



Proposal from JPMorgan Chase Bank, N.A.  
to Provide Primary Banking Services to  
Gila County, Arizona

**RFP 011312-1**

**May 3, 2012**

**J.P.Morgan**

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To help the United States government fight the funding of terrorism and money laundering activities, U.S. law requires banks and certain other financial institutions to obtain, verify, and record information that identifies each client that opens an account. What this means for our clients: Before opening a new account, we will require you to provide name, address, taxpayer identification number, and other information and/or documentation that will allow us to identify the account owner(s), as required by law.

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# J.P.Morgan

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May 3, 2012

Ms. Valrie Bejarano  
**Gila County Procurement**  
1400 East Ash Street  
Globe, AZ 85501

## RE: Request for Proposals - Primary Banking Services (#011312-1)

Dear Valrie:

JP Morgan Chase Bank is pleased to submit the enclosed response to Gila County's Request for Proposals for Primary Banking Services. We're confident that you'll find that we have developed a very comprehensive and competitive response to demonstrate our desire to remain the County's Servicing Bank.

Chase Bank's government banking franchise and expertise extends beyond the borders of Arizona, as we are part of an organization that consists of over 340 dedicated professionals that deliver financial products and services to a myriad of state and local governments throughout the country. We strive to help our public sector clients meet today's challenges and to be better prepared for tomorrow's opportunities.

Why should Gila County consider retaining Chase Bank?

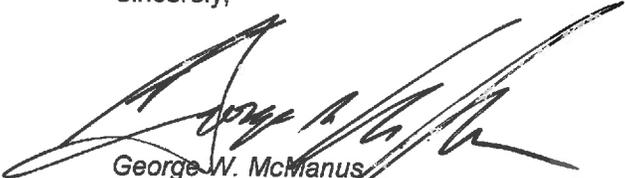
- **Arizona County Government Experience** – Chase Bank is currently Gila County's contractual servicing bank - additionally we're the Servicing Bank for the counties of *Maricopa, Cochise, Santa Cruz, Yavapai, and Yuma*. This impressive portfolio of existing County clients reflects both our local commitment and experience at understanding the financial needs of County Government.
- **Local and Dedicated Customer Support** - Our Arizona Commercial Client Service Division has representatives located in both Tucson and Phoenix, who are dedicated to supporting our clients' needs by delivering superior and consistent customer service. The County will continue to have its own designated Client Service Professional (CSP) who has experience working with the County Treasurer and her staff.
- **Products and Services** – Chase Bank understands the County's unique banking needs and account structure. Our local operational infrastructure has sufficient capacity to process the daily volume of County warrants, and our suite of Treasury Management Services and Product offerings will afford the County access to a full range of payment solutions and applications developed to bring efficiencies and savings to the County. And, if ever needed our Lockbox Department is well prepared to handle the County's secured property tax payments.
- **Competitive Pricing Structure** – With several modifications to the County's existing banking applications and processes, our proposal includes several product options that could reduce the County's existing banking fees by approximately \$10,000 annually.
- **Contractual Pricing Commitment** - If selected as the County's new servicing bank, all banking services as described and the pricing referenced in this proposal are firmly and irrevocably offered to Gila County until **June 30, 2017**. *Note: Fixed pricing commitment does not apply to contracted third-party vendors, interest rates, or regulatory imposed fees that may arise during the term of this contract.*

# J.P.Morgan

- **Avoid any Conversion Disruption and Related Expenses** – By retaining Chase Bank the County avoids any service and staff disruptions often associated with converting Banking applications. Additionally, we're willing offer the County a one-time **Retention Credit** in the form of a Service Charge Waiver for the months of July, August, and September, 2012 – which represents a possible savings of **\$10,000.00**

The enclosed response contains product summaries and service descriptions intended to highlight our ability to support the County's current and future banking needs. We welcome an opportunity to clarify any of this information or provide additional details to the County's proposal review committee. If you have any questions, please contact me directly at (602) 221-2179.

Sincerely,



George W. McManus  
Senior Vice President

This proposal is subject to and conditioned upon a mutually agreeable contract between Gila County and JPMorgan Chase Bank, NA. The Bank will require the County to sign customary bank documentation and applicable product and service agreements prior to implementation of services.

## Executive Summary

Chase Bank is honored for this opportunity to respond to Gila County's Request for Proposals for Banking Services. Throughout our response, we have endeavored to demonstrate our deep commitment to continue to serve as the County's Banking Services provider through a robust offering of competitive, patented products and services, in conformance with the County's Scope of Service and Minimum Qualifications. We have read and understand the County's banking service requirements and are confident that we can continue to fully accommodate the County's needs. In brief overview, our Treasury Services business is a top-ranked, full service provider of innovative payment, collection, liquidity management, commercial card and information channel solutions to governments and municipalities worldwide. With over 3,700 public sector customers in the US, and numerous Arizona counties among these (including Maricopa County as of July 1, 2011), Gila County can rest assured that Chase is very experienced and well equipped to continue to assist the County in finding ways to reduce costs and maximize efficiency potential through a close consultative partnership with you. In addition we are offering the County competitive relationship pricing as well as a "Retention Credit" to assist the County with customary related expenses, as described in our cover letter.

In accordance with the County's Scope of Service requirements, our proposal confirms Chase's ability to meet and exceed the County's main objectives:

- **Obtain comprehensive banking services:**

At the County's disposal is our full suite of Treasury Services under a modular design with expansive resources dedicated to provide solutions to **serve** the needs of the County, as described in its RFP. The County's local dedicated coverage team has a strong array of back up personnel within the local pool of 50+ Government Banking, Treasury Services, Implementations, and Client Service staff members, further assisted by numerous local and regional operations and product partners.

- **Minimize the cost of banking services to the taxpayers of Gila County:**

Our fee proposal offers a best overall value advantageous to the County. Based upon the current pricing provided in comparison to our new proposed pricing, we estimate the County will save approximately 9% while moving to more automated services.

- **Preserve capital, protect investment principal, and maximize the return on liquid assets while avoiding unreasonable risk:**

Chase Bank will be your trusted banking partner, offering financial strength and stability to the County, while investing in innovation and leadership for the future of financial services. As of December 31, 2011, J.P. Morgan Chase Bank & Co. (ticker symbol: *JPM*) has:

- Market capitalization of more than US \$125.4 billion
- Deposits of more than US \$1.1 trillion
- Loans of more than \$723.7 billion
- Total stockholder equity of US \$183.6 billion
- Tier 1 capital and total capital ratios of 12.3% and 15.4%, respectively (estimated)

**In addition, Chase can provide an array of interest bearing services and vehicles to help the County receive a maximum return on funds.**

## Solution Overview

As a member of the business community in Gila County, Chase Bank shares similar values, vision, and commitment to the economic health and vitality of the citizens and businesses in the County. Chase Bank has deep roots in Arizona, dating back to the founding of Gila Valley Bank in 1899 and Valley National Bank in 1935. We're proud to serve more than 45,000 consumer and small business customers through our Retail Banking Centers throughout the County. Statewide, Chase Bank employs more than 11,000 residents and serves nearly 3 million customers – we're the second largest depository bank in the state and the seventh largest private sector employer.

We also understand the special processes, services, and support that County Governments require from their Servicing Bank. Chase Bank is currently the contractual servicing bank for the counties of *Gila, Maricopa, Cochise, Santa Cruz, Yavapai, and Yuma*, illustrating both our local commitment and our experience in understanding the financial needs of county governments.

## Relationship Management and Service Excellence

Chase Bank employs a partnership approach and Gila County would continue to receive support from a **Relationship Team** from our Government, Not-for-Profit and Healthcare (GNPH) Banking division. This is a special industry group within the Commercial Bank, specifically established for the unique needs of our GNPH clients. The County will benefit from our extensive experience in developing products and services for the unique banking requirements of our GNPH clients across the country. We will continue to build a partnership with the County by sharing thoughtful advice and leveraging our national practice. We are committed to developing a complete understanding of the County's short and long term goals by working together daily and becoming a trusted advisor to Gila County.

George McManus will continue to be the County's Relationship Manager (RM), and Mary Lundell will be the County's Treasury Services Manager (TSM). The County's dedicated Client Service Professional (CSP) will continue to be Gail Haymaker, who will handle all day-to-day service issues and inquiries. George, Mary and Gail are physically located in the same office, and are supported by an expansive team of counterparts and support staff, crossing all aspects of Treasury Services and Public Sector banking. Our coverage model ensures that Gila County will have the added benefits of a large team for back up and product resource expertise through our specialized structure, which ensures the County's day-to-day needs will be fully addressed.

Gail will have the authority, to work on the County's behalf, to engage all levels of management, and escalate within the Chase service organization and across Chase departments. In addition, Gail will regularly communicate with Gila County's Relationship Team to verify that all parties supporting the County are familiar with your day-to-day business and banking activity. Additionally, Gail will proactively communicate with the County on routine issues, as well as any matters that may require the County's attention.

**Delivering Service Excellence<sup>SM</sup>** demonstrates Chase's commitment to providing outstanding service through the personalized attention of a dedicated Client Service Professional. The Bank's commitment to service is an integral part of everything Chase does and one of the many reasons clients choose Chase for their commercial banking needs.

- **Personal** – A dedicated Client Service Professional (CSP) to support day-to-day banking and treasury needs as they arise, with dedicated back ups and local management support. The Chase team concept delivers the County a consistent service-centered approach, as all members of our team become intimately familiar with your specific operations and banking requirements.

- **Local** – In-person visits to meet with the County’s management and key contacts for routine and one-off meetings. At Chase, we believe that personal contact plays an important role in our ability to thoroughly understand your business and continually serve as your long term trusted advisor.
- **Experienced** – Chase CSP’s are highly seasoned and knowledgeable service professionals with an average of 20 years industry experience. No matter the need, the County can count on Gail, your dedicated CSP’s professionalism and dedication, to get the job done.
- **Responsive** – According to our 2010 Client Relationship Survey, the top two attributes clients look for in a service professional are the same attributes wherein our CSP’s are rated the highest – promptness in following up on requests, and ability to accurately and dependably resolve issues.

To ensure that we are delivering timely and responsive customer service, Chase Bank has established and measured targeted response times for account inquiries or service resolutions. Our standard Inquiry Response Time for all in-bound client requests is within two hours of receipt or less. Each individual Client Service Professional has a designated back-up, in addition to maintaining in-state redundancy with personnel in both Phoenix and Tucson. Our Arizona operations also has real-time continuous back-up from personnel located in our central Call Center, so the County would never be without support. The County’s entire relationship team at Chase operates as a cohesive unit and any one of your local team members may be called upon for service resolution assistance. If we don’t know the answer, we will own the issue until it is satisfactorily resolved.

In the event of an unforeseen business disruption, Chase Bank will initiate both written and verbal communications to notify the County of the status and estimated recovery time for our online applications or access to our personnel. Under strictly adhered to Disaster Recovery processes, Chase routinely performs testing and enhancements on all vital applications and systems to proactively identify, minimize and prevent any potential disruption to your daily operations.

- **Proactive** – *Delivering Service Excellence* also means using our best efforts to understand the County’s unique banking requirements and to share ideas that help you save time and money.

The County’s Relationship Team, including your CSP, is supported by a fully integrated service center staffed with a team that shares the same level of commitment to providing outstanding service. The Commercial Banking Client Service Center offers extended hours of operation Monday through Friday from 6:00 a.m. Arizona time to 6:00 p.m. Arizona time. We also offer a technical support hotline, Technical Solutions Group, where agents are available to assist you with your inquiries Sunday 2:00 p.m. MT through Friday 6:00 p.m. MT.

## Scope of Service

*The intent of this Request for Proposals (RFP) is to seek proposals from qualified bank(s) to provide for Gila County's Primary Banking Service. The successful Offeror shall have the ability, and capacity, to provide innovative banking and investment services for all funds not restricted by law or bond covenants.*

*The County's main objectives are to:*

- 1. Obtain comprehensive banking services.*
- 2. Minimize the cost of banking services to the taxpayers of Gila County.*
- 3. Preserve capital, protect investment principal, and maximize the return on liquid assets while avoiding unreasonable risk.*

*The County reserves the right to eliminate any individual service contained within the RFP for reasons such as, but not limited to: determination that the fees assessed for providing a category of service are excessive, or that the service can be performed in-house at no additional cost.*

Chase Bank understands the above

## Minimum Qualifications

*In order to be eligible to respond to this RFP, responding banks must meet the following minimum qualifications.*

- Authority to offer institutional banking services via charter from either the United States Federal Government or the State of Arizona.*
- Chase Bank is a national bank regulated by The Office of the Comptroller of the Currency (OCC), JPMorgan Chase Bank, N.A. is authorized to provide banking services in the states in which it is doing business. Institution must be an Arizona State qualified depository for public funds and be in compliance with all Arizona Revised Statutory guidelines or the deposit of public funds by government agencies.*

Chase Bank confirms that we are a qualified depository and are in compliance with Arizona Statutes.

- Be a current member of the Federal Reserve System with access to all Federal Reserve System services.*

Chase Bank is a current member of the Federal Reserve System and is in good standing.

- Institution must have established local branch offices within Gila County that are able to fulfill the County's banking service needs as specified herein.*

Chase Bank has an established branch located at 201 S Beeline Highway, Payson, AZ 85541

## Banking Service Overview

*The majority of banking services' activity is conducted under the auspices of the Treasurer's Office acting on behalf of the County's administrative departments, elected officials' offices, such as Sheriff, Recorder, Assessor, school district(s) and limited courts. Currently the Treasurer's Office handles fifteen (15) bank accounts under the Gila County Banking Services umbrella.*

*With reference to A.R.S. § 11-635, the Servicing Bank shall bid a percentage (less than 10%) on warrants that cannot be paid for lack of funds which will be carried by the bank until called by the County Treasurer.*

*Offeror's shall consider the Treasurer's requirements when preparing the complete service proposal.*

*Proposals will be evaluated on the basis of the most complete servicing package offered to Gila County for the services and requirements set forth herein.*

*All technical questions concerning this proposal request should be directed to Ms. Debora Savage, Gila County Treasurer, at (928)402-8700.*

## Offeror Questionnaire

*Offeror must complete the questionnaire. All questions must be answered; if an Offeror does not provide the service or the question does not pertain to the Offeror, the question must be answered as "N/A" meaning "not applicable". The Offeror must have a reason why the service is not provided or why the question does not pertain to them.*

*Responder must provide all fee, cost, comparison, payment or credits-related information, and must reference the numbering scheme used in the questionnaire on the Pricing Sheet. For example, for costs associated with item 1) Deposits, respond with the following: "1-d) Costs associated with a deposit: <type in all costs associated with a deposit, including an aggregate total for this item>". This information must be included in Offeror's proposal with the Pricing Sheet in addition to the information requested on the Pricing Sheet.*

1. **DEPOSITS - Describe bank's services in this category, including:**

a) **Identify any deposit procedures you require, such as a limit on the number checks per deposit.**

Chase offers branch teller, branch night drop, vault (via armored car) and ATM deposit options. However, not all options are available in all locations. As part of our service setup, we will complete a proximity study notifying you of the nearest location(s) offering the service option(s) that meet your depository processing requirements. We can also accept paper check deposits directly to one of our item processing sites.

As an inexpensive alternative, the County may elect to deposit checks electronically, using our Image Deposit Direct® (IDD) remote deposit capture solution or our Image Cash Letter (ICL) product. IDD and ICL facilitate electronic check deposits throughout the United States.

**Deposit Cash and Checks in Separate Bags**

If the County prefers cash deposits to be reported separately from check deposits, then separate deposit bags with separate deposit tickets (containing a unique BAI identifier) will be required.

Separating checks from cash will allow Gila County's courier to deliver checks directly to the check-processing center. Using this method, the County will benefit from extended ledger cut-off and availability deadlines, as deposit deadlines are later for separate cash and check deposits.

Additionally, separate bags provide an added security measure, reducing the possibility of inadvertently sending cash to the check-processing center.

**Separate Deposit Tickets**

Chase prefers for paper checks and currency deposits to be on listed separate deposit tickets, allowing for greater efficiency in processing the deposit. Typically, we do not require deposits to be separated. However, coin deposits in excess of \$10 will require a separate deposit slip.

**Limit Deposit Tickets to One (1) per Bag**

For tracking and control purposes, Chase recommends including only one deposit ticket per bag.

**Flexibility Regarding Standard Straps**

Gila County will not be required to deposit cash in standard straps. However, Chase offers price incentives based on how deposits are prepared.

The County will receive a Cash Services Product Guide, clearly illustrating the most advantageous manner in which to prepare deposits. High-quality, properly prepared deposits will receive the most advantageous deposit processing pricing.

**Coin Deposits**

Chase will accept loose and rolled coin for deposit at vault, banking center and night drop locations. Regular deposits can contain up to \$10 in coin. We prefer that larger coin deposits (greater than \$10) go to our corporate vaults using the plastic bags specifically made to accommodate large coin deposits. Bags should weigh less than 50 pounds.

Price incentives are available for preparing standard coin bags (sorted by denomination into Fed-standard dollar amounts), although we will accept mixed and partial bags, as well. Please refer to the pricing section of this proposal for fees associated with coin deposits.

**Un-encoded Check Deposit Requirements**

Deposit Tickets

- An original, preprinted Chase deposit ticket, stating the deposit amount, should accompany each check deposit.
- Each deposit total must be listed on the courier receipt if a courier delivers deposits.
- Each deposit ticket should consist of no more than 25 packages (batches) of checks. Each package of checks can contain up to 300 items (checks) and no fewer than six.
- If multiple deposits are made, each deposit should be kept together with its individual deposit ticket.

Deposit Preparation

- Endorse the back of every check with wording to the effect: "For deposit only in Account (Name and #) with Chase". This endorsement must be placed on the back of the check in the area from the left edge of the check and should not extend more than 1½ inches from that left edge.
- Items should be prepared in a condition to be processed on high-speed sorters. Staples, paper clips, tape and wrappers should be removed. Checks should not be folded, bent or torn. Torn checks should be put in carriers or repaired. All checks should be right side up, facing the same direction, with the MICR line on the bottom edge.

- Do not write on the MICR line (the lower edge of the check or deposit ticket) or on the bar code on the deposit ticket.
- A tape listing each item (check) in the package should be included with each individual package of checks:
  - Create a readable listing tape for each package of checks, detailing all checks in order (up to 300 checks per package).
  - Mark all adjustments on the tapes clearly.
  - The individual tape listing for a package of checks should be placed in front of the package of checks to which it pertains. It is not necessary to wrap the package of checks with the tape listing.
  - List each tape total on the check lines of the deposit ticket — each line should represent the total of each package of checks.
- A recap tape, listing the individual package totals that make up the deposit, should be included.
  - Create a separate tape listing each package of checks.
  - Label the tape as a recap tape.
  - Place the recap listing tape in front of the first package of checks.
  - The recap listing tape total of all packages must match the bottom total amount listed on the deposit ticket. Write the total number of checks included in the deposit in the box labeled total item count.
- Detach and retain any copies of the deposit ticket for your records.
- The original, preprinted Chase deposit ticket should be placed on top of the bundle of packages of checks.
- The deposit bundle sequence should be: deposit ticket, recap tape, first package tape, first package of checks, second package tape, second package of checks, third package tape, third package of checks, etc.
- Secure the deposit bundle with two rubber bands of the appropriate size, one on each end of the bundle. Be careful not to bend or tear the bottom portion of odd-sized checks when securing the deposit bundle.
- Place deposit bundle in a clear or transparent, tamper-resistant plastic bag.
- Seal the plastic bag.

Multicurrency Deposit Preparation

- Chase will provide a transmittal form with instructions on how to prepare the checks for deposit. These are delivered to you as part of the initial service setup, and additional forms can be ordered as needed.
- Bundle checks drawn in foreign currencies and/or drawn outside the U.S. separately, by currency and country of the paying bank.
- Endorse the back of each check on the trailing edge with a stamp including the term "Prior Endorsement Guaranteed", and your account name, account number, and (optionally) branch number.
- Multi-currency check deposits and collections should be delivered via courier or U.S. Mail to Chase operations in Houston, Texas.

- You may choose to use a 16 digit alphanumeric, non-MICR field reference number to reconcile your Multi-currency Deposits and Collections. If you choose to, you must use a separate transmittal form for each deposit or collection requiring that unique reference number.

Documentation

We strongly suggest that depositors retain one or more of the following to expedite the collection process in the event of lost items through the depositing/clearing process:

- Photocopy, microfilm or image of the front and back of each check
- Detailed description of all checks, such as MICR line information, name, address, bank name, bank account number and/or check number
- Copy of each tape for your own records

In the event the client fails to retain one or more of these items, Chase will have no liability to the client for any losses in connection with any such items.

Delivery

The County will have two primary options for delivering checks to Chase:

- Contract with a local courier service.
- Hand-deliver deposits.

Either delivery method is acceptable; however, Chase will accept responsibility only for work receipted or signed for at the check processing location.

***b) What method do you have available to allow us to identify the Gila County department or political subdivision making the deposit?***

Gila County's deposit tickets will include an auxiliary MICR field containing up to 10 digits for each of the County's locations. Please see the MICR specification for the requirements if you use fewer than the maximum number of digits to identify a depositing location.

We also offer variable serial number processing for those transactions that require a serial number to be associated with the deposit. The transaction specific serial number can be included in the auxiliary MICR field on the deposit ticket subject to the length limitations described above.

Chase strongly encourages clients to use the auxiliary MICR field to facilitate the accurate posting of deposits and adjustments to their account, bank statement and information reporting statements.

***c) Are there branches located throughout Gila County that can accept deposits from various political subdivisions and Gila County departments? If yes, identify the locations in the county.***

Chase Bank has an established branch located at 201 S Beeline Highway, Payson, AZ 85541

***d) Identify all costs associated with a deposit. (Fees or credits-related information shall be included on your Pricing Sheet.)***

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

***e) Do you provide for image cash letter processing? If so, what fees are associated including monthly maintenance fees?***

Chase offers two primary (2) alternatives (each offering an ACH clearing solution) for processing electronic check deposits:

1. **Image Cash Letter (ICL)** - The electronic equivalent of a paper cash letter deposit, ICL uses an ANSI X9.100-187 formatted file, containing images of original paper items and data corresponding to the item MICR line, to facilitate electronic check deposit processing.
2. **Image Deposit Direct (IDD)** - A remote deposit and capture solution, IDD will allow Gila County to make deposits to any Chase account from any location and also import detailed deposit activity reports into internal accounts receivable systems.

### Image Cash Letter (ICL)

An Image Cash Letter (ICL) is the electronic equivalent of a paper cash letter deposit. Depositors provide an ANSI X9.100-187 formatted file that contains images of the paper original items and data that corresponds to the item MICR line. Items that meet acceptability standards are processed through normal internal deposit posting, reporting and settlement processes. Items that fail image quality edits are reviewed as suspect. Items failing suspect review are nonconforming items (NCI's) and are adjusted against the cash letter total. Forward clearing presentment is done through posting checks drawn on-Chase, presenting most items as image exchange to more than 21,500 Routing Transit numbers, and the rest by image replacement document (IRD) presentment. Image exchange is per bilateral agreement of both the depository bank and the paying bank. Accounts receivable conversion (ARC), conversion of eligible items to clear through the ACH network, is available to corporate clients.

