner X75 (75 items per min)	1,119.61	
Other	Safe Deposit Box 2" x 5"	38.00	
Other	Safe Deposit Box 3" x 5"	44.00	
Other	Safe Deposit Box 5" x 5"	70.00	
Other	Safe Deposit Box 2" x 10"	55.00	
Other	Safe Deposit Box 3" x 10"	58.00	
Other	Safe Deposit Box 4" x 10"	65.00	
Other	Safe Deposit Box 5" x 10"	88.00	
Other	Safe Deposit Box 10" x 10"	160.00	

- N/C = No Charge Assessed