Use ICL to:

- Reduce the costs, time and risks of transporting physical paper checks
- Accelerate funds availability compared to traditional check processing
- Eliminate multiple passes in lockbox processing
- Eliminate the need for multiple banking relationships

Here is a detailed overview of how the ICL solution works:

ICL Solution Overview

Image Cash Letter

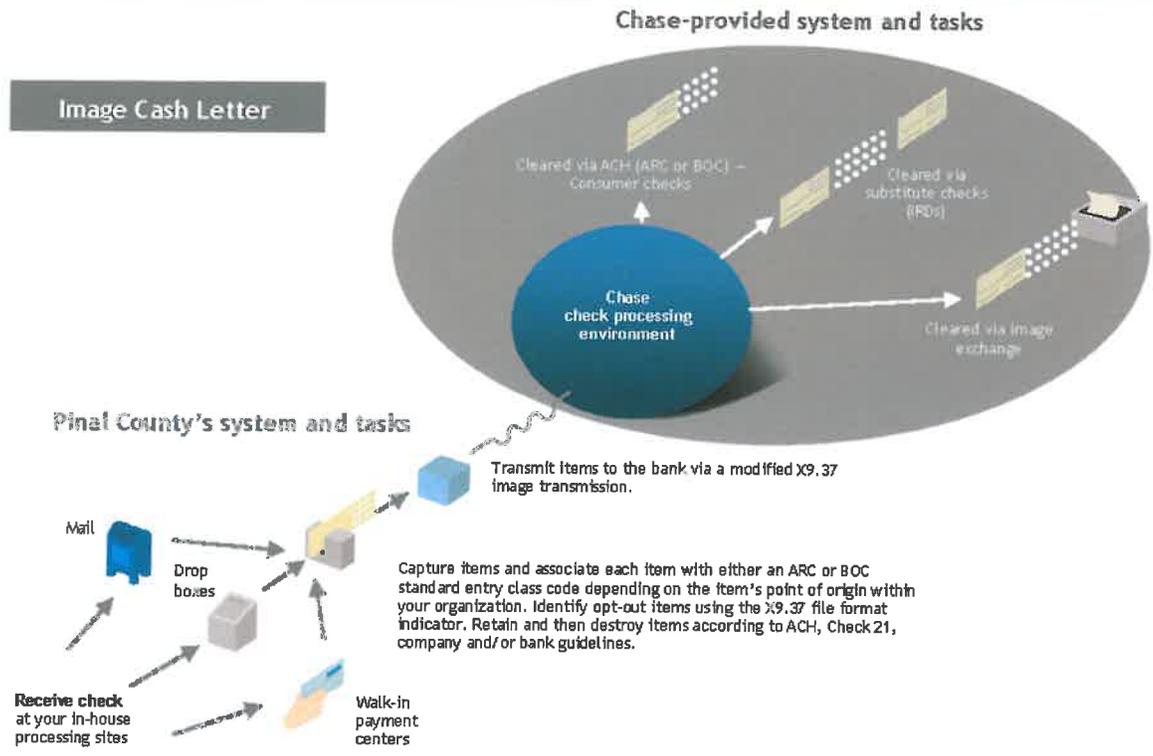


Figure 1

- Capture paper check and related payment information as images. Checks must be U.S. dollar-denominated and drawn on U.S. financial institutions.
- Send the electronic image cash letter, which contains mixed cash letter items in the ANSI X9.100-187 file format.
- When we receive an ICL file, we review to ensure:
  - The file contains proper content and is properly constructed.
  - Image Quality — An image quality analysis (IQA) is performed on each item and includes tests for: dots per inch (DPI), document length, document height, missing corners, streaks, darkness, noise, brightness, contrast, focus, skew, E13b integrity and MICR match.
- We provide automatic notification of a successful or unsuccessful file received and will notify you by e-mail of any images that do not meet image quality standards.
  - Images that fail the initial image quality test are deemed suspect. We manually review these to determine if the deficiency (e.g., too light, failed contrast, unreadable signature, etc.) is within the guidelines of Check 21. If possible, we pass the items back into the clearing process, since these items have a high probability of acceptance at the paying bank. These items will incur an additional day of availability.
  - Images that are unacceptable, nonconforming items (NCIs) are entered into our deposit correction system. You will receive notification via e-mail for any image that does not meet acceptable image quality standards. You can then either rescan the item or submit the item via paper deposit.

- Deposits received by 8:00 p.m. AZ Time will receive same-day ledger credit if the County is set up for standard Image Cash Letter processing. However, if the County elects to use Image Cash Letter with ACH conversion, the deadline is one hour earlier at 7:00 p.m. AZ Time .
- We will electronically sort your file and clear each check, assigning availability per your assigned availability schedule.
  - Most items, drawn on image-exchangeable endpoints, will be cleared via an image cash letter. We have one of the most extensive image clearing networks in the country, reaching 24,000 endpoints, covering more than 99% of all deposited checks.
  - Some items, drawn on non-image-enabled endpoints, will be cleared via image replacement documents (IRDs, also known as substitute checks).
- If you've chosen our optional ACH clearing service, eligible items will be converted and cleared via ARC.
- Chase employs some of the most advanced ACH-eligibility decision methodologies in the industry to decide the most effective means of clearing items.
  - Zero Administrative Returns (ZAR): Nonfatal ACH returns will automatically be re-presented up to two times based on your account setup.
  - Preemptive Processing Intelligence (PPI): Ineligible item database logic ensures clearing as a check via image exchange or IRD.
  - Notification of Change (NOC): The NOC database enables repetitive payment processing edits to ensure ARC processing.
- Return items in the electronic deposit and clearing system are handled the same as in the traditional paper process.
- ICL transactions are reported through our current-day and prior-day information reporting systems.

During the creation of the ICL, the County will be responsible for:

- Check imaging and MICR capture
- Imaging and MICR quality
- Recording the dollar amount for each check on the electronic file
- Balancing your ICL deposit
- Preventing double presentment of the same check
- Preparing your ANSI X9.100-187 file according to Chase's specifications which we'll provide you during the implementation and testing process
- Setting up and maintaining your connectivity and transmission capability, including adhering to security, encryption and authentication standards
- Disposition of original checks
- Producing a better copy of the check or the original check, if requested

Our goal is be the "best in class". Below are some product differentiators, which we believe sets us apart from the competition:

- Electronic Notification of ICL Transmission — you will receive an electronic notification for each Image Cash Letter file, whether successfully or unsuccessfully transmitted to Chase. Notification, including the number of items and dollar totals is via e-mail or XML transmission to the recipients you've designated.

- Duplicate file and item detection — Our transmission management process includes duplicate file review against a 45 day database of recent transmission activity. File headers are reviewed for volume, value, composition date and time, and sender details to guard against duplication. Chase will not process a file if the header and/or detail records indicate zero dollar value. Timely e-mail and telephone notification minimizes service disruptions.
- Codeline Matching — Individual check images are parsed and reviewed to ensure that data and images match, and images are of sufficient quality to ensure that the transaction is successfully completed. Chase uses industry-standard and third-party codeline match software to validate check images.
- Image Quality Assurance (IQA) enhances the capture quality of the depositor, lowering the suspect and nonconforming image percentages, thus lowering processing delays and costs.
- Avoidance of Intellectual Property Litigation — Data Treasury has granted Chase a license to use its patents on a worldwide basis. The terms of the licensing agreement are confidential, however, they do include “safe harbor” and “most favored licensee” protection for Chase, giving us a competitive edge in check processing. Chase is licensed under U.S. Pat. Nos. 5,910,988 and 6,032,137.
- On-Us Value — Zero-day availability for checks drawn on Chase nationwide. Controlled Disbursement checks receive 0-day availability before 4:00 a.m. AZ Time and 1-day availability after that time. The Federal Reserve, for example, cannot provide on-us availability. As the largest issuer of check dollar value, it is likely that the greatest percentage of your work is concentrated in checks drawn on Chase than any other single bank.

**Image Deposit Direct (IDD)**

Our remote deposit capture solution, Image Deposit Direct (IDD), provides end-to-end hardware and software that will enable the County to deposit checks from any location at any time, eliminating the need to bring checks to a bank location.

Gila County will be able to scan checks for deposit, securely store the images at a Web-accessible archive, convert consumer checks into ACH transactions, and submit the images to Chase for deposit.

IDD is web-based, requiring a desktop check scanner and computer. All of the deposit activity can be accessed using our reporting capabilities, available on-screen and via download.

A comprehensive remote deposit solution, IDD will:

- Enable the County to deposit items from anywhere in the United States, with the flexibility of scanning any time day or night.
  - Facilitate check deposits from various locations into one account
  - Reduce costs and risks associated with the physical transportation of check items (i.e. trips to the branch, courier services)
  - Consolidate multiple regional depository bank relationships into a single account at Chase and reduce deposit, sweeps, and wire transfer expenses
  - Improve funds availability compared to traditional paper deposits
  - Streamline your accounts receivable process
  - Provide extensive information reports and transaction detail online

Image Deposit Direct (IDD) is implemented with the assistance of our experienced IDD operations team and includes a one-hour training session. RDM is our vendor partner for the

client software. Epson, Panini or RDM scanners are used to scan checks. Here is a detailed overview of how the IDD solution works:

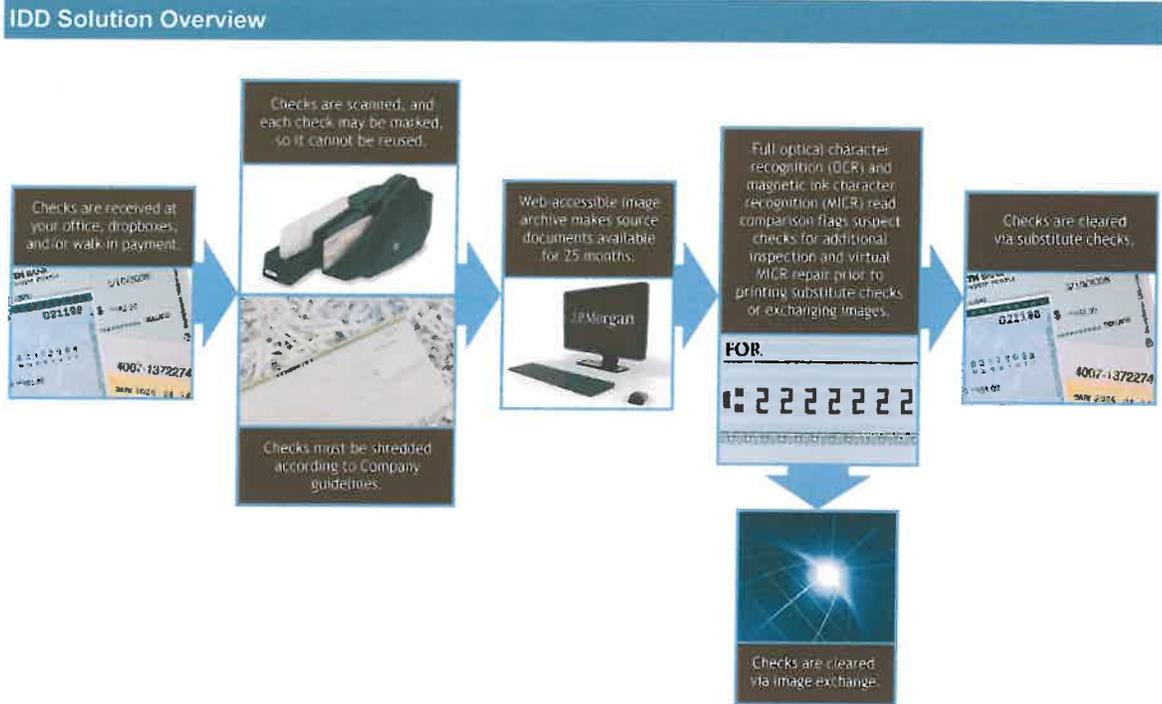


Figure 2

- A Gila County payer drops the payment into a drop box, brings a check for payment into a County office or mails a check to your internal lockbox.
- The County may manually endorse checks prior to scanning or use the virtual endorsement, which is available on the recommended Epson CaptureOne scanner. If applicable, remittance data can be entered (up to 20 additional fields of information configurable to your requirements, including account number, customer name, etc.)
- Remittance data is entered (up to 10 additional fields of information which are configurable to your requirements -account number, customer name, etc.)
- The County may elect to include a franking feature (for Epson scanner only), allowing County scanners to place "ELECTRONICALLY PROCESSED" on the front of checks as an indicator that the checks have been processed. This feature mitigates risk as processed checks will be voided.
- It is recommended that checks be held for a period of 14 days prior to destruction. We also recommend the County discuss destruction of checks with their Risk and/or Audit departments to help ensure that County policies are adhered to.
  - The IDD image repository holds the images for 25 months and is accessible via the Internet in case an image of a deposited check is required.
- The County will be able to scan, virtually encode, and upload your IDD deposit throughout the day (Note: Chase is able to accommodate later deadlines for clients in the Pacific Time zone).
  - **IDD Standard** — Account is credited on a same-day basis with availability assigned via your assigned availability schedule for deposits submitted before 8:00 p.m. AZ Time .

- IDD with ACH — ARC-eligible checks and nonconvertible checks are combined into a single deposit on next-day basis. ARC-eligible checks are available the next business morning, while the nonconvertible checks are available based on your assigned availability schedule for deposits submitted before 5:00 p.m. AZ Time .
- An image quality analysis (IQA) is performed on each item and includes tests for: dots per inch (DPI), document length, document height, missing corners, streaks, darkness, noise, brightness, contrast, focus, skew, E13b integrity and MICR match.
  - Images that fail the initial image quality test are deemed suspect. These items are manually reviewed to determine if the deficiency (e.g., too light, failed contrast, unreadable signature, etc.) is within the guidelines of Check 21. We pass the items back into the clearing process if the decision is yes, since these items have a high probability of acceptance at the paying bank. These items will incur an additional day of availability.
  - Images that are unacceptable, nonconforming items (NCIs) are entered into our deposit correction system. You will receive an adjustment notice advice for these items which you can then either rescan the item or submit via paper deposit.
- When the County submits an IDD deposit, the imaged check will be reviewed and sent for clearing:
  - Items drawn on image-exchangeable endpoints will be cleared via image exchange. We clear 99% of deposited checks via image exchange to approximately 24,000 endpoints.
  - Items drawn on non-image-enabled endpoints will be cleared via image replacement documents (IRDs, also known as substitute checks).
  - If the County elects to subscribe to the optional ARC service, eligible items will be cleared via ACH (ARC). Chase employs some of the most advanced ACH-eligibility decision methodologies in the industry to decide the most effective means of clearing items.
    - Zero Administrative Returns (ZAR): Nonfatal ACH returns will automatically be re-presented up to two times based on your account setup.
    - Preemptive Processing Intelligence (PPI): Ineligible item database logic ensures clearing as a check via image exchange or IRD.
    - Notification of Change (NOC): The NOC database enables repetitive payment processing edits to ensure ARC processing.
- View IDD deposit and adjustment transactions online via the prior-day balance and transaction reporting module of J.P. Morgan ACCESS - our web-based information reporting and transaction-initiation system.

The IDD Resource center (<http://www.jpmorgan.com/iddresourcecenter>) contains, technical specifications, checklists, user guides (English and Spanish), helpful links, etc.

**f) *Standard return and re-clear processing.***

Chase maintains a comprehensive database that will detail Gila County's return item handling instructions. During the check clearing process, deposited checks may be returned by the paying bank for a number of reasons, including non sufficient funds (NSF), uncollected funds, stop payment, account closed, etc. Most returned items are routed through the Federal Reserve System to our regional return processing areas.

After processing Gila County's return items per the County's handling instructions, the returns system will generate a debit to the County's designated demand deposit account (DDA). Actual return items will be matched to a return item advice and mailed to the County's DDA statement address via First Class U.S. mail. The return advice will list the dollar amount and the reason for return for each item.

Items being re-deposited will be assigned availability and re-entered into the clearing system. Typically, re-deposits will not be posted to your DDA, nor will they appear on the return item advice. However, Chase is able to report information on re-deposited items to the County.

**Return Item Advice Options**

Return Advices will be generated throughout the day and sent to Gila County via First Class U.S. mail. Mailings will also contain the actual return items.

Return Advices contain the following information:

- Processing Date (debit date)
- Advice number
- Deposit Account Bank Number
- Deposit Account Number
- Alternate Chargeback Account Bank Number (if applicable)
- Total Debit Amount for the Advice
- Location/Lockbox Number (if applicable)
- Dollar Amount of each Return
- Reason for each Return
- Maker Name for each Return (if applicable)
- Internal Bank Sequence Number for each Return

We offer following advice options:

Standard Advice

- The standard advice lists up to eight returned checks.
- If location (store or lockbox) processing is requested, advices are produced by location.
- If "maker name" has been requested, the maker's name (first initial and last name) will be included on the advice.

**Sample Single Item Advice**

```

JPMorgan Chase Bank, N.A.
14300 Frye Rd. Ft. Worth TX 76105
Date: Feb 28, 2005 Advice D-256707

Acc#: 602/98765321

These items are being charged to
your account and will be assessed a
fee on your analysis statement.
Inquiries: BUSINESS BANKING 800-404-4111
COMMERCIAL CUSTOMERS-Contact Service Rep

REASON          SEQ #          ITEM AMOUNT
Stop Payment    000010         1,000.00

BOOK STORE
PO BOX 10345
CITY, STATE ZIP

1 Item charged totaling $1,000.00

Advice Total $1,000.00

:402933199: 00000098765321 :00000256707:
    
```

Sample

**Figure 3**

- Cash Letter Advice — this advice will list all return checks processed during the current cycle. Multiple advices may be created during the processing day.
- Extended Data Advice — if extended data is keyed, additional fields appear on advice.
- Single item advice — each return appears on a single advice.

**Return Item Posting Options**

- Single Item Posting — each return is posted individually to your account.
- Advice-Level Posting — the account is debited at the advice level.
- End-of-Day Posting — all returns for the day's processing are posted as a lump sum to the account.

**Store/Location Number**

The store/location or lockbox number will be provided for return item reporting. The store/location number can contain up to 10 digits. Clients using this service should use deposit tickets that include the store/location number in the MICR line. The endorsement stamp for each store/location should also contain this number.

**Automatic Redeposit**

Eligible checks returned for the first time can be automatically re-deposited. Chase can redeposit all returned checks, only checks under a certain dollar amount, or only checks greater than or equal to a certain dollar amount. Collection float for the re-deposited items will post to your account.

Multicurrency deposited items are not eligible for redeposit. Non-U.S. Dollar-denominated checks which are returned are converted to U.S. Dollars on the date Chase receives notice of dishonor.

**Redeposit Posting/Notification**

Chase offers three options:

- Option 1 — the redeposit does not appear on either advice or post to your account.
- Option 2 — the redeposit appears on advice and posts as debit and credit to your account.
- Option 3 — the redeposit appears on return item advice but does not post to your account.

**Represented Check Entry (RCK)**

RCK is a special redeposit process that converts eligible paper check returns into an ACH-formatted debit record to be re-presented via ACH. RCK rules allow an extra presentment when compared to paper redeposit. You can choose between one paper redeposit followed by a final ACH presentment or two ACH presentments. RCK can also accelerate and may reduce the costs of returned check collection.

Deposited checks are processed through their normal channels. Eligible checks that are returned by the paying bank are converted by our Returns Unit to a NACHA-formatted ACH debit record and are re-presented via ACH. You have the option of choosing the date of the first ACH debit (e.g., on the next business day, a specific number of days in the future [up to 30 days], a specific day of the month [such as the 1st or 15th] or the end of the month).

The ACH processing unit will pick up the ACH file and send out the ACH debits for processing on your behalf. If there are any items that are not paid through the ACH presentments, ACH will debit your account and will notify you of those items.

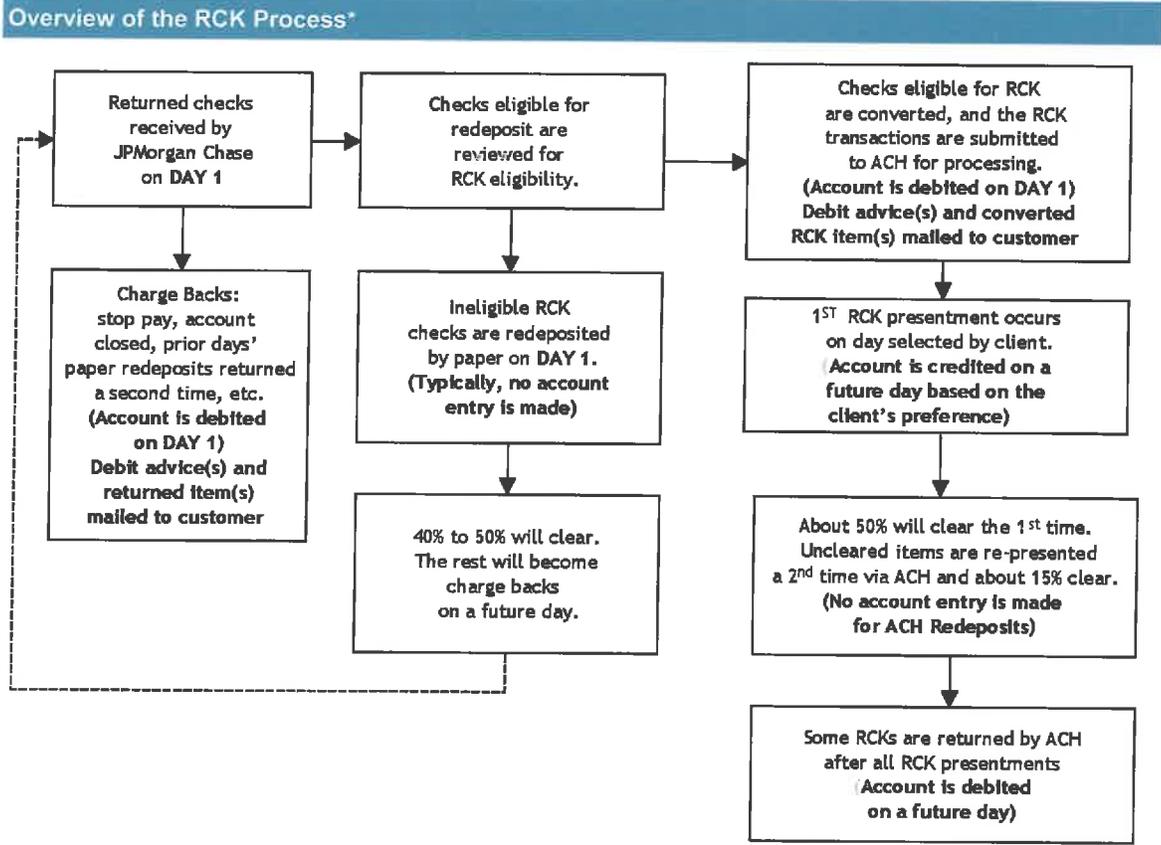


Figure 4

\*Percentages are industry averages; actual clearing percentages may differ.

Please note that clients must disclose to check writers that the check may be converted to an electronic debit. Additionally, only checks that meet the following criteria are eligible for RCK:

- Returned for NSF or uncollected funds
- Written for an amount less than \$2,500
- Drawn on a consumer bank account
- Not drawn on a Federal Reserve Bank or Federal Home Bank
- Contains a preprinted serial number
- Dated less than 180 days prior to the ACH debit transaction

If you are interested in the benefits of RCK, you may want to consider our optional ACH (ARC) service from Image Cash Letter and Image Deposit Direct, both of which clear eligible items by ACH during the initial clearing process. ACH representation substitutes for the RCK process on any returned items.

**Centralized Returns**

Returns can be consolidated from multiple depository banks into one central account at Chase. Checks are endorsed with a unique routing and transit number, which directs the paying bank to direct returns to Chase, regardless of the bank of first deposit. Return debits, data and information reporting is centralized into a single account. All other check return services identified in this section can be used with centralized returns.

If you are interested in centralizing all your returns in a single account, since the benefits of electronic deposit products Image Cash Letter, Image Deposit Direct and Chase Quick Deposit centralize the deposits, any returns are also centralized.

**Maker Name**

The name of the check writer is data-keyed (up to 12 characters) and will appear on the return item advice. It can also be provided via our information reporting systems. The maker name is not provided for re-deposited items and is required for RCK.

**Internet Image Viewing via Check Deposit Return Images**

Check Deposit Return Images is a next-day Internet access tool that stores return and redeposit item information and images. This solution allows authorized users at your organization to electronically retrieve return and re-deposited item images, which are stored for up to seven years.

Check Deposit Return Images provides secure 24-hour, high-speed online access to your return and redeposit images.

To query for an image, type the appropriate information into the available fields. Enter as much information as possible to narrow your search and promote speedier retrieval. Available search criteria include:

- Trips Sequence Number — internal number assigned by Chase's returns processing platform. This number is on the mail advice.
- Transaction Date — date range for query in "from/to" format. This is a required field.
- MICR Check Amount — dollar amount of returned or re-deposited item
- Advice Number — from the mail advice
- Check Number — if data is available
- Deposit Amount — if data is available
- Deposit/Charge Account — deposit account number
- Deposit Sub/Store Number — store/location/lockbox number
- Alt Charge Account — debit account for return items if different from the deposit account
- Redeposit — Y = re-deposited item, N = returned item

The query can generate an electronic file which can be downloaded from Check Deposit Return Images in a spreadsheet format.

**Fax Notification**

Faxes of the front and the back of the returned and/or re-deposited items can be faxed to you. We can fax to one number per location. The following options are available:

- Fax all returns over a certain dollar amount
- Fax all returns
- Fax re-deposits over a certain amount
- Fax all re-deposits
- Fax all returns and re-deposits over a certain amount
- Fax all returns and re-deposits

The faxes can be provided throughout the day as the items are processed or at the end of day.

**E-Mail Notification**

Chase can send you an informational e-mail that contains both return items and redeposited items. The e-mail contains summary information only and does not include an image due to e-mail size, privacy and security reasons. We can send e-mails to one e-mail address. The following options are available:

- E-mail all returns and re-deposits
- E-mail all returns and re-deposits over a certain dollar amount

The e-mails can be provided immediately, hourly or at the end of day.

**Telephone Notification**

An informational telephone call can be placed to you. The following options are available:

- Phone for all returns over a certain dollar amount
- Phone for all returns
- Phone for all re-deposits over a certain amount
- Phone for all re-deposits
- Phone for all returns and re-deposits over a certain amount
- Phone for all returns and re-deposits

The calls are made throughout the day as the items are processed. Therefore, you may receive multiple calls during the day.

**Information Reporting**

All return debits are available on all of our information reporting systems. The data available will depend on the posting option (single item or lump sum) selected by the County.

**Current Day**

Periodically throughout the day, we will update your available balances to reflect the return and re-deposited items that we have processed. Your available balance will be reduced to account for the end-of-day posting of returned items and for redeposit float. Each item will be a reportable transaction and will contain summary information (transaction type, check number and dollar amount). Please note that our Returns Units will process all items received during the day. Therefore, some items may not be processed until after your business day is over.

**Prior Day**

These reports are typically available by 4:00 a.m. AZ Time . Single-item posting data will include the dollar amount, the return reason and, if enabled, the store/location number and the maker name. The following data, if available, will also be included: the check number, the original deposit amount and the original deposit date.

Lump-sum posting data will include the dollar amount, the store/location number (if enabled), the advice number and the number of items that are included in the debit.

Prior-day returns data are also available via a BAI transmission and include the same data as described above.

We have provided illustrative examples of how each type will appear in prior-day information reporting, on the bank statement and in the BAI file. Actual data reported and record layouts will vary depending on the return service options selected by the client.

Posting Examples	Prior-Day Reporting, Bank Statement and BAI Layout	Comments
<p>Single item posting — with some optional fields</p>	<p>DEP ITEM RETURN  DEPOSITED ITEM RETURNED NSF 2<sup>nd</sup>  00289 MR MAKER  #OFITEMS00001CK#00000131  DEP AMT000000024325960DEP DATE020110  CK AMT0000058549</p> <hr/> <p>16,555,58549,,000000000000,/</p> <p>88,DEPOSITED ITEM RETURNED NSF 2nd 00289  88, MR MAKER # OF ITEMS00001CK#00000131DEP AMT  88, 0000024325960DEP DATE020110CK AMT0000058549</p>	<p>Return Reason = NSF 2<sup>nd</sup>  Store/Location Number = 00289 (if enabled)  Maker name = MR MAKER (if keyed)  Check Number = 131 (if available)  Deposit Amount = \$243,259.60 (if available)  Original Deposit date = 020110 (if available)</p>
<p>Lump-sum posting with location number</p>	<p>DEP ITEM RETURN  DEPOSITED ITEM RETURNED 258574 SUB289  # OF ITEMS00003</p> <hr/> <p>16,555,2210551,,000000000000,/</p> <p>88,DEPOSITED ITEM RETURNED 258574  88,SUB289 # OF ITEMS00003</p>	<p>Advice # = 258574  Lump sum posting will still be at the store/location level = 0000000289  # of items = 3 (total number of items on advice)</p>

Our Returns and Exceptions Report is available online via J.P. Morgan ACCESS. This functionality allows you to choose between a preformatted report and a data file. The following information is available for prior-day returns: depository account number (or alternate account number), processing date, original deposit date, check amount, MICR line information of the item (RT number, account number and check number), return reason code, disposition code (return, redeposit or RCK conversion), store number (if used) and maker name (if used).

Sample Returns and Exceptions Report

Cash Reporting - Returns and Exceptions Report							J.P.Morgan
Company Name: UATWAMU							
As of: 10/20/2009							
Date Type: Post Date							
<b>Report Filters</b>							
Beneficiary Name:	n/a	Viewing Option(s):			n/a		
Amount Range:	n/a	Your Ref:			n/a		
Status:	All Statuses						
**For Informational Purposes Only**							
Bank:	JPMORGAN CHASE BANK N.A.					Currency:	USD
Account Number:	12345678900						
Account Name:	Your Account Name						
Reference	Company/Location ID	Amount	Post/Orig.	Status	Return/Reject Reason		
Ref/Check #: 00000000001168	1698023083	238.79	10/20/2009 10/17/2009	RETURN	R01 INSUFFICIENT FUNDS CHECKING		
Name: T JONES							
Bank: 322271827							
Account: 222222222							
Cust. Trace: 082846402001810							
Bank Trace: 021000028886664							
Batch Desc: PAYMENT							
Orig. Name: FINE COMPANY							
Ref/Check #: 0000000000118	1698023083	60.20	10/20/2009 10/18/2009	RETURN	R01 INSUFFICIENT FUNDS CHECKING		
Name: W SMITH							
Bank: 111808271							
Account: 333333333							
Cust. Trace: 082841902008349							
Bank Trace: 021000028886663							
Batch Desc: PAYMENT							
Orig. Name: SOME COMPANY							
<b>ID Sub Total:</b>		<b>298.99</b>	<b>Items:2</b>				
<b>ACH Return</b>		<b>298.99</b>	<b>Items:2</b>				
Ref/Check #: 304	1480	45.00	10/20/2009	RCK	01 NSF 1ST PRESENTMENT		
Name: E CLARK							
Bank: 11100002							
Account: 666666666							
<b>ID Sub Total:</b>		<b>45.00</b>	<b>Items:1</b>				
<b>RCK</b>		<b>45.00</b>	<b>Items:1</b>				
<b>Account Total:</b>		<b>343.99</b>	<b>Items:3</b>				
<b>Grand Total:</b>		<b>343.99</b>	<b>Items:3</b>				

End of Report

Figure 5

**Charge Alternate Account**

Returned items can be debited from an account other than the original depositing account. The alternate account to be charged should generally be in the same processing region in which the original depositing account is located.

**Alternate Mailing Address**

Return items and the accompanying advice may be mailed to an address different than the account statement address.

**Expedited Delivery**

Return items and accompanying advices are sent to you via an overnight mail service (e.g., FedEx, UPS Overnight, DHL). Simply supply your overnight mail service billing account number, name, preaddressed labels and envelopes.

**Duplicate Advice**

A copy of the return item advice is mailed to a second address. Expedited delivery is also available for this service.

**Duplicate Check Copy**

A copy of the actual returned item is mailed to a second address. Expedited delivery is also available for this service.

**g) *Deposit reconciliation services availability.***

Chase offers a complete range of account reconciliation services, including Deposit Reconciliation.

Our Deposit Reconciliation service will provide the County with a listing of all deposits (identified by department/location number), as well as miscellaneous debit/credit deposit adjustments. Reports can be sorted by account and department/location, allowing deposits from multiple locations to be made into a single account.

The County will receive a deposit detail report and a summary report totaling deposits by location for a predetermined length of time. Deposit reconciliation will report activity individually with summary totals at the end. Reports can be transmitted electronically or delivered to Gila County via the County's preferred carrier (U.S. Postal Service, UPS, FedEx or any other express courier service).

Deposit slips are preprinted with a Unique Location ID (ULID) for each department/location, and deposit history information is sorted by account and ULID.

**h) *Does the bank provide any methods to detect counterfeit currency before it is accepted by the County i.e. cash verifying pens, scanners, etc?***

Chase uses state-of-the-art bill counters with sophisticated counterfeit and mutilated bill detectors. In the event that counterfeit bills are detected during a Gila County deposit verification, the County's account will be debited for the amount of the counterfeit. The required Secret Service document (Form SSF1604) will be completed and submitted to the Secret Service along with the counterfeit bill(s). The debit advice and a copy of the SSF1604 report will be mailed to the County.

Note: Chase does not provide counterfeit detection devices.

**2. CHECK CLEARING**

**a) *Identify all costs associated with check clearing on your Pricing Sheet.***

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

**3. WARRANT CLEARING**

**a) *Can credit be provided to the Treasurer for any missing warrants?***

Chase will provide credit to the County Treasurer for any missing warrants.

**b) *What method do you have available to allow us to identify the political subdivision that issued the warrant?***

High order prefix (also referred to as division sort) is available to identify the political subdivision issuing a warrant. There is no practical limit to the number of sorts available per account. Warrant detail information would include the warrant serial number and MICR dollar amount.

Each division sort will be identified in the reconciliation process by a unique two to four-digit code. This auxiliary field of the warrant MICR line can range from six to ten numerical characters in length, leaving up to eight characters for a warrant serial number.

Gila County will be able to create as many group divisions as desired. The uniqueness of the division sort lies in its flexibility, allowing the County to create an internal account structure for management purposes while maintaining a single, consolidated disbursement account. The only requirement is that all divisions must operate under the same tax ID.

*c) Can you provide images of paid warrants by political subdivision?*

The County may choose from three (3) alternatives for accessing images of paid warrants:

**1. Online Retrieval**

Chase recommends our internet-based 7-year paid warrant and check archive, available online via Payables Web Services (PWS). PWS, which is available via the J.P. Morgan ACCESS portal or stand-alone login, offers unlimited access to paid warrant and check images for up to 7 years. The image archive is fully backed up in real time and allows for individual and batch image retrieval options.

**2. Daily Direct Transmission**

As an alternative to image retrieval through Payables Web Services ("PWS"), the County may elect to have images transmitted directly on a daily, weekly, monthly or custom calendar basis. The County would automatically load and store transmitted check images in an internal archive.

**3. Monthly CD-Rom Mailing**

Our CD-ROM service complements our image archive service and enables clients to meet compliance and regulatory requirements to maintain onsite copies of paid checks and warrants.

*d) Identify all costs associated with clearing and payment of warrants on Pricing Sheet.*

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

**4. RETURNED ITEMS AND STOP PAYMENT**

*a) Identify all costs associated with placing a Stop Payment on a check or warrant issued by the Gila County Treasurer or any of its political subdivisions.*

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

*b) Can you provide an interface to allow the Treasurer to process stop payments directly into the bank's system? If so, describe the interface.*

Using the Check Inquiry module of J.P. Morgan ACCESS (our proprietary information-reporting and transaction-initiation tool), Gila County will be able to research paid check history online, and use the stop payment link to place stop payments.



- e) *Can you provide a means for returned items to be deposited a second time before the items is returned to the Treasurer for collection?*

UCC guidelines specify that the redeposit of a paper item may occur only once. Using Chase's Re-Presented Check (RCK) service, re-deposits of eligible items may be performed up to two (2) times. Re-deposits may occur one time by paper and another by ACH, or via two ACH presentments with no paper redeposit.

An overview of the RCK process:

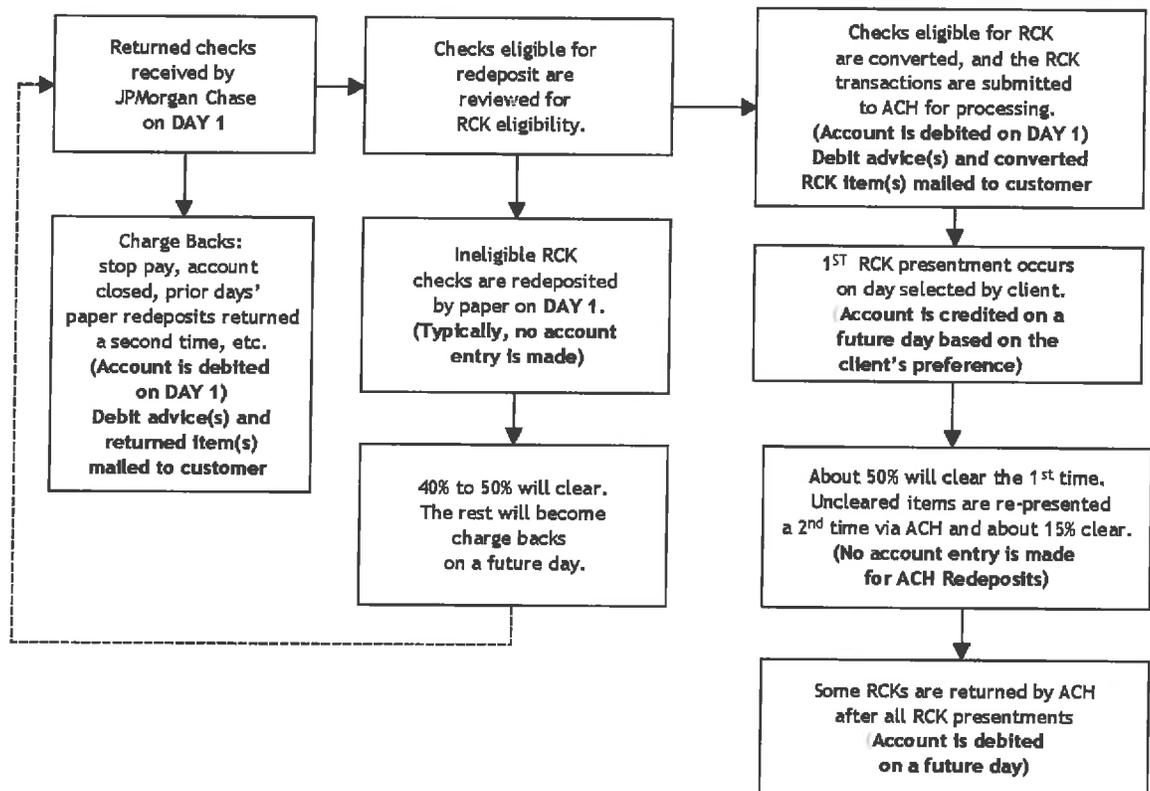


Figure 7

The County will be able to choose the date of the first ACH debit (e.g., on the next business day, a specific number of days in the future [up to 30 days], a specific day of the month [such as the 1st or 15th] or the end of the month).

The ACH processing unit will set up the ACH file and send out the ACH debits for processing on the County's behalf. If there are any items that are not paid through the ACH presentments, ACH will debit Gila County's account and will notify County personnel of those items.

5. **WIRE TRANSFER SERVICES — Describe the bank's process, including:**

- a) *Ability of County to initiate and monitor wire transfers online.*

Using J.P. Morgan ACCESS, Gila County can enjoy the flexibility of payment initiation via the Internet with confidence that our multi-layer security system will protect the privacy and authenticity of your users, data and transactions. The County will maintain local control over user access to functions and accounts using J.P. Morgan ACCESS maintenance features.

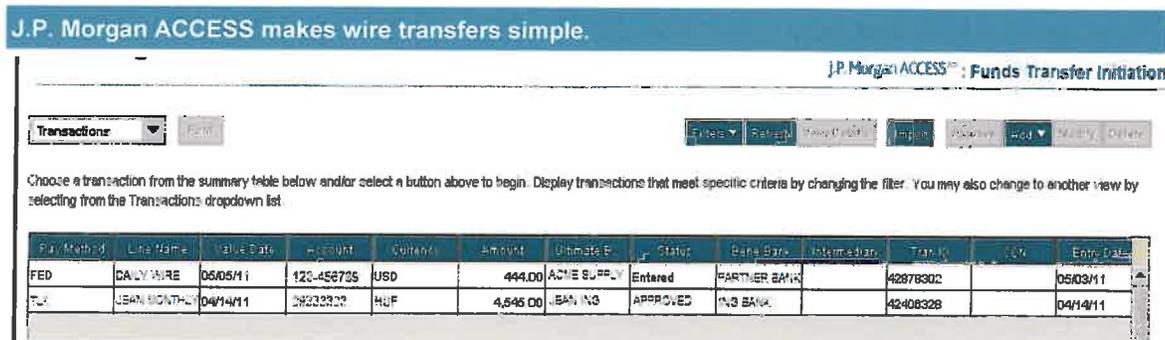


Figure 8

The following information is provided on incoming and outgoing wire transfers on both a current- and previous-day basis:

- Dollar amount
- Unique bank reference number
- Client reference number
- FED/CHIPS reference number
- Received from party (incoming)
- Straight-through or repair indicator
- By order party (outgoing)
- Paid to party
- Beneficiary information, if available
- Unique location identifier (ULID), if available
- Date and time of receipt of wire instruction

**Initiation**

Using the Funds Transfer Initiation module of J.P. Morgan ACCESS, authorized Gila County employees will be able to:

- Combine U.S. dollar and multicurrency payment activities using predefined (**repetitive**) and free-form formats for accounts at Chase and other financial institutions
- Enter book transfer, Fedwire, CHIPS, drawdowns, and multibank payment instructions through a single screen
- Initiate U.S. dollar transfers up to 15 business days prior to the effective date with future-date capability
- Import transactions from your accounting systems using the wire import facility, which supports comma-delimited files for streamlined integration
- Create check and draft payments
- Generate drawdown transactions against pre-established accounts
- Establish Foreign exchange settlements

**Monitoring**

Various reports are available online via J.P. Morgan ACCESS to assist with tracking the status of the County's transfers. Funds transfer information is available near-real-time, i.e., within minutes of transaction processing.

Funds Transfer Initiation and Reporting Module

- **Status Report:** Same-day and historical summary level transaction information based on transfer status: Entered, Approved, Released

- **Pending Approval Report:** Summary-level transaction information for transactions with the status "Entered"
- **Pending Release Report:** Summary-level transaction information for transactions with the status "Approved"
- **Transaction Detail Report:** Same-day and historical wire transaction detail and status; confirmation number will be included for wires with the status "Released"

Cash Balances and Transactions Reporting Module

- **Balance and Transaction Summary Report:** Daily balance information, including closing ledger, collected, same-day available balances and total amounts for debits and credits posted to the account, followed by a listing of debit and credit activity for the day. A brief description is provided for each transaction. This report covers both Chase accounts and other financial institution accounts worldwide.

**Balance and Transaction Detail Report:** Daily balance information, including closing ledger, collected and same-day available balances, plus total amounts for debits and credits. In addition, month-to-date, previous month and year-to-date averages are provided, as well as a comprehensive listing of credit and debit activity for the day. Detailed descriptions for each Chase transaction are displayed and may also be included for accounts at other financial institutions if provided by that institution. This report covers both Chase accounts and other financial institution accounts worldwide.

**b) Ability of County to create and store recurring/repetitive3 wire instruction and templates.**

Chase provides the following options for establishing repetitive transfers:

- **Internet:** Gila County will be able to input new, automated, repetitive wire transfer instructions via J.P. Morgan ACCESS.
- **Electronic transmission:** If Gila County prefers to establish repetitive lines stored on Chase's mainframe, the County can use Chase's PaySource Host-to Host transmission product.
- **Mail:** Written requests for repetitive line setup are handled on an exception basis.
- **Other:** If Gila County requires the ability to execute wire transfers via telephone, the County may elect to establish repetitive lines that will be stored on Chase's mainframe.

**c) Ability of County to create and store future dated wire instructions.**

Chase's payment processing system accepts payment instructions up to 364 days prior to value date, and warehouses these transactions in its systems until the value date specified. Warehousing is not limited to certain types of transactions.

Future dated transactions can be submitted via J.P. Morgan ACCESS up to 15 business days in advance. Warehousing is not limited to certain types of transactions.

Wires can be input, approved and released so they will be executed automatically on value day. The wire transfer system keeps track of which transfers are pending and releases them automatically. Given this automation, tickler reports are not required.

**d) Security measures for wire initiation and approval.**

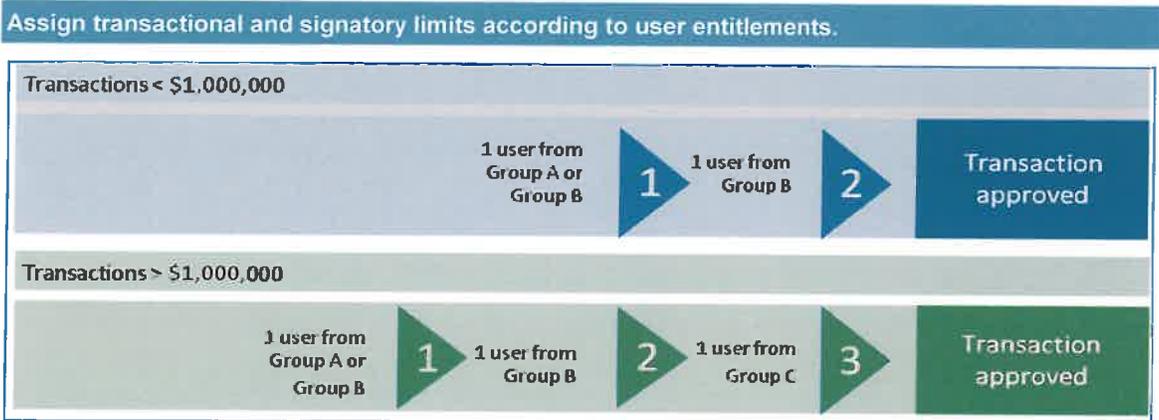
J.P. Morgan ACCESS allows the County to designate the rights of each user on the platform. Services available on the portal accommodate a wide range of security options, including

requests for multiple transaction approvals, demands for separate “enter” and “release” functions for users, dual control among users, and daily or transaction limits.

The County’s security administrators are the only individuals able to assign users with transaction initiation privileges.

**Matrix Approval**

This service enables significant customization of the payment approval workflow in Funds Transfer Initiation to reflect authorizers’ signatory limits.



**Figure 9**

Matrix Approval can be used for tasks as simple as adding an additional approver, to creating complex sets of rules for a board resolution requiring a number of different signers based on transaction amounts. The service enables the creation of different approval rules for different accounts, payment types, initiation method and even beneficiary, as well as by payment value. Furthermore, the County can set the order in which approvals should occur and can require up to nine approvers.

As an additional off-line control, the County can also use Matrix Approval to determine the maximum value of a payment that can be sent through J.P. Morgan ACCESS.

Even where Matrix Approval is not required for signing needs, it can be used to:

- Reduce the amount of time senior management spends on approving payments
- Help call attention to high-value or higher-risk payments during authorization
- Add flexibility and control to payment initiation as part of a compliant and efficient process

The County’s security administrators create groups of approvers with equal signing authority levels. They then define the rules of the payment approval process at an account, amount, payment method or repetitive template level by assigning one or more of these approval groups. The system then routes payments for authorization as appropriate.

**Multilayered System Security**

J.P. Morgan ACCESS employs a multilayered security protocol designed to protect the privacy and identity of users, while maximizing data and transaction integrity. The Bank’s information technology control policy mandates strict physical and environmental controls for data center and non-data center environments across all technology platforms, including computer and network systems and workstations. For security, the J.P. Morgan ACCESS system employs the following.

- **Data Protection:** Industry-standard 128-bit Secure Socket Layer (SSL) encryption helps maintain confidential access and delivery of data and transaction facilities.
- **Access Control:** Client security administrators access the User Setup Forms administration service module to establish and approve users of J.P. Morgan ACCESS cash management services.
- **Computer Registration:** Each time a user logs on through an unrecognized computer, J.P. Morgan ACCESS prompts the user to re-register the unit using an activation code delivered via an out-of-band channel, such as e-mail, help desk or in person by a the County security administrator.
- **Dual-Level User Authentication:** Two-factor authentication is based on both something the user knows – a personal password – and something the user has: an RSA SecurID® token code.
  - To log on to J.P. Morgan ACCESS, a user is required to enter a user ID and password, as well as an RSA SecurID code if the user is able to perform money movement transactions. Two-factor authentication via this technology helps safeguard against account takeover and other attempts to breach security by employing a small handheld SecurID token that dynamically generates a new six-digit security code every 60 seconds.
  - After login, the system only shows each user a menu of applications according to client-specified entitlements. As an added level of security, the system will automatically log off users after a set period of inactivity.
  - Passwords for non-SecurID user automatically expire every 90 days. Users may change their passwords at any point prior to expiration and security administrators may reset passwords prior to their expiration date. Passwords for SecurID users do not expire because the user's corresponding SecurID code changes every 60 seconds. However, a user may change his/her password at any time.
- **Matrix Approval:** This service enables significant customization of approval workflow in Funds Transfer Initiation to reflect authorizers' signatory limits.

**Transmission Security Controls**

For CPU to CPU transmissions, security controls for individual transactions must reside within the County's own transaction systems. Chase will work with the County to help make sure the transmission of the transactions is secure, i.e., encrypted and authenticated.

**e) Same-day credit for incoming wires.**

The cutoff time for incoming credits is at the close of Fedwire.

**f) Identify all costs associated with placing an outgoing wire.**

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

**g) Identify all costs associated with receiving an incoming wire.**

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

*h) What provisions are in place to allow the customer to initiate a priority wire transfer requiring special handling and immediate release?*

By using the code word /PRIORITY/ or a pre-agreed Priority pattern in any of the electronic instructions sent to Chase, Gila County can actively manage the County's payment queue within our systems. Payments received with this code word or a pre-agreed Priority pattern are automatically placed at the top of our internal processing queues and are executed as soon as our funds control system releases them. The additional charge for this service is outlined in the Fees section of this proposal.

We recommend contacting the County's Client Service Professional, Gail Haymaker, or Relationship Manager, George McManus, in instances that call for priority or rush wires, so we can identify and monitor the specific transaction and provide feedback to you on the status of the payment.

Note that code word placement and formatting varies based upon initiation method.

*i) Identify the opening hours and the cut-off times in Mountain Standard Time initiating wire transfers to ensure same-day execution? List by type of transfer and method of communication.*

Chase provides clients with generous cutoff times to help them ensure same-day execution of their payment instructions. These time frames are outlined below.

Clearing Time Frames		
Clearing system	Open	Close
Book transfer	7:00 p.m. MST	4:45 p.m. MST
CHIPS	7:00 p.m. MST	3:00 p.m. MST
Fedwire	7:00 p.m. MST	4:00 p.m. MST

Straight Through Processing Cutoff Times*						
Type of Transfer	Input Method					
	Telephone	Fax	PC	Internet	CPU to CPU	Automated Standing Transfer
Fedwire	3:00 p.m. MST	N/A	3:30 p.m. MST	3:30 p.m. MST	3:30 p.m. MST	See note below
Book transfer/International	4:00 p.m. MST	N/A	4:30 p.m. MST	4:30 p.m. MST	4:30 p.m. MST	See note below
Drawdown (via Fedwire)	1:00 p.m. MST	N/A	1:30 p.m. MST	1:30 p.m. MST	1:30 p.m. MST	See note below
International (USD via CHIPS)	2:00 p.m. MST	N/A	2:30 p.m. MST	2:30 p.m. MST	2:30 p.m. MST	See note below

\* Payments that require repair will have a cut off time 30 minutes prior to the stated times above.

Note for Automatic Standing Transfer: As standing orders/payment instructions are repetitive, there is no deadline, per se. In most cases, we execute the standing order early each morning. If it is to be based on an account balance either in a Chase account or in an account at another bank, the transfer will be based on the closing balance as of the prior business day.

Payment instructions received after cutoff times will be completed on a reasonable-effort basis.

- j) *How soon after wire execution would a confirmation/sequence number (not the Fed Reference number) be available? Explain any delays.*

Transaction Reference Numbers (TRN's) are immediately available upon successful release of your payment instruction.

- k) *Will the bank look to the funding account if the debit account is a zero balance account?*

Chase will look to the funding account if the debit account is a zero balance account.

- l) *What steps are you taking to ensure uninterrupted service?*

Chase actively manages its positions within all clearing systems throughout the day. Our goal is to help ensure that each transaction is processed through the clearing system that will expedite the delivery of the payment. There have been no interruptions in wire transfer processing due to net debit cap management since the inception of this process.

As the largest combined CHIPS and Fedwire participant, Chase is well-positioned to efficiently execute your payment flows. We currently process, on average, more than 395,000 transactions a day with an aggregate value that exceeds \$3.1 trillion. Through the combination of sophisticated technology, client credit facilities and one of the largest net debit caps in the industry, we are confident we can provide clients with the intra-day liquidity necessary to execute their payments promptly.

- m) *How can the status of wire transfers be tracked by the customer?*

Various reports are available online via J.P. Morgan ACCESS to assist with tracking the status of the County's transfers. Funds transfer information is available near-real-time, i.e., within minutes of transaction processing.

Funds Transfer Initiation and Reporting Module

- **Status Report:** Same-day and historical summary level transaction information based on transfer status: Entered, Approved, Released
- **Pending Approval Report:** Summary-level transaction information for transactions with the status "Entered"
- **Pending Release Report:** Summary-level transaction information for transactions with the status "Approved"
- **Transaction Detail Report:** Same-day and historical wire transaction detail and status; confirmation number will be included for wires with the status "Released"

Cash Balances and Transactions Reporting Module

- **Balance and Transaction Summary Report:** Daily balance information, including closing ledger, collected, same-day available balances and total amounts for debits and credits posted to the account, followed by a listing of debit and credit activity for the day. A brief description is provided for each transaction. This report covers both Chase accounts and other financial institution accounts worldwide.
- **Balance and Transaction Detail Report:** Daily balance information, including closing ledger, collected and same-day available balances, plus total amounts for debits and credits. In addition, month-to-date, previous month and year-to-date averages are provided, as well as a comprehensive listing of credit and debit activity for the day. Detailed descriptions for each Chase transaction are displayed and may also be included for accounts at other

financial institutions if provided by that institution. This report covers both Chase accounts and other financial institution accounts worldwide.

- n) *Is a method available to allow for wire transfer and ACH payment preparation, review and release prior to the payment date? How far in advance can a wire be prepared and released?*

**Wires**

Chase's payment processing system accepts payment instructions up to 364 days prior to value date, and warehouses these transactions in its systems until the value date specified.

Warehousing is not limited to certain types of transactions.

Future dated transactions can be submitted via J.P. Morgan ACCESS up to 15 business days in advance. Warehousing is not limited to certain types of transactions.

Wires can be input, approved and released so they will be executed automatically on value day. The wire transfer system keeps track of which transfers are pending and releases them automatically. Given this automation, tickler reports are not required.

**ACH**

ACH payments also can be warehoused for up to 90 days in advance of the value date for Direct Send or for up to 30 days using J.P. Morgan ACCESS.

- o) *What is the bank's policy in the event of a wire transfer failure for which receipt of instructions has been confirmed to the customer?*

In the unlikely event of a processing error by Chase, we will arrange for proper value of the funds transfer without cost to the County.

- p) *At what point does the bank assume legal liability for executing a wire transfer? How is that event identified?*

Chase will execute payment instructions received and accepted prior to established cutoff times. In the unlikely event that we are unable to complete the execution of a transaction released to us in time, and confirmed to Gila County as accepted, our service staff will notify the County of the circumstances in order to discuss alternative courses of action.

- q) *What are procedures and the time limits to effectively cancel a wire?*

Requests to cancel wires prior to value date can be sent to Chase electronically via eServe, our Internet-based inquiry facility. We recommend canceling future value-dated transactions by 2:00 p.m. AZ Time on the day prior to the value date. Requests received after this time will be completed on a reasonable-efforts basis.

Given the speed with which straight-through transactions are processed, there is a limited window of opportunity to cancel same-day valued wires. If you realize that a wire you have released to Chase should be canceled, we recommend that the County call the funds transfer client service hotline as soon as possible. If the wire has not been released, the service representative should be able to cancel the transfer. If the wire has been released, the service representative can recall the funds from the receiving bank per your written authorization. Please note that recalls are on a reasonable-effort basis only. The deadline is the end of the Fedwire processing day, 4:00 p.m. AZ Time.

Requests to cancel pre-advised payments require confirmation by the beneficiary bank that the payment is 'null and void'.

There is a standard charge for canceling a wire transfer.

*r) Describe security measures to protect the validity of wire transfers.*

Chase uses digital signatures to authenticate transactions.

At minimum, to access the platform, J.P. Morgan ACCESS requires all users to have a basic authentication user ID and password. Additionally, money-movement users also are required to authenticate at logon and at release via RSA SecurID one-time password (digital signature authentication).

- Digital signature authentication employs public key infrastructure (PKI) to address security requirements for value-bearing transactions and administrative functions.
- Public key cryptography eliminates the use of the same key for encryption and decryption. The system creates and uses public and private key pairs data encryption and digital signing.

For each J.P. Morgan ACCESS user authorized for transaction initiation and/or administrative functions, the user generates a key pair at a computer. This contains a private key known only to the individual user and that never leaves the user's machine, and a public key published to the J.P. Morgan ACCESS directory. The special nature of this key pair is that either key may be used to encrypt messages, but only the other key can be used to decrypt messages. A message that can be decrypted by the public key must have come from the owner of the private key.

**Portable Security Transaction Protocol (PSTP)**

Chase developed a digital signing innovation known as Portable Security Transaction Protocol (PSTP). This patent-pending procedure is built around the deployment of SecurID two-factor authentication, which relies on something a user knows – their personal password – and something the user has: a SecurID token code.

As a direct competitive technology to PKI, PSTP leverages SecurID technology, which enjoys excellent customer satisfaction with elevated security. PSTP technology provides protection while requiring only that a user enters the token code and password a single time for each signature.

PSTP not only authenticates a user's "signature and identity, it also stores evidence of the transaction in a cryptographically protected log record. This log can be consulted later to verify that the transaction was sent by the originating user and received by the intended recipient.

**Secure Transmissions**

CPU and PC transmissions must be encrypted and/or authenticated, depending on the application. This is done at the transaction or batch level. If a violated transmission arrives at the Bank, an operator will contact the County by phone to request re-transmission.

All message authentication measures and products must conform to approved American National Standards Institute (ANSI) standards. Key management process must be employed and must conform to approved American National Standards Institute (ANSI) standards.

To reduce the risk of unauthorized or fraudulent transmission of payment instructions, Chase requires that authentication be employed on all value-bearing transactions electronically transmitted to the Bank. Encryption will be implemented based on the County's request.

Authentication is mandatory regardless of which method the County uses to deliver payment files.

**ERP System Interfaces for Batch Wire File-Initiated Payments**

Chase safeguards reduce the risk of financial loss from accidental or deliberate alterations of messages, and the introduction of fraudulent messages exchanged between Chase financial applications or between the Bank and the County.

Chase Host-to-Host supports the transfer of "Highly Sensitive" and "Sensitive" data, end-to-end, in a bi-directional manner, as defined by Chase IT Control Policy.

At a high-level, Chase needs to confirm that each data transmission can be authenticated (coming from the expected sender) and is encrypted (data remains confidential). For Highly Sensitive data (e.g., Wire Transfer) we will also expect the transaction to be signed to ensure transaction integrity.

In a practical sense, Highly Sensitive Data requires Transport Security, Consequential Evidence, Message Integrity, and Originator Authentication, whereas Sensitive Data requires Transport Security only.

Examples of data types by security level:

Highly Sensitive Data:

Requires – Transport security (SSL, IP SEC), message integrity, originator authentication and consequential evidence of authentication (signing – PGP, 509.v3)

Example – Value-bearing transactions, such as Wires, ACH, Trades

Sensitive Data:

Requires – Transport Security (SSL, IP SEC)

Example – Customer information, Reporting Information, User name / Passwords

Recognizing the safety and security of your data is our highest objective, Chase created and administers a Partner Key Management process that allows the Bank to accept 'Open Standard' credentials, such as PGP & 509.v3 certificates. It is important that the County's Security Administrator is familiar with this process, as Partner Key Management will be used for your initial implementation, as well as to avoid any service interruption associated with the expiration of your production key(s).

Although you will be provided with more details once your implementation begins, here is a summary of some facts you need to know about our Partner Key Management process:

- Client Security Administrator will need to identify 2– 3 individuals authorized to request Chase to add, update or delete keys.
- Client Security Administrator will need to submit Security Administrator Designation Form (SADF) identifying the individuals at the County (e.g., names, mailing addresses, original signatures, telephone numbers and e-mail addresses) who will be authorized to implement new certificate/keys.
- Chase procedures require that all client certificates expire within two (2) years. Clients wishing to send in keys with longer expiration, or with no expiration, must sign a legal waiver, releasing Chase of any liability associated with this procedure variation; this request will also need to be approved by your Relationship Manager and Chase Risk committee.
- No certificate will be accepted unless it adheres to the following cryptographic specification:
  - Message digest: SHA-1, AES256
  - Asymmetric algorithm: RSA, DSS (at present not available with SSH)

- Asymmetric algorithm key length: 2048-bit or above

s) *What information is available to identify incoming wires? Are any of these fields available for standardization?*

The following information is provided on incoming and outgoing wire transfers on both a current- and previous-day basis:

- |  |   |
|--|---|
| ▪ Dollar amount                        | ▪ By order party (outgoing)                       |
| ▪ Unique bank reference number         | ▪ Paid to party                                   |
| ▪ Client reference number              | ▪ Beneficiary information, if available           |
| ▪ FED/CHIPS reference number           | ▪ Unique location identifier (ULID), if available |
| ▪ Received from party (incoming)       | ▪ Date and time of receipt of wire instruction    |
| ▪ Straight-through or repair indicator |   |

**Standard and Customized Data Reporting**

Various reports are available via J.P. Morgan ACCESS to assist with tracking the status of Gila County's transfers.

*From Funds Transfer Initiation and Reporting*

- **Status Report:** Same-day and historical summary level transaction information based on transfer status: Entered, Approved, Released
- **Pending Approval Report:** Summary-level transaction information for transactions with the status "Entered"
- **Pending Release Report:** Summary-level transaction information for transactions with the status "Approved"
- **Transaction Detail Report:** Same-day and historical wire transaction detail and status; confirmation number will be included for wires with the status "Released"
- **Lines Report:** Detailed information for established repetitive transfer instructions

*From Cash Balances and Transaction Reporting*

- **Balance and Transaction Summary Report:** Daily balance information, including closing ledger, collected, same-day available balances and total amounts for debits and credits posted to the account, followed by a listing of debit and credit activity for the day. A brief description is provided for each transaction. This report covers both Chase accounts and other financial institution accounts worldwide.
- **Balance and Transaction Detail Report:** Daily balance information, including closing ledger, collected and same-day available balances, plus total amounts for debits and credits. In addition, month-to-date, previous month and year-to-date averages are provided, as well as a comprehensive listing of credit and debit activity for the day. Detailed descriptions for each Chase transaction are displayed and may also be included for accounts at other financial institutions if provided by that institution. This report covers both Chase accounts and other financial institution accounts worldwide.

Wire transfer balance and transaction details also are available via eServe, Chase's Internet-enabled wire transfer inquiry and reporting facility. With fast, secure, virtually around-the-clock online global access, eServe helps improve the operational performance of payments operations.

Delivered through J.P. Morgan ACCESS, eServe will enable the County to retrieve payment details, request investigations, exchange text messages with County concerning pending inquiries, and retrieve / view case history on open, pending and closed inquiries.

6. REPORTING SERVICES

a) Identify all costs associated with reporting.

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

b) Provide a description of the reporting services available on-line.

Authorized Gila County users will be able to manage daily cash flows using comprehensive information, including current-day, prior-day and historical data. The cash position of accounts held by Chase, as well as other financial institutions worldwide (in any currency), can be viewed in an online, secure environment.

The web-based J.P. Morgan ACCESS system offers a standard 45 calendar days of account balance and transaction data, with either 90 calendar days or one (1) year stored upon request. Prior-day information is provided by 7:00 a.m. ET.

J.P. Morgan ACCESS also provides useful information that can aid in the design of funding and investment strategies, including top-line summaries, detailed transaction records and historical reports for up to 365 days. User entitlements can be managed to control access to accounts and reports.

Cash Balances and Transaction Reporting

The J.P. Morgan ACCESS Cash Balances and Transactions Reporting Module offers an easy-to-use, comprehensive reporting suite.

Cash Balance and Transaction Reporting Home Page

The screenshot shows the J.P. Morgan ACCESS reporting interface. At the top, there's a 'Report Criteria' section with 'Summary' and 'Search' tabs. The 'Selected Report Type' is set to 'Account Summary View'. Below that, the 'Criteria for: Account Summary View' section includes 'Date(s)' options for 'Prior Day' (set to 05/09/11) and 'Date Range' (set to 05/01/11). There are also 'Viewing Option(s)' for 'View Online' and 'Page Break at Account'. The 'Amount' section has 'From' and 'To' fields. The 'Transaction Criteria' section has radio buttons for 'Credits and Debits', 'Credits Only', and 'Debits Only', and a 'Types' dropdown menu with options like 'ABR - ASSET BASED REGION' and 'ACH - AUTOMATED CLEARING HOUSE'. At the bottom, there's a table with columns for 'Account Number', 'Account Name', and 'Branch'. One account is listed: '123456789', 'ABC COMPANY', and 'JPMORGAN CHASE NEW Y'.

J.P. Morgan ACCESS is available 24 hours per day, seven (7) days per week (Excluding scheduled maintenance periods).

Figure 10

J.P. Morgan ACCESS provides both prior-day and current-day information.

Current-Day Information

Chase will report all transactions posting to the County's DDAs, including associated reference numbers, float and descriptive text by transaction type

Chase provides updates throughout the business day for established accounts. Current-day information is available, based on the operating area of the bank, for funds transfer, letters of credit, securities and deposit transactions.

Depending on the account type being reported, current-day information is generally available beginning at 10:01 a.m. AZ Time. Information generally is available within 10 minutes of receipt or creation.

Prior-Day Information

Prior-day reports will be available to the County by 7:00 a.m. AZ Time, each morning. **Online Reports**

Standard Reports

The following eight standard statement reports are available to all J.P. Morgan ACCESS clients

- Account Summary View Report: Provides opening balance, detailed credit and debit activity transactions, and the closing balance for the period specified.
- Balance Report: Provides daily balance information, including closing ledger, same-day available balance and total debit and credit amounts. Does not include detail credits/debits.
- Balance and Transaction Summary Report: Based on the Balance Report, but includes a one-line summary for each credit and debit with additional lines for associated float
- Balance and Transaction Detail Report: Based on the Balance and Transaction Summary Report, but includes comprehensive transaction information for each credit and debit with additional lines for associated float
- Statement Report by Cumulative Range: Provides a report of the cumulative total of all debits and credits on the balance within a given account including the Opening Ledger Balance, Closing Ledger Balance, and Closing Available Balance for the selected date range.
- Statement Report by Cumulative Range—Expanded View: Contains the same information as the Statement Report by Cumulative Range, but the Expanded View provides a new option to generate a statement report that better reflects actual DDA statements. It is landscape oriented, with credits and debits commingled, and the default transaction order is by date.
- Statement Report by Location: Provides balance amounts and associated transaction activity for a date or range. Credits are subtotaled by "customer reference", ideal for deposits that contain your store location numbers in the serial number field of the deposit ticket.
- Wire Advice Report: Provides a comprehensive report containing CHIP, BOOK, FED and SWIFT payments, both incoming and outgoing. Similar to the Funds Transfer "Transaction Detail Report", but contains all payments posted to the account.

Additional online reporting information is available as part of Appendix 1 - J.P. Morgan ACCESS Sample Reports.

Customized Reports

Gila County will be able to create and save customized reports through a set of filter criteria (e.g., date range, accounts, reference numbers, check numbers, transaction types, etc.). The County will have the ability to run, view and modify all saved reports quickly and easily.

Use J.P. Morgan ACCESS to view reports online or export them. Most reports can be exported into CSV, BAI2 and MT 940 formats.

Additionally, the County will be able to schedule J.P. Morgan ACCESS reports for automatic generation. All reports, including data exports in BAI, comma-separated value and SWIFT MT940, can be scheduled to run on an unattended basis.

Once reports are run, the County can retrieve them through the "View Status History" tab. For an additional fee, the Bank can "push" scheduled reports to the County. Users can save them on a desktop PC or shared network folder. This option also allows reports to be attached to e-mails and distributed to users.

**c) *Required Service: Ability to download daily & monthly DDA activity.***

J.P. Morgan ACCESS facilitates the online retrieval of current-day and prior-day reports, along with cumulative banking statements.

Gila County will receive monthly statements for each account from Chase. These reports provide a summary of credit, debit and paid check activity for the statement period, and balances at the start and end of the period. The statement then provides a detailed chronological listing of all credit and debit transactions. For each transaction, the entry provides the ledger and value dates, the dollar value of the transaction, and detailed transaction description. The report also provides closing ledger balances.

Online statements offer greater convenience and more efficient access to important records



JPMORGAN CHASE BANK, N.A.  
TEXAS MARKET  
P O BOX 260180  
BATON ROUGE LA 70826-0180

January 31, 2010 -  
February 28, 2010

Page 1 of 5

Account Number  
000000123456789

**Customer Service**

If you have any questions about your statement, please contact 1-888-434-3030 or your Customer Service Professional.



00000003CEN201 10107- NNN 1 000000065 42 TEST  
ENHANCED STATEMENT SAMPLE FORMAT 22  
XYZ Corporation  
123 Main Street  
Your City OH 12345-1234

**Commercial Checking**

**Summary**

Opening Ledger Balance		Number	Amount
			\$250,000.00
Opening Collected Balance			\$250,000.00
Deposits and Credits		16	\$427,378.42
Withdrawals and Debits		5	\$141,063.22
Checks Paid		5	\$21,707.07
<b>Ending Ledger Balance</b>			<b>\$514,608.13</b>
<b>Ending Collected Balance</b>			<b>\$506,263.75</b>

**Deposits and Credits**

Ledger Date	Value Date	Description	Amount
10/04		FED WIRE CREDIT VIA: STATE STREET BANK & TRUST COMP/0122/45678 B/O: NRECA NJZA ATTN SALLY CRISS REF: CHASE NYC/CTR/BNF=AIM FUND SERVICES INC HOUSTON TX 77048-AC-000000001233 RFB=302149197 OBI=REF: CONTACT PAI AT 800-236-5555 OPT. 5, THIMAD: 0801A1Q002BC001533 TRN: 0523903213FF YOUR REF: 302149197	\$209,773.03
10/04	10/05	DEPOSIT 1601505 1 DAY FLOAT	\$50,303.44
10/04	10/05	DEPOSIT 1601506	\$40,303.44
10/04	10/05	LOCKBOX DEPOSIT 99394 1 DAY FLOAT	\$5,699.50
	10/06	2 DAY FLOAT	\$134.29
10/04		CTS HOLDING,LLCSETTLEMENT 05555550010731 CCD	\$1,268.26

Please examine this statement of account at once. By continuing to use the account, you agree that (1) the account is subject to the Bank's deposit account agreement, and (2) the Bank has no responsibility for any error in or improper charge to the account (including any unauthorized or altered check) unless you notify us in writing of this error or charge within sixty days of the mailing or availability of the first statement on which the error or charge appears.

Figure 11

Internet statements are identical to the paper statements mailed to clients and are available within 2 to 3 business days after the statement cutoff date.

Chase's monthly statements include all transactions posted to the account including all checks paid by check number with paid amount. Internet statements also include images of checks paid during the statement cycle. Correction entries made by Chase will be included on the statement as well.

The County will benefit from the following:

- Increased security through machine registration and the convenience of using a single sign-on to retrieve statements and perform entitlement via J.P. Morgan ACCESS.
- E-mail alerts can be established to notify authorized County users when the monthly statements are available for download.
- The option to print and view a statement as it would be presented in its original paper form.
- The ability to search for transactions listed on the statement as well as click on a check number in the statement to see an image of the front and back of the cancelled check.

*Chase is both a "sending" and "receiving" bank on the Automated Clearing House (ACH) network, able to facilitate comprehensive ACH services including, but not limited to, payroll direct deposit and vendor payments.*

Online history for up to seven years. In addition, the County will be able to save and print statements in PDF format, as well as export data to a Microsoft Excel spreadsheet or in CSV format.

**d) Provide a sample of your statement.**

Please refer to Figure 11 above.

**7. ACH (Automatic Clearing House) Services**

**a) Identify all costs associated with processing ACH transactions.**

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

**b) Identify methods available to transfer ACH files, with complete descriptions and technical requirements, including but not limited to modern and FTP (File Transfer Protocol) process.**

Gila County will maintain two (2) primary options for initiating and receiving ACH transactions:

1. Online via J.P. Morgan ACCESS (recommended for lower volume transactions); or
2. Direct Transmission (recommended for higher volume transactions).

**J.P. Morgan ACCESS for Web-Based ACH Transactions**

Within the J.P. Morgan ACCESS single sign-on website, authorized County users will be able to perform lower volume ACH transactions simply by selecting ACH Initiation and entering the required ACH payment details in the fields provided. In addition to initiating payroll, this module can also be used for disbursements and concentration.

ACH reports are available at the opening of the business day and updated throughout the day.

J.P. Morgan ACCESS offers 45 calendar days of account balance and transaction data. This can be extended to either 90 calendar days or one year upon request. Data also can be exported to the County's storage facilities for longer retention. The J.P. Morgan ACCESS ACH Initiation module also retains batch information for up to 30 days after batches transmit to the Bank for processing.

The following data appears on current and previous-day reports:

- Company name.
- Company ID number.
- Settlement date.
- Dollar amount.
- Description of debit or credit.
- Debit or credit indicator.
- Settlement account (checking or savings account).
- Individual ID number (invoice number, etc.).

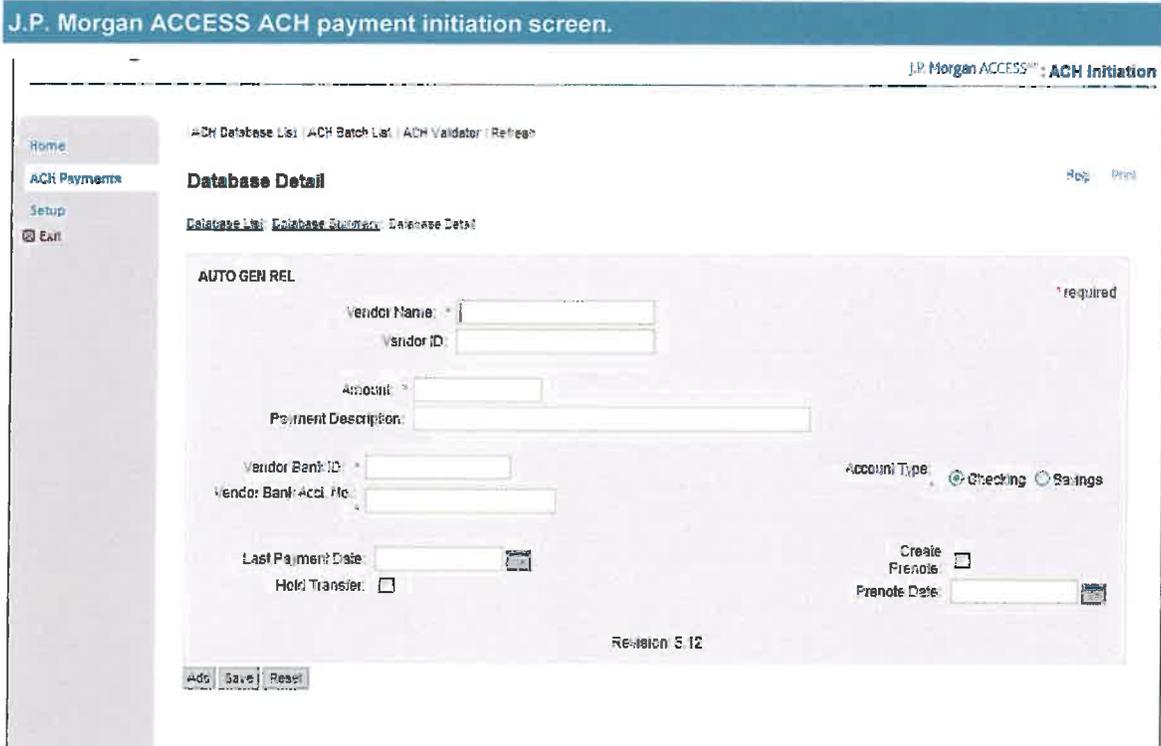


Figure 12

J.P. Morgan ACCESS ACH capabilities include:

- Payroll transactions
- Chase account funding
- Cash Concentration and Cash Disbursement
- ACH investigations (initiation and monitoring)
- ACH reversals and reclamations
- Vendor payments
- Consumer credits and debits
- Access receiving bank information
- Electronic Federal Tax Payments (generic format also available)
- State tax payments (generic format also available)
- ACH Import & Validation feature supports automated comma-delimited, tab-delimited, and NACHA-formatted files of ACH transactions.

- One or two day settlement from single or multiple accounts may be established, based on the ACH transaction types selected when creating a batch.

#### Entitlement-Based Access

Gila County will maintain the ability to create roles and issue entitlements for authorized personnel. Only those employees with proper entitlements are able to view certain information or perform certain transactions via J.P. Morgan ACCESS. Each user can be restricted by dollar amount. For those functions that demand an extra level of security, two-factor authentication is provided via RSA Secured technology. This proprietary technology allows users to digitally sign a transaction, authenticating the user originating the transaction.

For dual control purposes, a second authorized County employee must release the ACH transactions through J.P. Morgan ACCESS.

#### **ACH Direct Transmission**

For larger volume transactions, we recommend using direct transmission.

Using any number of industry standard applications, Gila County will be able to create a transaction file in standard NACHA format. Authorized employees will simply transmit files to Chase using a common protocol such as FTP. Each Transmission will be encrypted and sent to Chase for final ACH processing.

Chase will maintain an Internet facing FTP server with a "drop box" directory on the server for the County. The server will be mirrored for disaster recovery. For data inbound to Chase, the County will have the ability to push the data files to the directory. Gila County will be responsible for initiating the FTP session to push and pull data files

#### **c) *What services are available to protect our account from unauthorized ACH debits?***

To protect the County's Demand Deposit Accounts (DDAs) from unauthorized ACH transactions Chase offers two services to help eliminate these risks and improve controls:

1. ACH Debit Block; and
2. ACH Transaction Review.

#### **ACH Debit Block**

ACH Debit Blocking enables the County to specify which companies are authorized to post ACH debits to your accounts, blocking those that are not authorized. The County can also set dollar-limit ceilings or block all ACH debits from posting.

The ACH Debit Block Transaction Report provides a daily listing of all transactions that are blocked. Data is transmitted via secure email to indicate blocked transactions, or an optional e-mail indicating that no transactions are blocked.

#### **ACH Transaction Review**

ACH Transaction Review will enable the County to review and confirm ACH debit and credit transactions online, as well as return unauthorized transactions on a case-by-case basis.

#### **System Risk Mitigation and IT Security**

Chase maintains a robust Information Technology (IT) risk management program. This includes a comprehensive set of IT policies to which every Chase line of business is required to adhere. The IT policies address every facet of technology development, deployment and administration. Additionally, information risk managers have been empowered within each line of business to help strengthen compliance to policy, provide guidance and manage any exceptions.

With respect to hardware, software and physical security, please note the following:

- **Hardware/physical:** All bank hardware is required to be located in a Chase facility that provides complete physical security, including ID card access, video surveillance, locked/alarmed windows and exit doors, environmental controls, around-the-clock HVAC monitoring, as well as complete disaster recovery capability. Additionally, all visitors to a Chase installation must be signed in and escorted throughout the premises. All Chase employees have access to only those areas commensurate with their job responsibility.
- **Software:** The information owner must approve all software changes to the Chase production environment prior to deployment. In addition, all software changes are subject to change management, through which a strict segregation of duties and platforms is maintained.

Through the combined use of firewalls and full, multilayered security features, Chase's client access platforms protect both our clients and the firm from unauthorized access and use.

J.P. Morgan ACCESS provides security across various levels depending upon rights and the type of transaction the specific user is performing. ID and password govern access to the application portal. Traffic across the network is run through Secure Sockets Layer (SSL) session, encrypted at the 128-bit level.

For a comprehensive description of procedures used to minimize the risk of unauthorized entries, please refer to Appendix 2 - Host to Host Transmission Services Client Connectivity Overview.

**d) *Can the bank selectively accept ACH debits only from originators authorized by us?***

ACH Debit Blocking options include All ACH Debits Blocked, Maximum ACH Debit Dollar Limit Allowed, Allowable Company Identification Numbers and Dollar Limits, and Non-allowable Company Identification Numbers.

The ACH Debit Block Transaction Report provides a daily listing of all transactions that are blocked. Data is transmitted via secure email to indicate blocked transactions, or an optional e-mail indicating that no transactions are blocked.

The following types of ACH-related debit transactions will not be blocked, and will be handled in accordance with our customary practices and applicable law and rules:

- ACH debits to your account to offset any ACH credit entries originated by you through us.
- Reversals of previously received ACH credits.
- Reclamation entries, as this term is defined in the Operating Rules of the National Automated Clearing House Association (NACHA).
- Debits to your account initiated by us to correct processing errors, effect back-valuations or make other adjustments.
- Returns or reversals of ACH debits originated by you.

**e) *Describe the bank's ACH return process. When will returned funds to be posted to the County's account?***

To confirm that a return belongs to the client, Chase will perform edits on account number, date, individual ID and trace number. Returned funds post at the end of the banking business day and information concerning these items is available on Chase's current-day report at the opening of the next banking business day.

**Return Item Processing System (RIPS)**

Chase has carefully designed its Return Item Processing System (RIPS) to minimize the problems exception items can cause, acting as the interface to provide the County with accurate data.

RIPS can provide return items via mainframe-to-mainframe, mainframe to fax, mainframe to PC or a printed report. The Bank strongly recommends data transmission options to reduce delivery problems, eliminate mail delays and minimize the time between the return and the time to receive notification of return.

**Process**

RIPS helps make certain that the data on each return is complete and accurate by using key fields from the returned items to retrieve from a historical file the original record sent to Chase. This file contains records for ACH transactions initiated in the past 90 days.

- If the computer search does not locate an exact match, the entries are declined to the Receiving Depository Financial Institution (RDFI).
- If the correct item is found, data from the original record is supplied to the County with the reason for the return.
- If the appropriate record cannot be found in the history file, Chase returns the entry to the returning financial institution for correction and resubmission.

The bank issues one debit per entity or application against the County's account for the total of the return file. This simplifies reconciliation because all returns - both electronic and paper - are in a single return transmission.

Returned credits also are included in the return data file and will be credited to the County's checking account with a separate entry per system or six-digit company number. Return entries are not netted against one another or against the new item settlement.

**f) *How do you advise customers of NACHA (National Automated Clearing House Association) rule changes and their impact?***

Updates to rules are posted on the Chase's Web site, and we periodically communicate these changes to our customers through customized mailings. Upon request, Chase will send a copy of the NACHA Rules to our ACH clients.

Chase offers Web-based ACH training to clients on a quarterly basis. Open to all clients, classes are free of charge, and clients who attend will earn up to 2.4 Accredited ACH Professional (AAP) credits per course for continuing education. The classes currently consist of four Webinars. The County may choose to attend one, two, three or all four in the series:

- Introduction to ACH Services
- Managing ACH Originator Risk
- ACH Trends and Impacts

Understanding the New International ACH Transaction

**g) *Identify timelines for ACH transactions?***

Cutoff times for initiation of ACH transactions, according to input type, are outlined below.

Cutoff Time			
Client initiation method	Day cycle	Night cycle	Same-day book transfer
Touch-tone phone (cash concentration)	4:00 p.m. AZ Time	4:00 p.m. AZ Time	4:00 p.m. AZ Time
Terminal (cash concentration)	4:00 p.m. AZ Time	4:00 p.m. AZ Time	4:00 p.m. AZ Time
PC (J.P. Morgan ACCESS)	8:00 p.m. AZ Time	8:00 p.m. AZ Time	8:00 p.m. AZ Time
Other: EDI <sup>^</sup> (PaySource)	8:00 p.m. AZ Time	8:00 p.m. AZ Time	8:00 p.m. AZ Time
Direct Transmission <sup>^</sup> **	8:00 p.m. AZ Time	8:00 p.m. AZ Time	8:00 p.m. AZ Time

<sup>^</sup>Same day settlement will occur if both the debit and credit accounts are held at Chase.

Next day settlement will occur when an involved account is not held at Chase.

ACH PPD's must be received two business days in advance

\*\* Note that if you need later deadlines, this should be discussed with your Relationship Team

**h) Define reporting available to the County for ACH transactions and other reconciliation tools available.**

Chase provides several options for reporting incoming and outgoing transactions.

- **J.P. Morgan ACCESS:** Internet information reporting product providing balance and transaction detail reporting. Incoming and outgoing ACH transactions will appear on the transaction detail reports as consolidated credit(s) and/or debit(s).

ACH reports are available at the opening of the business day and updated throughout the day. Current and previous-day reports include the following data:

The following data appears on current and previous-day reports:

- Company name
- Description of debit or credit
- Company ID number
- Debit or credit indicator
- Settlement date
- Settlement account (checking or savings account)
- Dollar amount
- Individual ID number (invoice number, etc.).
- **Direct Transmission:** This can be established to send the County various types of incoming files, including ACH transactions and return items, in a format specified by the County.
- **eServe<sup>SM</sup>:** Chase's Internet client service solution stores 180 days of history and enables clients to obtain summary or complete payment details on originated transactions. It also enables clients to send reversals and/or reclaims securely. eServe for ACH Reporting also be used to retrieve ACH returns and obtain a Reversal/Reclaim Report. Additionally, it allows eLockbox clients to review 180 days of transactions received and electronically return any transactions that cannot be applied. Client can submit notification of change (NOC) to correct future transactions.
- **ACH eLockbox:** Delivers consolidated posting and detailed reporting of incoming ACH credit activity to Chase demand deposit account(s). Credit activity can include consumer bill payments, civilian allotments from bill payment processors and various government agencies

and Treasury/government payments. Incoming ACH items are marked by the originator for deposit, with accompanying addenda detail provided as specified by the County

**Enhanced Receiver Services:** Acts as a pipeline, carrying information in standard formatted files or printed reports to client sites. Enhanced Receiver Services reports on a variety of transactions, including ACH, carrying extended remittance data. Data formats into readable reports for the fax reporting option and EDI or BAI data files for the transmission service.

*j) Identify data available for incoming ACH transactions.*

Chase provides the following supporting details on the bank statement, balance and transaction reports, and in return-item transmissions:

- Transaction amount.
- Company ID number.
- Individual ID number.
- Company name.
- Value date.
- Chase reference number.
- Descriptive text to help reconcile the transactions.

Gila County will decide whether to receive details via e-mail notification, J.P. Morgan ACCESS Information Reporting, transmission, fax or hard copy report.

*j) Can the county specify required data to accept an ACH deposit?*

Chase's ACH eLockbox (eLockbox) is a payment collection product that electronically collects consumer, corporate and government-initiated bill payments generated by PC Banking and other online bill payment services. ACH eLockbox consolidates all payments into one single accounts receivable file. Daily remittance files can be routed directly to Gila County for quick and easy identification of the paying party.

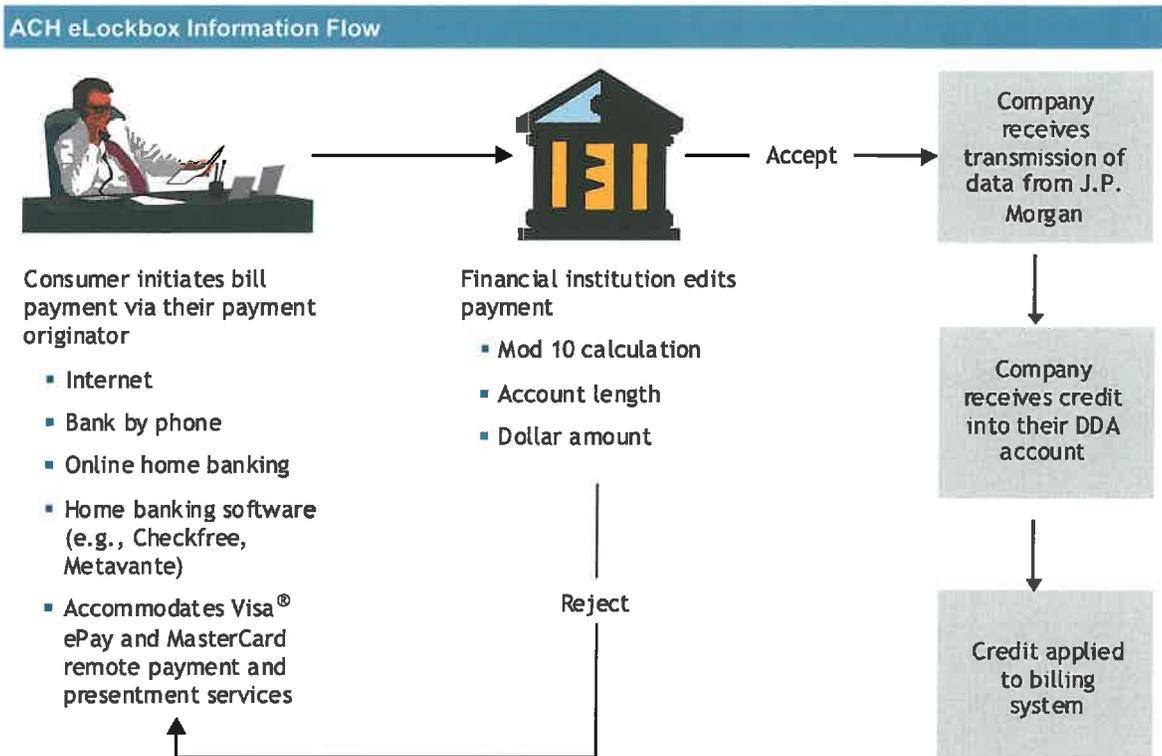


Figure 13

Funds will be settled daily to the County’s operating bank account at Chase. In addition to accepting payments from multiple sources, Chase is able to perform additional editing routines to provide the County with accurate and timely processing of accounts receivable data.

Chase will receive payment data and funding from various payment networks, consolidating the information into the ACH receiver services system. **Chase will apply the predetermined validation criteria against the incoming transactions to determine whether to accept or refer transactions.** Remittance data will be formatted in our standard A/R format or Gila County’s defined proprietary format (at additional cost), and either routed directly to the County or included in the ACH eLockbox transmission.

Upon receipt, the County may post the payments to your billing system. Chase will credit the funds to Gila County’s specified DDA on the same day remittance data is delivered to the County.

Received transactions will be “captured” prior to posting to the County’s DDA and held for ACH eLockbox account validation. Validation failures will be returned to originators or reported separately to the customer.

Chase will provide reports to Gila County via secure e-mail or reports and customized reports via other mutually-accepted methodology to the County delineating payment information.

We can consolidate and translate the various incoming file formats into a single output format for upload into the County’s account receivables system. Formats accepted include BAI2, CIE, CTX, PPD, EDI 820, CCD, CCD+, and formats proprietary to SAP, PeopleSoft, Oracle, etc for processing remittance data.

Incoming ACH items are marked by the originator for deposit in the Chase account, with accompanying addenda detail provided as specified by the client. A client using ACH eLockbox will see one daily credit post, with detailed payment reporting provided separately.

Chase will post one payment to the appropriate Gila County DDA at opening of bank business. This total will correlate to the total of the detailed payment file remitted to the County.

Chase also provides a secure internet online history of ACH e-Lockbox transactions via eServe. Utilizing eServe for online history or items received, it also provides capability to reverse or return items that were previously sent to the client/biller, but the biller either cannot locate the customer or vendor, or the payment needs to be returned for other reasons.

**Benefits of eLockbox for Gila County**

ACH eLockbox (eLockbox) offers a host of value-add features that include: upfront edits, data validation, acceptance of multiple payment types, EDI translation and expedited exception handling.

The following chart details features/benefits of ACH eLockbox:

Product Feature	Description	Client Benefit
One single daily remittance file	A single file contains electronic payments from multiple consumer bill payment service providers. Chase provides the remittance data in a standard file format. If the biller wishes to receive data in a customized format, then additional development fees will apply. A cost estimate will be provided after reviewing the biller's requirements.	Client no longer has to build separate remittance processes with different payment originators.
Payments collected from all major electronic payment networks	Client payments are sent through MasterCard RPPS, Visa ePay and the ACH network.	Chase consolidates payments from multiple payment networks and processors into one remittance file sent daily to the biller.
Support for multiple biller IDs	Billers' divisions or various billing systems may create a need for multiple IDs and remittance file formats.	Clients with different lines of business may set up unique IDs to support different A/R formats and settlement accounts for each LOB, if necessary.
Client account number edits and validation	Allows up to 999 edit masks per biller ID.	Edits for length, position values and check digit routines ensure accurate client data.
Rejects of invalid accounts	At the network level, invalid accounts are rejected.	Invalid client account numbers are rejected and not passed on to the biller.
Optional phased, controlled implementation by originating bill payment provider	Managed by ACH Implementation Consultant and usually based on volume from each originator.	Chase will provide proper file layouts to use and will assist client in contacting the major bill payment providers.
File formats	Standard remittance file formats are the norm. If the biller desires to receive data in a customized format, then additional development fees will apply. Estimates will be provided after review of the biller's requirements.	Remittance file follows standard ACH formatting.

Product Feature	Description	Client Benefit
Transmission options	Options include direct transmission of A/R data or integration with ReceiptStream or transmissions.	Client chooses method for delivery of remittance files.
Reversal/chargeback option	Originators may send reversing payment for duplicate or consumer errors.	This provides settlement of reversal item and complete audit trail.
Settlement of funds to a Chase account	Settlement occurs to any Chase account.	Funds are settled on the same day the remittance file(s) are sent to the biller.
Automated returns process	Payments that cannot be applied can be returned automatically to the sender.	Client enjoys settlement of returns and a complete audit trail.
Optional fair share settlement of gross and net amounts for CCCS payments to creditors	Both amounts captured and passed on to the biller and settlement based on net amount. Invalid fair share percentages are rejected and sent back to the agency.	The fair share can be a single percentage for all originators or can be set as specific percentages per originator. This is managed by RPPS.

**8. ON-LINE BANKING**

**a) Identify available on-line banking services.**

Use our automated J.P. Morgan ACCESS system to view account information, online. A user-friendly and comprehensive web-based system, J.P. Morgan ACCESS is a robust information-reporting and transaction initiation tool.

Gila County will maintain daily, online visibility to all of the County's Chase and non-Chase accounts, globally through a single consistent portal.

J.P. Morgan ACCESS integrates balance and transaction information delivery, transaction initiation services (wire & ACH, Global ACH/EFT), controlled disbursement, investment and inquiry management tools in a seamless environment.

J.P. Morgan ACCESS combines powerful web-based cash management tools to provide a secure, reliable single point of access to a wide range of financial transactions.

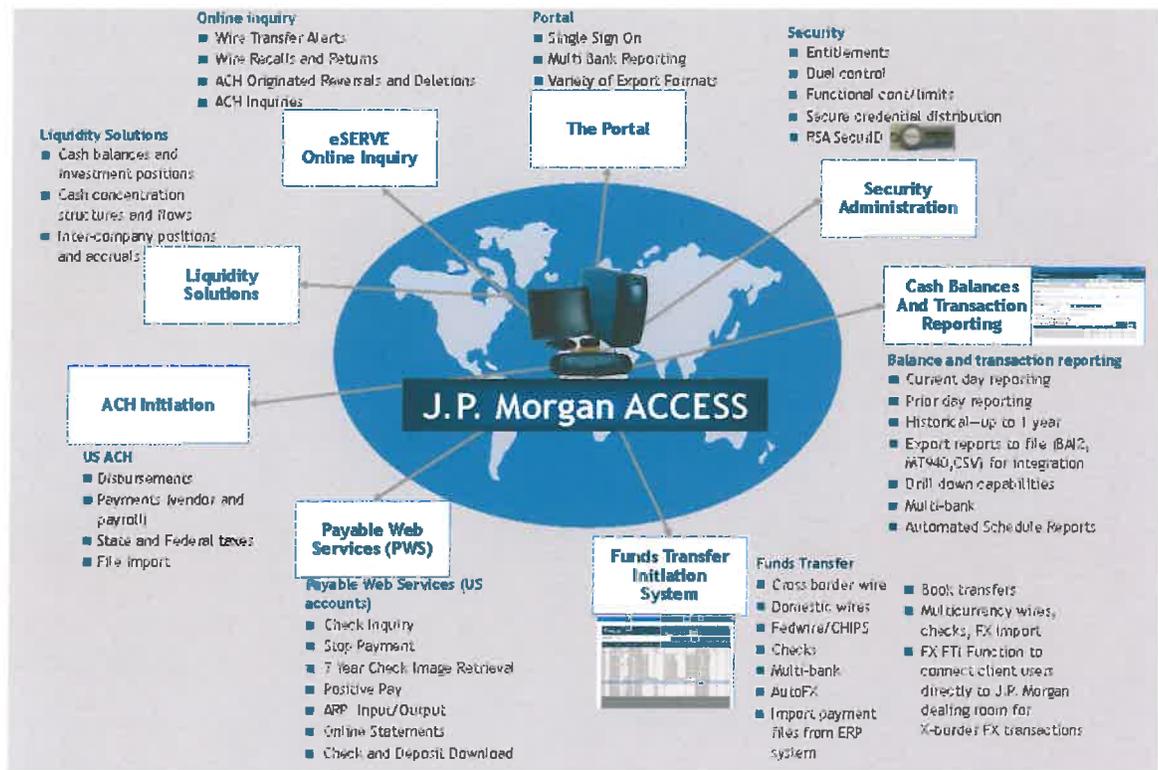


Figure 14

Modular systems like J.P. Morgan ACCESS can be deployed to meet the County's specific treasury needs, and can be modified to allow access to an expanded product suite as your needs evolve.

**J.P. Morgan ACCESS Modules**

- **Cash Balances and Transactions Reporting** — Access accurate and complete information about County accounts in every part of the world. Reporting includes balances and transactions for both current and prior day. The County will also be able to export data for integration with decision tools and employ numerous filtering parameters and saved report templates allowing you to customize and schedule reports as needed.
- **Funds Transfer Initiation (FTI)** — Initiate and send wire transfers across the country and around the world. FTI includes multibank, multicurrency, freeform and repetitive lines, as well as file import features.
- **Account Transfer (AT)**—Transfer funds interstate between your Chase bank accounts in real time via the Internet.
- **Automated Clearing House (ACH) Initiation** — Create, store and send payment and collection information quickly and securely including IAT and CTX, as well as updated and compliant federal and state tax templates.
- **Payables Web Services (PWS)** — Simplify daily disbursement activities by executing and monitoring your check transactions around the clock via the Internet. PWS includes services such as inquiry on status of paid items, online stop-payments, check and deposit image archive, Positive Pay, check printing and data download capability.

- **eServe** — Utilize a self-service, Internet-based management tool that provides clients with an integral way of servicing, make inquiries, track issues and get reporting information on their Chase Global Clearing and/or USD ACH Origination transactions.
- **Inquiry and Customer Service** — Manage a wide range of electronic transactions and communications in a secure environment.

Authorized Gila County users will benefit from the use of a single information-reporting and transaction-initiation “Dashboard”.

The County will be able to view timely information, initiate transactions, and make inquiries through one consolidated window. J.P. Morgan ACCESS integrates the various TSS information delivery, investment and transaction services, as well as inquiry tools into a single online portal.

J.P. Morgan ACCESS Dashboard shows the variety of modules available in the menu list in the left column.

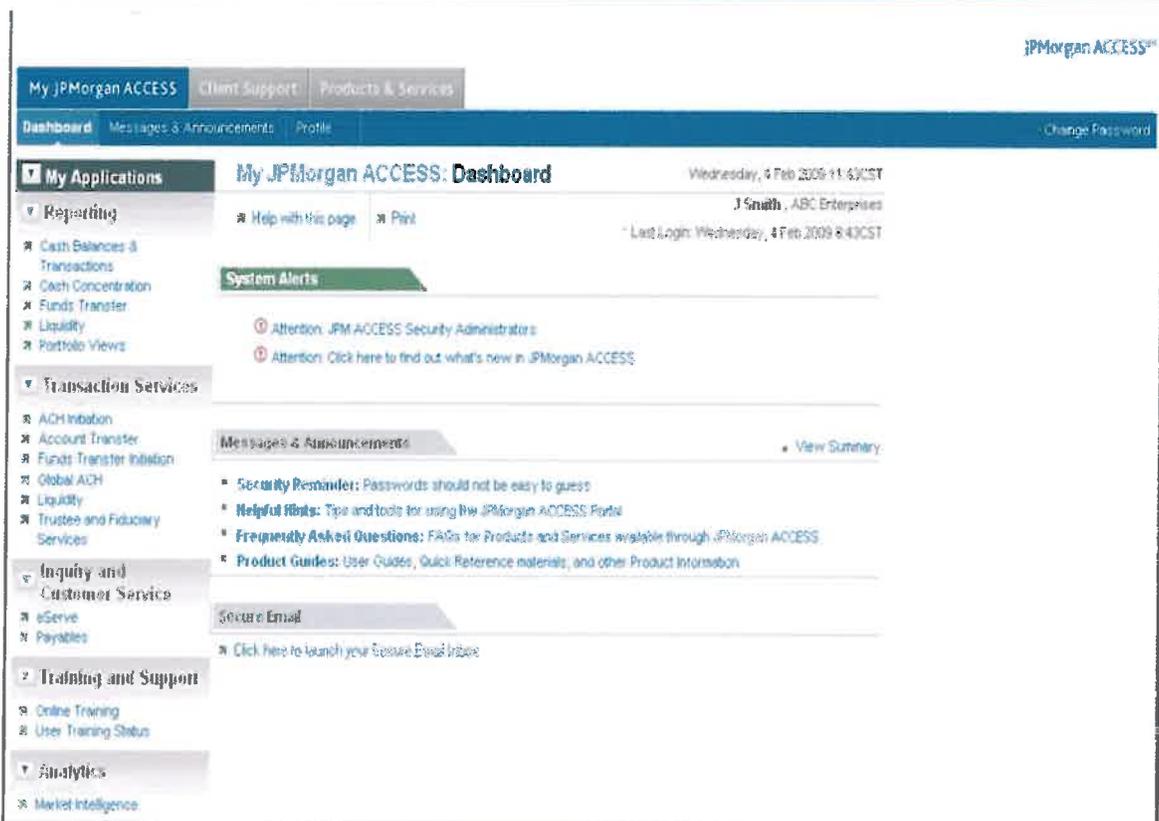


Figure 15

Using J.P. Morgan ACCESS, the County will be able to:

- Receive balance and transaction reports, including lockbox deposits (with detail)
  - Prior-day
  - Same-day
  - Sample J.P. Morgan ACCESS Reports are available as Appendix 1
- Initiate and Monitor Account, ACH and Wire transfers (Free-form and Recurring)
  - Reusable Wire Transfer Templates
  - ACH Debit and Credit Functionality

- Initiate and Monitor Stop Payments
- Receive Bank Statements, Account Analysis Reports, and Account Reconciliation Reports
  - Bank Statements are available online for seven (7) years
  - Account Analysis Reports are available online for 13 months
- View images of paid checks
- Decision Positive Pay items using check images
  - Teller line Positive Pay
  - Payee verification
- Receive daily email notification of exceptions (“Push Notification”)
- Perform client service inquiries online
- Import information (including account balances and all pertinent float information) into all common spreadsheet and database programs
- Receive Investment Reports

To view the features and functionality of J.P. Morgan ACCESS, access an online tour via the Internet at [www.jpmorgan.com/visit/accesstour](http://www.jpmorgan.com/visit/accesstour).

**b) Identify controls available with on-line banking.**

J.P. Morgan ACCESS employs a multilayered security design that protects the privacy and identity of users, and ensures data and transaction integrity. Access control, user authentication and data encryption are employed to maximize security.

- Access control — Gila County appointed security administrators will access the User Setup Forms administration service module to establish and approve end users of the various J.P. Morgan ACCESS cash management services.
- User authentication — In order to login to J.P. Morgan ACCESS, an authorized user's ID and password must be validated. Only those products to which the user has been entitled will be presented on the home page. Likewise, the user will be limited to the accounts for which he or she has the appropriate entitlements.
- Data protection — Industry-standard 128-bit Secure Socket Layer (SSL) encryption helps to ensure confidential access and delivery of data and transaction facilities.



J.P. Morgan ACCESS is deployed with two levels of security:

- 1) **Single sign-on (ID and password)** for access to the J.P. Morgan ACCESS platform and product functions that do not involve the initiation of value-bearing transactions
- 2) **Digital signature** — Authentication for access to functions involving value-bearing transactions or security activities (e.g., wires, ACH) requires SecurID, in addition to user ID and password.

All actions taken within the portal are date/time stamped and associated to the user who performed them, providing a complete audit trail.

Chase's Information Technology control policy specifically addresses physical and environmental controls for data-center and non data-center environments. The policy establishes minimum requirements for the control of physical access to the Chase infrastructure, including computer and network systems and workstations, across all technology platforms. Compliance is audited periodically. In addition, servers are kept up-to-date with the most recent vendor software levels.

**Security Administration**

First, the County's Security Administrators (SAs) will establish their own security credentials (user ID, password) digital signature authority (RSA SecurID). Once established, the SAs can then create and approve additional users of accounts, services and functions using the online entitlement provisioning tool.

Dual control is enforced. One security administrator establishes users for accounts, services (ACH initiation, wire initiation, balance reporting, etc.) and functions (transaction initiation, transaction approval, release, reporting, etc.), while a different security administrator approves the users for the accounts, services and functions established by the first security administrator. A security administrator cannot request or approve product functions (e.g., cash reporting, wire initiation, etc.) for themselves unless an authorized company representative has signed a special waiver.

**User Security**

To log on to J.P. Morgan ACCESS, a user is required to enter his or her User ID and password, and RSA SecurID code if the user is able to perform money movement transactions. Once logged on, the user's menu of applications is limited to only displaying those to which the user is entitled.



As an added level of security, if a user leaves his/her workstation idle, a security lockout will automatically log the user off after a set period of inactivity. Users are required to change their passwords at least every 90 days.

For functions that demand an extra level of security, such as the transmission of payment instructions, two-factor authentication is provided via RSA SecurID technology. Logging on with SecurID helps safeguard against identity theft and other attempts to breach security by employing a small handheld device (the SecurID token) that dynamically generates a new six-digit security code every 60 seconds. This two-factor authentication is based on something the user knows (personal password) and something the user has (the SecurID token code). Users entitled to perform sensitive functions are required to enter their User ID, password and SecurID token code when logging on. When performing activities that require additional security, they are prompted to re-enter their password and token code to re-authenticate the user's identity.

For additional security, computer registration is required for all users. Each time a user logs on through an unrecognized computer the user is prompted to re-register the unit using an Activation Code that is delivered via an out of band channel; such as e-mail, help desk or in person by a company security administrator.

**c) Can access to on-line services be provided to various sites and users?**

J.P. Morgan ACCESS is available 24 hours per day, seven (7) days per week (excluding minimal maintenance periods) and is accessible using any windows-based computer with Internet capability.

There is no limit to the number of users that can access the application simultaneously. Gila County will have the flexibility of assigning multiple users to the system, while maintaining security features such as dual authorization capability and by-account access restrictions. The County will choose its own Security Administrators (SAs) who will manage internal users and access.

d) *Can access to on-line services be restricted to users according to a authorization hierarchy?*

Gila County will maintain the ability to create roles and issue entitlements for authorized personnel. Only those employees with proper entitlements are able to view certain information or perform certain transactions via J.P. Morgan ACCESS.

Passwords/IDs govern access to the J.P. Morgan ACCESS portal itself. The system customizes individual functionalities through product-specific entitlements that are set at the company, user and product levels. Entry to accounts is at the account level by user. Security administrators can modify user rights for the following functions:

- Transaction amount limit
- Release amount limit
- Daily amount limit
- Modification authority
- Deletion authority
- Release authority

For those functions that demand an extra level of security, two-factor authentication is provided via RSA Secured technology. This proprietary technology allows users to digitally sign a transaction, authenticating the user originating the transaction.

9. **TECHNICAL REQUIREMENTS**

a) *If implemented: Lockbox data must be able to be delivered electronically. Describe the method that will be used for lockbox data in a format usable by the County Treasurer on a daily basis.*

Same-day lockbox information can be reported online via:

- **J.P. Morgan ACCESS** - Lockbox Summary Report and Detail Report; or
- **Receivables Edge** - An Internet-based service that will provide:
  - Information related to payments received in the County's Chase lockboxes, as well as electronic payments received via ACH or Fedwire
  - Electronic images of checks, remittance documents and envelopes.

The Summary Report provides deposit totals with a float breakdown. The Lockbox Detail Report provides item-by-item float and remittance detail as well as deposit totals.

Gila County may also elect to receive daily item-by-item detail via direct transmission to the County's internal systems.

b) *Provide the methods available to provide images of deposited and paid items, including indexes.*

**Images of Deposits Received at the County's Lockbox**

Gila County may choose from two options to receive Lockbox deposit information and associated images:

1. Online via Receivables Edge – An Internet-based service that provides electronic images of checks, remittance documents and envelopes
2. Image File Transmission - Transmission of an image file that can be imported into an in-house image system and an Internet-based online service.

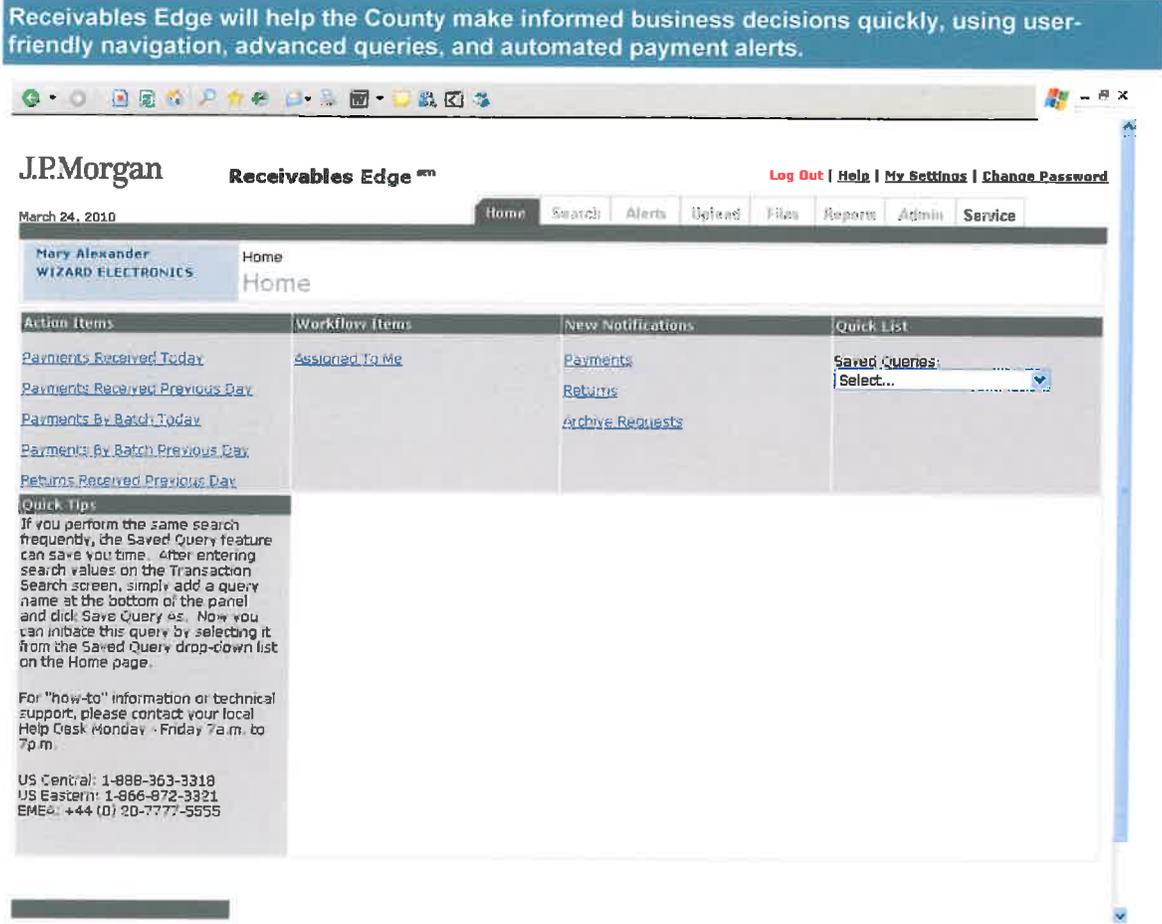


Figure 16

Receivables Edge lets you view transaction data and images that are stored on a server at Chase. Simply access the server via the Internet, using a standard Web browser.

Lockbox images will be available within a half-hour of lockbox processing completion. Electronic payments are available on a scheduled basis. Images are retained in a high-speed, online storage archive for over a month with for unlimited retrieval of check and invoice images.

For your permanent record retention needs, the County may also choose to use our long-term, 10-year archive solution or receive image delivery via direct transmission through FTP channels.

**Images of the County’s Paid Items**

Gila County may elect to receive images of paid items in different media depending upon preference.

Chase offers:

- Online image history inquiry for seven (7) years (10 years optional)  
Results will post, giving notifications of:
  - Paid items
  - Items outstanding from the issue file

- Checks with active or revoked stop payment instructions
- Cancellations / Voids (voided)
- Items returned
- CD-ROM
- Image transmission

Online Image Retrieval

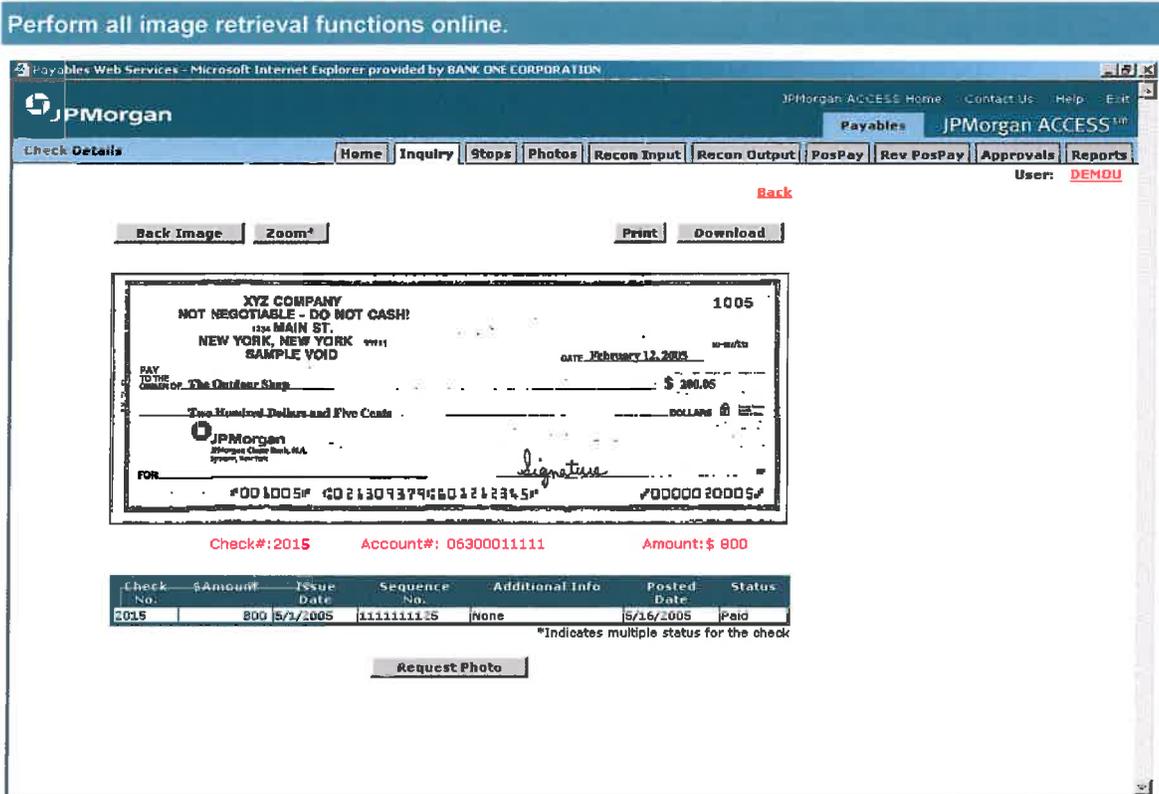


Figure 17

Check inquiry features enable authorized users to:

- Retrieve images of paid checks
- Inquire on the status of an individual or range of checks
- Place and revoke stop payments

Additionally, online functionality provides an advanced upfront check search functionality that will provide the complete status of Gila County checks. The County will be able to perform single and range-based searches by account number, check number and amount, sequence number, paid and issue date, and payee name.

Paid Check Images on CD-ROM

Chase's CD Image Viewer service is a convenient way to retrieve, sort and categorize check images. Images of the front and back of paid checks are captured, as well as reports and deposit tickets, and stored on CD-ROM for easy online access and review. CD Image Viewer provides a point-and-click interface to access reconciliation reports and bank statement information.

Use multiple levels of search criteria, such as check number, dollar amount, account number, payee name, and date (paid date or date issued), to immediately retrieve any check image on your workstation using a simple, Windows-based, point-and-click interface. CD Image Viewer also gives users the ability to print copies of images, incorporate them into word processing applications or email, or even send them as faxes directly from workstations.



CD Image Viewer provides sharp images (sharper than microfilm), image rotation, zoom capabilities and reverse video.

Chase offers different options for combining accounts and data across a single set of CD-ROMs or creating individual or separate profiles for grouping images, reports, statements and advices together. We can:

- Mail CD-ROMs on a monthly basis; or
- Compile them within the bank and then send them to the County at the end of the year or other agreed upon frequency.

Image Transmission

The County may elect to receive automated image files transmitted directly to an internal check archive.

- c) *Does the bank provide technical customer support for computer hardware, software and communications problems? If so, what are the hours of operation for technical support?*

Gila County is encouraged to discuss any technical support issues (or other inquiries) with County's dedicated CSP, Gail Haymaker. Gail is trained in all aspects of Chase product functionality and technology and will serve as the main client interface for customer service.

Chase's main technical support line, available through our Technical Solutions Group (TSG), makes experienced agents around the globe available to assist with inquiries. TSG is available Sunday 2:00 p.m. AZ Time through Friday 6:00 p.m. AZ Time. Technical support availability for other products can be provided upon request.

- d) *For file transfers between the bank and County, and between the County and the bank describe acceptable file types (i.e., CSV, Tab Delimited, Fixed Length, etc.).*

Please refer to Appendix 2 – Host to Host Transmission Services Client Connectivity Overview.

10. **LOCKBOX SERVICES**

- a) *Identify all costs associated with your lockbox services including returned items.*

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

- b) *Where is your lockbox service provider located?*

Chase recommends our Arizona-based facility in Phoenix, AZ.

**c) Identify the relationship of your lockbox service provider.**

Chase owns and operates our lockbox facility in Phoenix, AZ.

**d) Identify key staff responsible for our account and their qualifications.**

Gila County will be supported by a local relationship team comprised of experienced professionals committed to understanding your business, attentively listening to valuable feedback, and proactively providing targeted ideas to energize the County's financial operations.

The County's Chase Relationship Team, is described fully in section 15, entitled "Personnel and Customer Service", specifically under subsection b.

**Experienced Lockbox Personnel**

Our Phoenix lockbox facility is managed by a small, experienced group.

Retail Site	Number of Employees	Average Experience
Phoenix	4	10 years

This group's size offers the opportunity for closer client relationships without sacrificing the ability to handle impressive volumes.

Regional Retail Site	Average Monthly Items	Average Monthly Dollars Processed	# of Active Boxes	Average # of Clients
Phoenix	220,155	\$333,927	34	29

**e) Identify the technical specifications required for wholesale processing.**

Please refer to Appendix 3 – Envelope and Scannable Document Specifications.

**f) Describe your lockbox process and procedures.**

Chase uses state-of-the-art automation to achieve highly efficient and high-quality lockbox processing. Our lockbox sites maintain complete online processing profiles for each account, including client contact information, mailing addresses, depository account number, required data capture fields, processing deadlines and special handling requirements.

We use a task approach for lockbox processing. Each individual is assigned specific lockbox tasks (e.g., mail extraction, transport operation, data entry, quality control, transmissions) and is trained in the unique processing requirements for those tasks. This approach helps ensure that the team consistently delivers high quality by providing processing continuity and establishing ownership of the specific process.

Each lockbox processor undergoes extensive training on his or her primary function and is cross-trained and tested prior to working on any of our process tasks. This quality-focused training program helps ensure that each new processor can consistently meet our high standards of quality processing.

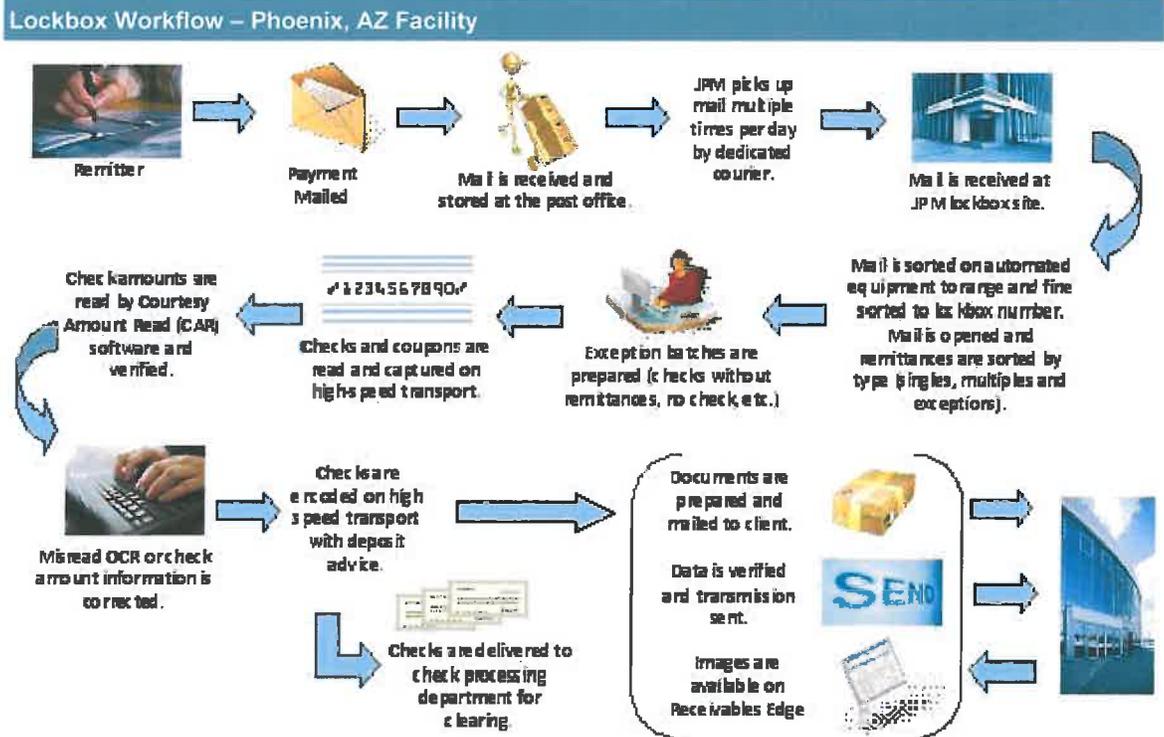


Figure 18

Lockbox processing follows the steps:

- The incoming mail is sorted by the post office.
- The mail is reviewed again to help ensure mail sorting accuracy.
- Each envelope is opened, using OPEX automated equipment, and the contents are extracted, batch prepped and made ready for subsequent processing.
- Checks are sorted according to client instructions (multiples, balanced, etc.).
- Envelopes are discarded or set aside for return to the client based on client requirements.
- Correspondence and nonprocessable items are out-sorted. Remittance invoices/envelopes, out-sorted correspondence and nonprocessable items are set aside.
- The payments are processed on high-speed check transport equipment. Checks are endorsed, encoded and audit trail information is printed on both the check and the invoice.
- Each processed batch is balanced and any discrepancies resolved.
- A DDA deposit ticket is completed with the check total. The number of checks and nonprocessed items and correspondence is noted on the deposit ticket.
- The deposit ticket and checks are forwarded to the Item Processing department for further processing as outgoing collection items.
- Remittance advices, correspondence, nonprocessables and detailed reports are packaged.
- The outgoing package is reviewed for accuracy and completeness and is then forwarded to the client according to their instructions.
- Quality checks are performed on check and document images prior to transmitting image file either directly to the client or to our Internet image service, Receivables Edge.

- Quality control steps are inherent at each step in our processing to help ensure that your requirements are adhered to and that quality standards are met. Daily quality measures include:
- Second review of sorted mail is made to ensure accuracy in the sort process.
- Prior to sealing the outgoing envelopes, a second review is made to verify that all processed batches, reports and any other relevant information is included.
- All outgoing packages are logged within the lockbox department.
- Batches and transactions are balanced to ensure accuracy.

*i. Identify the controls in place to ensure accurate processing per customer specifications.*

Each processor is trained on the specific instructions pertaining to each lockbox. Checkpoints are in place at the end of each processing stage to verify completeness and accuracy. A supervisor is responsible for tracking and resolving any errors, as well as the counseling and/or retraining of the processor. Chase maintains a high level of processing accuracy that meets and/or exceeds the standards set forth by BAI.

We have extensive controls in place to assist with potential error detection. Errors detected in the quality checkpoint review steps are immediately corrected, and supervisors perform employee counseling and appropriate retraining.

*ii. Describe any priority handling of items.*

Our 24-hour-a-day, seven-day-a-week operation uses U.S. Postal Service boxes, extensive mail sorting schedules, multiple check deliveries and check processing procedures that guarantee priority treatment of each account.

Priority handling is determined by client profile and reporting and deadline requirements and is a negotiable lockbox feature. Special procedures are in place for large-dollar deposits to help ensure that clients, similar to the County, receive optimal funds availability.

*iii. Describe the methods to assure validity of data.*

Files requiring MICR data are automatically captured and generated by the lockbox processing system. This system performs edits, including check digit verification routines. If additional data fields are required, edits and validation of fields are performed as required to help ensure the quality of the information. Additionally, we use job control language (JCL) and other authentication procedures to help ensure the integrity and accuracy of the entire transmission process.

*iv. Do you retain the actual check in the lockbox department until data capture is completed or do you send the check for collection prior to data capture?*

Chase has the capability to perform data capture at various stages in the lockbox process. This allows flexibility in check processing delivery. Usually, checks are released to the check processing area prior to data entry to expedite the collection process. If multiple check balancing and/or invoices are required, data entry will be performed prior to the release of the checks.

Checks are released to the check processing area prior to data entry to expedite the collection process. If multiple check balancing and/or invoices are required, data entry will be performed using image copies of the checks.

*v. What back-up arrangements exist should the system fail?*

Backup arrangements in the case of automated system failure are based on business continuity and disaster recovery plans in effect for each site. Highlights include:

- Diversion of incoming work to the nearest operational facility in the event of a major catastrophic failure
- Duplicate account profiles that are created and maintained as part of our account setup procedures
- Redundant components applied in the system to minimize the impact of device failure

*vi. Describe procedures to ensure that transmissions are received successfully and contain all remittance payment detail. Describe your backup procedures in the event transmission is not successful.*

After data file creation, record counts and dollar amounts are balanced prior to the transmission initiation. Chase's sophisticated software continually monitors transmissions to detect any errors. These errors are reviewed to determine the source and appropriate resolution steps are initiated. At the successful completion of a transmission, an acknowledgment is generated.

Typically, file formats containing batch total records and end-of-file total records are used. The receiver can perform edits of the transmitted data prior to uploading to internal systems. This helps ensure that the received data is complete and is ready for further processing.

*vii. Describe the receipt and handling of remittances delivered by private services to the lockbox for processing.*

All couriers delivering remittance mail are directed to a centralized location within each of our processing facilities. Upon arrival, the delivery forms are signed and entered into a log, and the packages are delivered to the lockbox processing area.

All courier packages delivered prior to 12:00 p.m. local time are processed for same-day deposit, assuming that your earliest final reporting time (e.g., data file delivery or final deposit total) is no earlier than 4:00 p.m. local time. If there are specific instructions to provide data transmissions or if final deposit information is requested prior to 12:00 p.m. local time, we will hold mail received after the deadline until the next business day.

*viii. How will your processing, procedures and/or timelines change with our extreme peak demands for services?*

Staff hours and staffing levels are determined by the availability of mail, peak mail volumes, historical data, and staff forecast models. Regular and part-time employees augment the sorting process when necessary. Our contingency plan calls for incoming mail to be delivered to an alternate location with continued manual sorting.

We continually monitor the volume processed through the lockbox department and use forecasting models to ensure appropriate staff levels. Additionally, we encourage our clients to notify us of expected volume increases higher than 10 percent of normal volume.

*g) Do you allow for same day credit of lockbox deposits (i.e. lockbox deposits after normal deposit cut-off times are posted as same day)?*

Our cutoff time for same-day ledger credit is 4:00 p.m. local time at the lockbox processing site.

All payments will be processed and deposited on the same ledger day as received unless the County requires an early cutoff time to meet reporting or delivery requirements.

Packages received from overnight couriers will be processed on a best-efforts basis when the County's major event time, such as final deposit reporting or final transmission time, conflicts with having adequate time to both receive and process the content of these packages. Items not included in the current day's deposit will be part of the first deposit of the next day.

*h) Do you have the ability to stop and start services without added fees?*

In the event that Gila County elects to stop or restart services once implemented, the County would coordinate this instruction in writing with your designated Client Service Professional, Gail Haymaker. Gail would then alert lockbox operations to change the County's processing instructions. For example, the County may instruct Chase to forward all lockbox mail received to the County unprocessed.

Chase would continue to charge the basic monthly lockbox maintenance fee between processing periods to be able to retain the County's dedicated lockbox number for future resumption of processing.

**11. LINE-OF CREDIT AND REGISTERED WARRANTS**

*a) Identify all costs associated with line of credit activity.*

There is no cost to the Borrower to establish and maintain a Line of Credit, other than the negotiated borrowing rate or interest expense incurred when the Line is drawn upon (interest rate not to exceed the Limits established by A.R.S. 11-601.01). Borrowing rates will be negotiated at the time the credit agreement is established with Chase.

*b) Provide a sample copy of the line of credit agreements.*

As the County's current Servicing Bank, the County Treasurer's Office has access to Chase Bank's Warrant Lines of Credit documents. The Bank will likely modify the current document format and processes in an effort to streamline the amount of paper work associated with the County's individual Credit Lines.

*c) Will the bank purchase registered warrants?*

Without knowing the actual circumstances or events that would require the Gila County Treasurer's Office to Register Warrants on behalf of a political subdivision operating within the County, it's difficult to provide a precise answer to this question. Chase Bank prefers to re-evaluate the credit worthiness of the underlying political subdivision and consider an increase to their Warrant Line of Credit, to avoid the operational handling and processing of a Registered Warrant. In either event, the aggregate borrowing capacity of the individual political subdivision cannot exceed the established statutory limitations.

*d) If so, identify all costs associated with registered warrant activity.*

Please refer to response in question 11.a above.

*e) Will the bank require each entity to have a separate line of credit?*

If Gila County prefers, Chase is able to provide a single line of credit to the County.

Otherwise, Chase will provide separate lines of credit for the County, along with each political subdivision requesting a line of credit, provided that the entities are able to meet reasonable standards of creditworthiness, as determined by the Bank.

The following information will be required annually:

- Current Budget
- Audited Financial Statement

In the event Gila County's credit line is exceeded, Chase will work with the County to process the registered warrants in a manner that complies with A.R.S. 11-645.

**f) *What is the turnaround time to increase a line of credit?***

A typical line of credit increase can be accomplished in 48 hours. Under unique circumstances, same day credit limit increases may be available. Chase must be given the appropriate financial information for the County or other County special entity. An entity requesting a line of credit increase must have a record evidencing a reasonable standard of creditworthiness, as determined by the Bank.

**12. COMPENSATION**

**a) *Identify the rate the bank will use for compensation of bank fees based on account balances.***

The rate that the Bank uses to calculate the compensation value of the balances is termed the Earnings Credit Rate (ECR). ECR is set by J.P. Morgan Treasury Market and Management and is based on prevailing market and competitive rate conditions.

**b) *Identify the method of calculating bank compensation, i.e. earnings credits.***

Earnings Credit Rate (ECR) is used to calculate the value of balances that can be used to offset service fees for the analysis period.

Chase uses the following formula to calculate the earnings credit allowance:

$$\text{Earnings Credit} = \frac{(\text{Average Balance} * \text{ECR} * \text{Actual Days in Month})}{\text{Actual Days in Year}}$$

**c) *Identify the settle terms, if earnings credits are insufficient.***

Chase can assess charges via fees or balance-based compensation. There is no difference in unit prices based on method of compensation. The County may choose to leave balances in the accounts and receive earnings credit to offset service charges. When the level of balances does not fully cover the fee total, the County will be charged for the difference.

**d) *Identify any charges that would NOT be covered by account balance compensation.***

Merchant card and commercial card services fees are not able to be placed on analysis and covered by balances. Similarly, there are certain trust, loan, and securities processing services that may be ineligible for handling through analysis.

e) *If the county elects to pay for banking fees in cash, identify any variation in terms offered.*

Chase accepts compensation in fees, balances or a combination of the two. There is no difference in unit prices based on method of compensation

- **Fee Compensation:** Clients can generally earn higher rates on investments than banks can pay in earnings credit. If Gila County chooses the fee compensation plan, the County will manage accounts to minimize collected balances and will not use balances to offset any service charges. The total service charge will be debited from the designated accounts.

**Balance Compensation:** The County may choose to leave balances in Chase accounts to offset service charges. Accounts will earn service credits (Earning Credit Allowance), a soft-dollar credit based on account balances. If the average balances support the activity, then the earnings credit allowance will offset service charges. When balances are not sufficient to support activity, the difference will be charged to the County by direct debit to the account or, in certain cases, invoice.

13. **FRAUD PREVENTION**

a) *Identify any fraud prevention and detection services you offer.*

Using sophisticated technology, Chase is able to offer a multithread approach to fraud detection and mitigation.

- **Positive Pay:** Each day that checks are issued, Gila County will electronically transmit details of all issued items against the County's business checking and controlled disbursement accounts. Chase will process the daily checks-presented information against the County's input file and generate an exception report (on a next-day basis), identifying all items that are paid with mismatched or no issue information on file.
- **Payee Name Verification (PNV):** PNV reduces the risk of fraud due to payee line alterations by automatically matching the payee name on the issue file to the check presented. Items that do not match are sent for review by Chase operators. These exception items will then be sent to the County for final decisioning. Exceptions will be available online and will include check images for simplified decisioning.
- **Teller Line Positive Pay:** Provides protection before encashment at the teller line in Chase branches nationwide. This service now includes payee name verification at the teller line for maximum protection. Issued check data is updated on the Bank's teller system within one hour.
- **"Push" Technology:** Daily e-mail notification of any exception items online, leaving the County free to manage other business activities. Each business day, Chase will notify Gila County by 9:00 a.m. AZ Time whether or not there are any exception items requiring review. If there are any exception items, a pay/return decision from the County must be received by 2:00 p.m. AZ Time that same day.
- **Post No Checks:** Blocks paper/check transactions drawn on that specific account from posting to the County's depository or electronic-only payment account(s).
- **ACH Debit Block:** Protects against unauthorized ACH debit transactions from posting to the County's accounts. ACH Debit Block provides a means of returning unauthorized ACH debits

in a timely manner, helping to reduce efforts in reconciling and investigating debit transactions.

- **ACH Transaction Review:** An enhancement to Chase's ACH Debit Block, ACH Transaction Review provides an online interface to set filter criteria, view items that do not meet filter criteria, and make pay or return decisions on reported ACH exceptions.

**Additional Fraud Prevention Tools:**

- ASI-16 fraud detection software: a fraud detection filter that examines daily check transactions, comparing them to the individual's check writing history through a predefined set of bank parameters.
- Teller system alerts: Chase may mark an account with a caution/surveillance restraint as an interim step to protect against additional losses while account closing is pending.
- Large-dollar check review: This offers a review of items above a specified dollar threshold to detect fraudulent signatures.
- Thumbprint: Tellers require non-Chase clients to present multiple forms of identification and a thumbprint when cashing checks.
- Loss Avoidance Warehouse (LAW) system: This system tracks and reports deposit account-related losses.
- Proprietary transaction monitoring systems
- Participation in industry-wide exchanges
- Enhanced check cashing procedures, including two new fraud prevention tools that will help protect your account(s):
- Check cashing indicator
- Maximum per check amount

\*Note: These services only apply to checks drawn on Chase that are presented by non-Chase account holders in our branches.

**b) *Identify any fraud prevention and detection services you require of your customers, such as positive pay.***

File transmissions must be encrypted and/or authenticated, depending on the application. This is done at the transaction or batch level. If a violated transmission arrives at the Bank, an operator will contact the County by phone to request re-transmission.

All message authentication measures and products must conform to approved American National Standards Institute (ANSI) standards. Key management process must be employed and must conform to approved American National Standards Institute (ANSI) standards.

To reduce the risk of unauthorized or fraudulent transmission of payment instructions, Chase requires that authentication be employed on all value-bearing transactions electronically transmitted to the Bank. Encryption will be implemented based on the County's request.

Authentication is mandatory regardless of which avenue the County uses to deliver payment files.

**Positive Pay and other Controlled Disbursement Services**

Controlled disbursement services, including Positive Pay, are optional services and not necessarily required. Gila County will have the opportunity to peruse Chase's controlled disbursement suite and choose the services that best fit the County's needs.

**Chase's Positive Pay – An Effective Weapon against Check Fraud**

Use Positive Pay to monitor and control checks presented against Gila County accounts so that only authorized items are paid.

Gila County will benefit from one of the most complete Positive Pay solutions in the industry - one that examines and addresses each component of the check presentation process.

- *Payment Verification* – Protection against altered, counterfeit or unauthorized checks. Only those items listed by the County will be paid
- *“Push” Technology* – Daily notification of any exception items are provided online, leaving the County free to manage other business activities

Daily e-mail notices include images of exception items.

The screenshot shows the JPMorgan ACCESS Payables interface. At the top, there are navigation tabs for Services, Approvals, Audit, and Reports. The main title is "Positive Pay Exception Item Decision Entry". A check image is displayed, showing a check from XYZ COMPANY for \$288.85 dated February 12, 2005. Below the check image, there is a table of check items with columns for Account No., Check No., Amount, Paid Date, Ex. Type, and Pay/Return Decision. The table contains 8 rows, with the 7th row highlighted in yellow.

#	Account No.	Check No.	Amount	Paid Date	Ex. Type	Pay/Return Decision (All)	Select
1	06300011111	2006	118.43	10/16/2003	PNI	Pay *	<input type="checkbox"/>
2	06300011111	2007	376.20	10/16/2003	PNI	Pay *	<input type="checkbox"/>
3	06300011111	2008	1,475.41	10/16/2003	PNI	RTN-Refer to Maker	<input type="checkbox"/>
4	06300011111	2009	2,469.60	10/16/2003	PNI	RTN-Altered Payee	<input type="checkbox"/>
5	06300011111	2010	55.00	10/16/2003	PNI	RTN-Refer to Maker	<input type="checkbox"/>
6	06300011111	2011	254.87	10/16/2003	PNI	Pay *	<input type="checkbox"/>
7	06300011111	2012	71.58	10/16/2003	PNI	Pay *	<input type="checkbox"/>
8	06300011111	2013	288.85	10/16/2003	PNI	Pay *	<input type="checkbox"/>

Figure 19

- *Payee Name Verification* - Reduces the risk of payee line alterations
- *Teller line Positive Pay* - Protection before encashment at the teller line
  - Within one hour of receipt of Gila County's issue file, we will update teller line systems. When a check is presented for payment at a Chase teller window, the teller system will determine the validity of the check issue prior to payment. Items not found as matching open entries on the issue file will be denied encashment.

Chase will uncover any payments that do not match your issue file and flag them as exceptions. Each morning, exception items will be available online for the County's pay or return decision.

Gila County will transmit items issued against a disbursement account to Chase electronically, via the Internet or direct transmission. Check issuance data may be sent throughout the day and as

often as necessary. For same day effectiveness, the County's check issuance data must be received by 8:45 p.m. AZ Time for direct transmission or by 8:00 p.m. AZ Time for online entry.

Chase will process the daily checks paid information against the County's input file and generate an exception report identifying all items that are either paid without issue or fail to match the information included in the issue file.

c) Do you offer positive pay on payee?

Chase was one of the first banks to offer Payee Verification. A critical enhancement to traditional Positive Pay, as payee fraud is on the rise, Chase's Payee Verification interrogates up to 100 character payee names. Our Teller Line Positive Pay service also includes payee verification.

Payee Verification as a Process

A Payee Verification client, such as Gila County, is first matched in Positive Pay.

While traditional Positive Pay matches check MICR information check to the issue file, Payee Verification verifies payee name as compared to the payee information from the issue file.

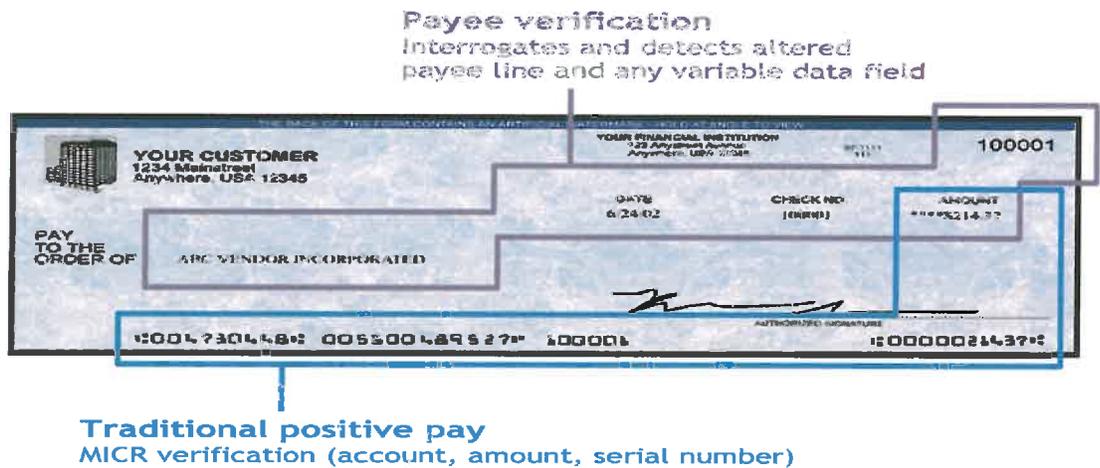


Figure 20

Next, Payee Verification looks at the items with digital interrogation, matching the payee name on the issue file to each check presented.

Items that do not match are sent to a Chase operator for manual review. (Accept or Reject.)

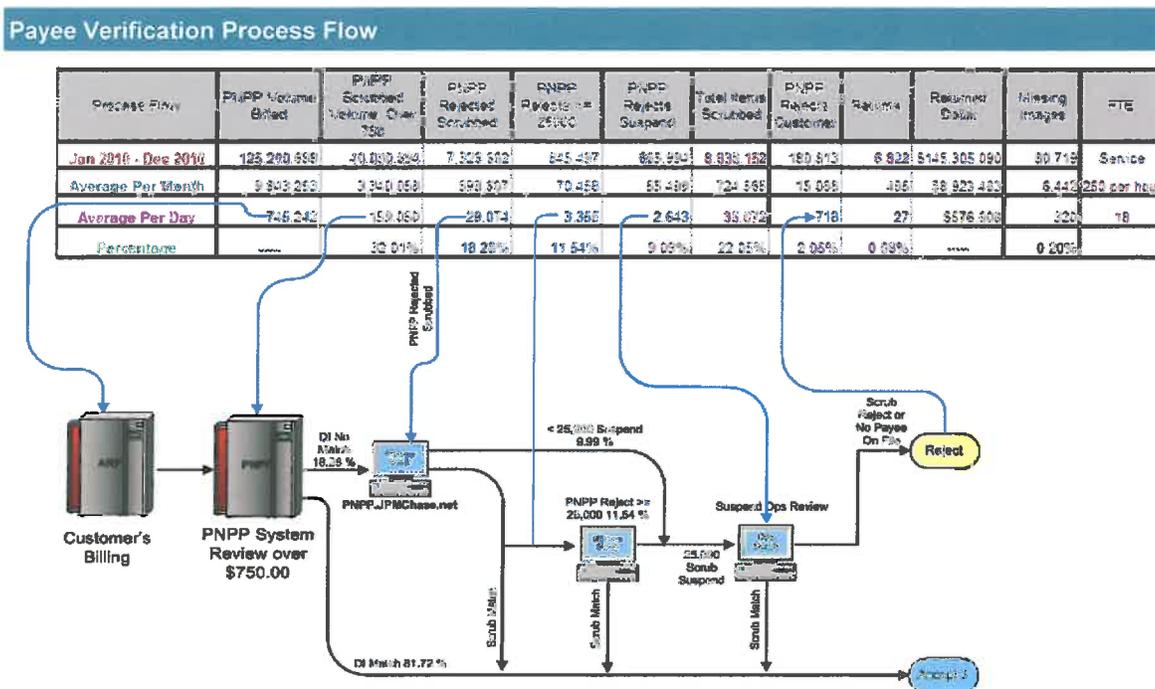


Figure 21

Gila County will be able to review any check images of any exceptions rejected by the operator using Chase’s web-based disbursements application, Payables Web Services (PWS). PWS is accessible using the J.P. Morgan ACCESS portal.

**d) What protection do you offer if a warrant is rejected for payment under a positive pay program?**

Chase provides standard service terms for Treasury Service clients regarding specific product offerings, including Positive Pay. Please refer to Appendix 4 – Required Service Agreements.

If a warrant is rejected for payment under a positive pay service, Chase will notify the County the morning after the item is presented by 10:00 a.m. local time or 11:00 a.m. local time if the account utilizes payee name for review and a pay or return decision. If no decision is received by the bank by 4:00 p.m. local time, the bank will use the County’s preset default to pay or return the item(s).

**e) Under what conditions will you accept financial burden for fraudulent checks and warrants paid from any Gila County funds under the custody of the Gila County Treasurer or any other accounts under this agreement?**

J.P. Morgan offers services reasonably designed to detect check fraud and if the customer fails to utilize such services, the Bank will not be responsible for any loss due to check fraud that could have been detected and prevented in using such services. The customer provides the Bank with their item issuance information at the time they are issued/mailed and this information is compared with the items at the time they are presented to the Bank for payment. If there is a match, the item is paid; and, if it does not match, the customer is given the opportunity to decision the item within the specified time period.

14. CHECK 21 COMPLIANCE AND OFFERED SERVICES

- a) Identify any new products or services that are expected to be offered and the anticipated timeline as a result of Checks 21 legislation.

Electronic Check Presentment (ECP), a process in which the forward presentment of check information captured from the MICR line at the collecting institution (bank of first deposit) is transmitted electronically to the paying institution with paper to follow, was discontinued with the adoption of Check 21 and image exchange.

Chase remains an industry leader in facilitating the transition from paper to image adoption. We currently send and receive images. Chase exchanges images through Endpoint, the Fed, Fidelity, NCHA, SVPCo, Viewpointe and via direct sends to other financial institutions. We clear 99% of deposited checks via image exchange to approximately 24,000 endpoints.

15. PERSONNEL AND CUSTOMER SERVICE

- b) Identify personnel responsible for our account and provide their qualifications.

Part of our commitment to Gila County is having the appropriate individuals assigned to the County's relationship team. Gila County will be supported by a local relationship team comprised of experienced professionals committed to understanding your business, attentively listening to valuable feedback, and proactively providing targeted ideas to energize the County's financial operations.

Gila County's Relationship Team, courtesy of Chase

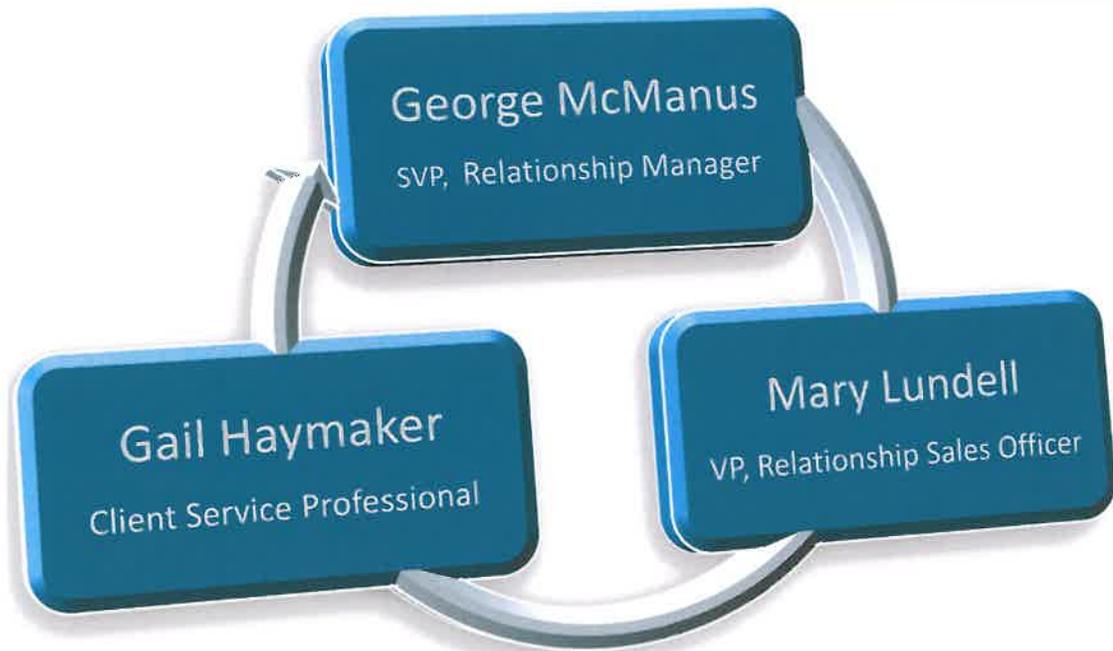


Figure 22

George McManus will be the County's Relationship Manager and Banker. George is authorized to negotiate contract terms and render binding decisions.

Relationship Manager (RM)	
Name, Title	George McManus, Banker Senior - GNPH
Office Address	201 North Central Avenue, Floor 21 Phoenix, AZ, 85004-0073
Phone Number	1-602-221-2179
Fax Number	1-602-221-1075
e-mail address	george.w.mcmanus@chase.com
Work History	
2008 – Present	<i>J.P. Morgan Chase, Senior Vice President, Arizona Government Banking</i> Senior Banker in the Phoenix Commercial Bank's GNPH industry segment. Manages an account portfolio consisting of local Counties, Cities/Towns, and School Districts. Working with clients to enhance existing banking services contracts, explore new treasury management applications, develop municipal lending opportunities, and provide liquidity solutions.
2006 – 2008	<i>BBVA Compass Bank (Phoenix, AZ) - Vice President, Deposit Services Manager</i> Deposit Services Manager for the Bank's Phoenix Commercial Real Estate group. Developed banking relationships with Title Insurance Companies, local property management firms, and commercial property developers.
2002 – 2006	<i>M&amp;I Bank (Phoenix, AZ) - Vice President, Specialty Market Manager</i> Specialty Market Banker focused-on developing wholesale deposits and treasury management opportunities in Phoenix.
2000 – 2002	<i>Bank of America (Los Angeles, CA), Vice President, Government Banking</i> Managed the banking services contracts and relationships for a number of Governmental entities in Southern California, including both counties and local municipalities.
1990 – 2000	<i>Bank of America (Phoenix, AZ) Vice President, Commercial Banking</i> Managed a wide-variety of Governmental banking relationships (Federal, State, Counties, and Cities), local financial institutions, and national Title Insurance

Relationship Manager (RM)	
Name, Title	George McManus, Banker Senior - GNPH
	companies. Obtained a Certified Cash Manager designation.
Education	
George holds a Bachelors of Science degree in Business Administration from the University of Phoenix.	

Senior Treasury Services Manager, Mary Lundell, will lead the Treasury Services Team. Mary will collaborate with the County to maintain the most efficient treasury services structure, communicating best practices and relevant enhancements to our products and services to the County on an ongoing basis.

Senior Treasury Services Manager	
Name, Title	Mary Lundell, Vice President
Office Address	201 North Central Avenue, Floor 21 Phoenix, AZ, 85004-0073
Phone Number	1-602-221-2644
Fax Number	1-602-221-1682
e-mail address	mary.j.lundell@jpmchase.com
Work History	
2010 – Present	<i>J.P. Morgan, VP, Treasury Services – Senior Treasury Services Manager</i> Responsible for Treasury Services sales and solutions for Public Sector clients and prospects in AZ, NM, and NV.
1994 - 2010	<i>Bank One, FVP, J.P. Morgan, VP, Treasury Services – Senior Treasury Services Manager</i> Covered a variety of public sector, health care, and large corporate industries for Global Treasury Services (GTS) as Treasury Services Relationship Manager. Served on Bank's product design and development committees for the Bank's platform merger and TS product consolidation.
1982-1994	<i>Security Pacific National Bank/Bank of America, VP, Cash Management Department - Senior Cash Management Sales Manager</i> Responsibilities encompassed all facets of Treasury Services from product design and development of bank processing systems, platforms and treasury products, to strategic execution of the full delivery and support model for the Bank's cash management

Senior Treasury Services Manager	
Name, Title	Mary Lundell, Vice President
	products Managed the Cash Management team for Corporate Banking. Float Manager for the Bank's national clearings network and back office warrant processing for State of Arizona.
1980-1982	ASU Center for Executive Development – Administrator for Executive Training Programs in the College of Business Partnered with professors in the College of Business to conduct various accredited executive development training programs.
Education	
ASU, College of Business, Major: Business Administration/Information Technology FINRA* Series 7 and 63 licenses (presently dormant) *Financial Industry Regulatory Authority	

Gila County will be supported, on a daily basis, by our dedicated client service group. Client Service Professional (CSP), Gail Haymaker, will maintain daily service responsibility, serving as the County's primary contact for customer service inquiries.

Client Service Professional (CSP)	
Name, Title	Gail Haymaker
Office Address	201 North Central Avenue, Floor 21 Phoenix, AZ, 85004-0073
Phone Number	602-221-1383
Fax Number	866-924-9678
e-mail address	gail.l.haymaker@chase.com
Gail Haymaker is a Senior Client Service Professional (CSP) and has been with Chase for nine (9) years. As Gila County's dedicated Client Service Professional (CSP), Gail will maintain an in-depth understanding of the County's daily operating processes in order to respond to the County's inquiries in a timely manner and address any issues that may arise.	

**c) Indicate the organizational structure**

Gila County will be supported, on a daily basis, by our dedicated client service group. Chase uses a cross-product support approach to customer service. If your CSP is unable to resolve issues at the initial point of contact, she will engage the appropriate Chase department(s) on your behalf. Gail will consult with product and operations experts, as needed, to deliver appropriate and timely

resolutions with respect to the County's requests, while our Operations experts are responsible for managing research functions for investigation requests.

**16. CREDIT CARD PROCESSING (MERCHANT) SERVICES**

**a) Do you have the ability to identify transactions by Gila County Department?**

Each department would be set-up with its own unique merchant number. This would allow transactions to be identified by department.

**b) Identify all cost associated with credit card processing.**

We would welcome the opportunity to discuss the County's payment processing needs and create a customized technology and pricing solution to optimize service. We would also be happy to provide, for your review, a form payment instrument processing agreement. This agreement will outline the basis for delivery of processing services by Chase Paymentech, including terms required by payment brands, in addition to internal corporate and credit policies.

**17. CREDIT CARD PROCUREMENT SERVICES E-COMMERCE SERVICES**

**a) Identify all costs associated with credit card processing for procurement of goods and services for small purchases (Less than \$5,000.00).**

Chase bank will continue to provide the County with our Purchasing Card program at no cost. Any additional costs would be incurred for any customization such as a new card design.

**b) Describe your credit card procurement process.**

**Purchasing Card**

Gila County can continue to utilize the bank's Purchasing Card which provides a streamlined means for organizations to authorize, track, pay, and reconcile many of the small-dollar purchases that usually require manual purchase orders, as well as higher-dollar items like capital purchases, utility payments, and temporary labor expenses. Our purchasing card program offers significant benefits, such as improving cycle times and reducing—if not eliminating—certain expenses and tasks related to the procurement process (e.g., invoice processing and check payments). Combined with enhanced reporting and processing efficiencies, our purchasing cards are becoming the payment method of choice for progressive organizations worldwide.

Importantly, the Chase solution can be customized to deliver all the information your organization needs to monitor and control employee expenditures, boost departmental efficiency, and maximize the State's profitability. Advantages of the Chase Purchasing Card include:

- Visa- or MasterCard-branded cards, which afford greater merchant acceptance than American Express
- Enhanced data capture, including line-item detail
- Daily online reporting and Query Wizard tools
- Online, real-time account maintenance
- Comprehensive spend controls to help prevent fraud and employee misuse
- Convenient payment options, including electronic bill presentment and payment
- Expert management and implementation support team specifically assigned to your program

- 24-hour customer service completely dedicated to the commercial card product
- No-fee central liability waiver protection

Additional benefits include the following:

- **Personalized product consultation** – Chase provides strong product consultation, which differentiates us from our competitors, in the areas of management reporting, sales/use tax, cost allocation, and program implementation.
- **Strong client relations team with relationship focus** – The County will continue to be supported by experienced program coordinators and implementation specialists to ensure that your programs are optimally effective.
- **Regular client conferences** – Chase holds annual meetings to provide an opportunity for clients to learn about best practices from us and from other users.
- **Complete product/service package** – Chase offers the full spectrum of cash management products, including purchasing cards and ACH, wire, and EDI solutions. By effectively using all these products, your organization gains the benefit of having one provider for all cash management needs.

*c) Describe your rebate program.*

The County can continue to utilize the City of Tucson Consortium rebate program. Please see Appendix 5 for information regarding the program.

*d) Provide your rebate rate schedule.*

Please see Appendix 5

*e) Provide sample reports.*

Please see Appendix 5 for sample reports of our PaymentNet reporting system.

**18. E-COMMERCE SERVICES**

*a) Describe your products available to allow Gila County to offer E-Commerce to its citizens.*

Use Chase's Pay Connexion as an efficient and secure E-Commerce solution for County constituents. An end-to-end solution, Pay Connexion serves as a "hosted" system for processing credit card, debit card, and electronic check payments originated by payers via the Internet. Pay Connexion is PCI compliant and the site is compliant with Section 508 of the Americans with Disabilities Act (ADA). Additionally, **Pay Connexion's Convenience Fee Model makes the solution available to Gila County constituents at no cost to the County.**

As a modular solution, Pay Connexion offers modules to extend the Pay Connexion functionality to additional payment channels, including Interactive Voice Response Unit (IVR) and live customer service representative (by phone) payment channels.

A shared database keeps a holistic consolidated view of the payer, regardless of how they choose to make payments.

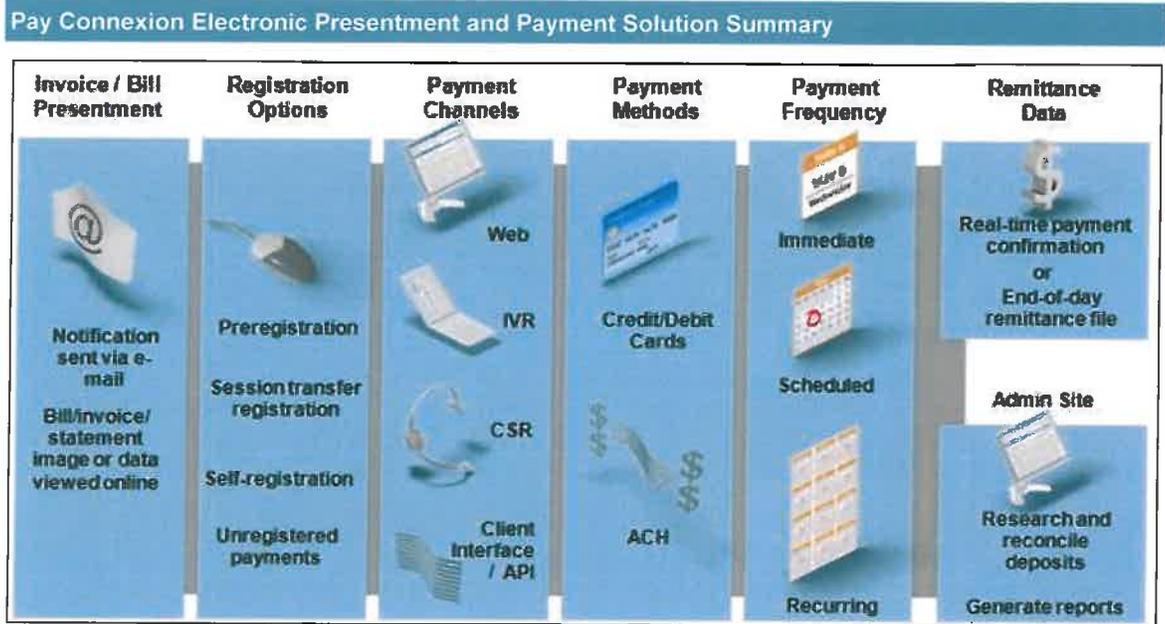


Figure 23

Pay Connexion offers the option for Gila County to host the payment channel through Pay Connexion’s gateway. Pay Connexion’s gateway will allow the County to host payment channels and send payment data through Pay Connexion’s API/Web Services.

Pay Connexion also supports the real-time authorization and batch settlement of credit and debit card transactions.

**Pay Connexion Overview**

A secure, multi-lingual, highly-available, fully-bank-hosted, PCI-DSS compliant multi-channel e-payment platform, Pay Connexion supports credit and debit card, as well as ACH/e-check payment methods. Because Pay Connexion is feature-rich and highly configurable, it can support the County’s payment needs now and as they evolve in the future. The custom and dedicated Pay Connexion platform and functionality will provide payers with highly demanded features:

- Multi-lingual Web and automated phone payment channels
- Instant credit card authorization with Visa, MasterCard, and Discover cards
- ACH debit transactions that are processed through a separate clearing network in a batch process, per NACHA guidelines.
- Immediate and recurring payments
- Unregistered and self-registered payments
- Reliable and efficient merchant processing and settlement
- Administrative web site with research, inquiry, and reporting
- Secure PCI-DSS compliance
- Highly available and secure platform with primary and secondary data centers

**Convenience Fees – A “No Cost” Alternative for the County**

Our convenience fee solution will advance Gila County’s ability to efficiently and accurately collect and process electronic payments, manage financial information, improve workflow and more - all at no cost to the County.

Pay Connexion supports many convenience fee structures, such as percentage, tiered, or flat fee. With a convenience fee model, a fee is passed on to the payer using the e-Payment application.

**Option 1** - One convenience fee option is a no-cost convenience fee model, where the County pays no fees. Chase collects a convenience fee from the payer. Chase pays all fees associated with the transaction, including interchange, dues, assessments, and merchant processing fees. In this model, the biller does not pay implementation, hosting, or per transaction fees.

**Option 2** - Alternatively, the convenience fee can be collected by Gila County and used as an additional source of revenue for the County to pay for Pay Connexion setup, hosting, and transaction costs.

Upon acceptance of a convenience fee, the convenience fee is displayed to the payer separately from the payment amount. The convenience fee is charged to the payer at the time of payment. The payer will see two transactions listed on their credit card, debit card, or checking account statement.

Chase offers the flexibility of convenience fee functionality within the Pay Connexion suite of services for Visa, MasterCard and Discover.

### Web Payments

Pay Connexion is a fully-hosted Internet payment gateway for payment processing and real-time reporting, offering:

- Full compliance with Visa, MasterCard, and Discover
- Real-time authorizations
- Seamless integration with the Government Entity's existing website(s)
- Duplicate and fraudulent payment prevention methods
- Automatic convenience fee calculation
- Real-time, customizable payment reporting services via the Internet

Internet payers will access Pay Connexion's web payment channel via a session transfer that is executed in real-time when the payer clicks on a "pay button" on your web site.

During implementation, Chase provides the HTML that comprises the pay button. This HTML accounts for the County's unique parameters, as well as other application-specific configuration selections. The County will integrate this HTML into its existing web site.

When payers click on the pay button and the session transfer occurs, variable and/or static data parameters (e.g., ID number, Personal Access Code, etc.) may be passed from the County's system to Pay Connexion in real-time. Pay Connexion also supports a batch interface for receiving data from the County, which is the Pay Connexion Pre-Registration File.

*When payers click on the pay button, data parameters can be passed from the County's system to Pay Connexion*

Delivering variable data in real-time via the session transfer may be useful, for example, if payers will have already logged into the County's website or otherwise searched there for their data. If data is delivered in real-time during the session transfer:

- Pay Connexion can present to the payer the amount due that represents the unpaid balance, even if, for example, a partial payment received via a non-Pay Connexion payment channel had been posted earlier in the same day.

- Real-time data passed in the session transfer will override data delivered in batch via the pre-registration file.

If payers have already logged into the County's web site before reaching the 'pay button', then Pay Connexion can support a single-sign-on user experience and pass variable data in an encrypted session transfer. If not, then registered payers can log directly into the Pay Connexion Welcome Screen by use of a user ID and password combination. Which data elements are used as the UID/PW is configurable by the County (e.g., account number / PIN).

Upon successful payer log-in, variable data that was passed into Pay Connexion via the pre-registration file will be recalled. If the County uses our single-sign-on feature, then the Welcome Screen is bypassed altogether. If this feature is not utilized and the Welcome screen is presented, then some characteristics of the Welcome Screen itself will reflect the County's configuration selections.

Another scenario in which real-time variable data may be delivered to Pay Connexion in the session transfer and the Welcome Screen can be bypassed altogether is if the County chooses to utilize a non-Pay Connexion application upstream of the "pay button" with which payers can search for, generate, input, or otherwise access their billing data. In order to comply with NACHA guidelines with respect to payer authentication, such an application is typically required if unregistered payers will be allowed to make e-check payments.

Whether parameters are passed to Pay Connexion in the session transfer or via the pre-registration file, they can be presented to payers as "read only" data fields. Such presentation denies payers the opportunity to enter data erroneously, which can help the County prevent issues such as posting payments to the wrong account.

Additionally, data parameters may be collected from payers in Pay Connexion during the payment session. Each collected parameter may be a text field or list/choice field. If no variable data is passed into Pay Connexion, multiple parameters may be used in conjunction with each other to validate data entry (e.g., parcel number and address, parcel number and re-enter parcel number, etc.).

So long as the amount due is passed to Pay Connexion (regardless of whether it is passed in the session transfer and/or pre-registration file), Pay Connexion can support the County's business rules with respect to whether partial and/or over payment are allowable. If neither partial, nor over payments are allowable, the payer can only pay the exact amount due, which is presented as a read only field. Similarly, so long as the due date is passed, Pay Connexion can support the County's rule with respect to whether late payments are allowable.

The Pay Connexion web channel can optionally support credit cards, debit cards and e-check (ACH debit) transactions. During the payer's web session, the payer can enter in Pay Connexion the payment card or bank account information. Payment card account information that is captured includes, card type, card number, expiration date, card verification data, card holder name, and address. Registered payers may save and manage a list of payment card and bank accounts to avoid redundant data entry during subsequent payments.

Regardless of the payment channel used for a given transaction, Pay Connexion processes credit/debit card transactions in coordination with the merchant processor (Chase Paymentech



*The Pay Connexion web site will use the County's logo/seal and banner graphic elements to support a seamless user experience consistent with the look and feel of the County's own web site.*

Solutions), the card organizations (e.g., associations/networks) and card issuers. Authorization occurs in real-time, whereas settlement occurs in batch.

**Interactive Voice Response (IVR)**

As a modular solution, Pay Connexion offers modules to extend the Pay Connexion functionality to additional payment channels, including Interactive Voice Response Unit (IVR) and live customer service representative (by phone) payment channels.

Our IVR solution Provides:

- Compatibility with multiple languages (Spanish is the most common)
- Multiple payment methods and acquirers
- Convenience fee capability
- Professional, accent neutral voice talent
- Communications with third-party software applications, and open APIs

Our call center operates 24 hours per day, seven (7) days per week and will provide the County's payers with the option to request live operator assistance. The IVR application is accessed through a dedicated toll-free number for the County. If the County has an existing toll-free number they would like to use for the Pay Connexion application, this number can be ported to Pay Connexion at no additional charge.

IVR functionality is similar to that of the Website; however, IVR is limited by the usability of the telephone keypad interface (e.g., payers can only review one transaction at a time using the confirmation number). Additionally, if the County wishes to allow payers to initiate payments through IVR, the County will have to deliver to its payers a written authorization statement that contains a "shared secret". This authorization statement does not have to be returned by the payer using the mail. Rather, once the payer receives the authorization form containing the "shared secret", the payer can then access the IVR and authorize the prearranged payment and deposit entry (PPD) by revealing the "shared secret" to the application prior to payment initiation. Upon verification and authentication, the payer can then set up a single payment, schedule a series of payments, or establish recurring payments without having to record a voice authorization.

**Payment initiation processing on the IVR**

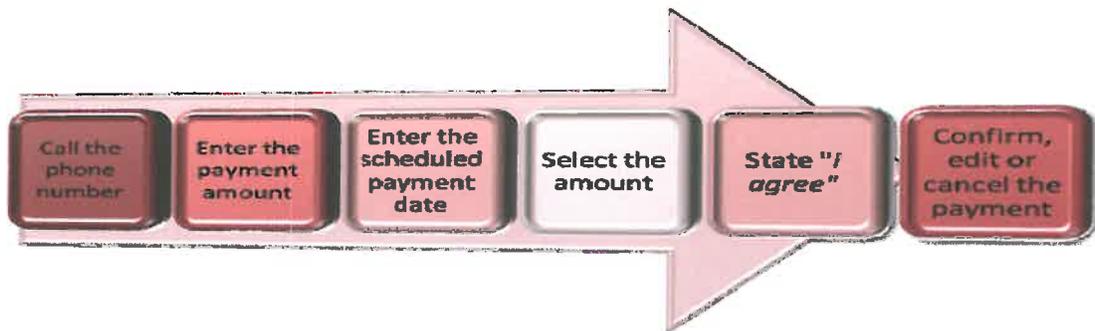


Figure 24

The Pay Connexion IVR may be deployed as a stand-alone application or integrated with the Web or Live Agent channels.

The County may register Users with a numeric User ID and password. The IVR channel does not support registration of new users. Users can be registered through the pre-registration file or session transfer. Users will use the numeric User ID and password provided in the preregistration file to authenticate with the IVR system.

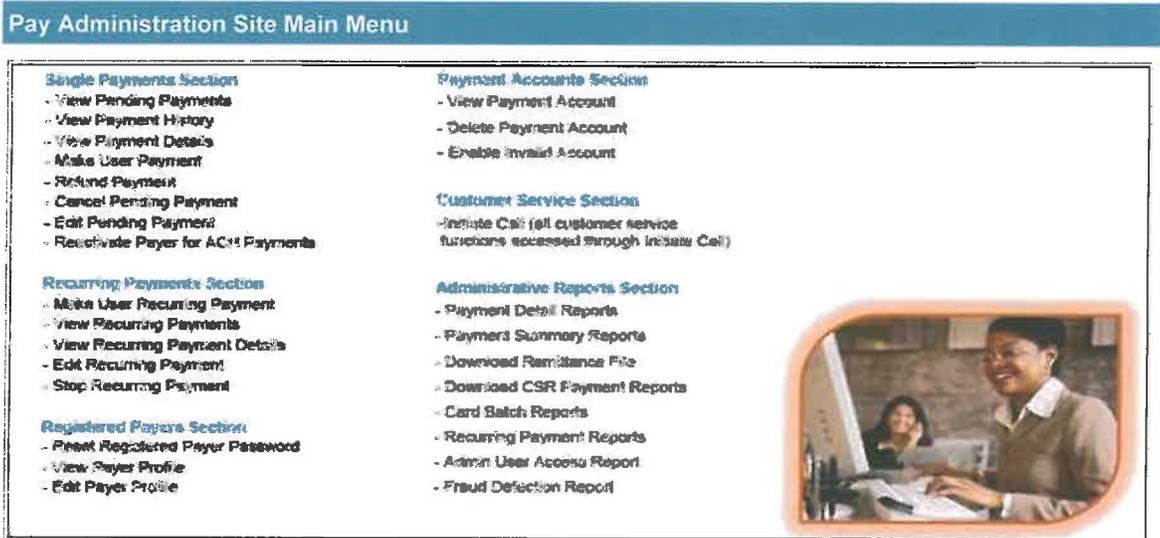
To access the Pay Connexion IVR channel:

- The registered user makes a phone call to a unique toll-free number or is transferred from a payment option off of the County's existing IVR menu. If the user has already made a Spanish language selection in the County's IVR they may be automatically transferred to the Pay Connexion Spanish IVR or upon connection the user may select to hear the call flow in Spanish. The call flow will follow the flow as outlined below but all information will be communicated in Spanish.
- The user is then prompted to enter their User ID and Password.
- After successful login, the user is presented with the Main Menu. The Main Menu is dynamically created in real-time, based on the County's desired options, and the user's history with Pay Connexion. The main menu options may include Make a Payment, Review, Edit, or Cancel Pending Payments, Edit Saved Accounts, or Change their Password. If the user has no options, they are read, "You are not authorized to make payments at this time."
- Users are then prompted to select the product for which they would like to make a payment.
- The user will then be presented with the amount due and the due date if known.
- The user is then prompted to enter the Payment Amount. If Pay Connexion knows the amount due for this registered user for this product, then the user will be read the amount due, and asked if they wish to pay this amount. The County can select during setup to allow users to only pay the amount due. Amount due may be passed to Pay Connexion via the pre-registration file. If the user chooses to pay the amount due, they will proceed immediately to entering their payment date.
- If the user wishes to enter a different payment amount, they must enter the full value, dollars and cents, even if their payment amount is an even dollar amount. The payment amount must be between the minimum payment and maximum payment amounts defined during setup. However, if the user's amount due is above the maximum or below the minimum amount, they will be able to submit a payment for exactly the amount due.
- The user is then prompted to select their payment method and enter account information. If the user has any saved accounts, or has had account information loaded for them via the preregistration file, Pay Connexion will ask if they would like to use a saved account to make the payment. If the user has previously made a payment over the IVR, Pay Connexion will review the details of their most recent IVR payment, and ask the user if they wish to use the same payment account, or hear their other saved accounts. If the user wishes to hear saved accounts, they will hear all of their saved accounts that correspond to the available payment method(s).
- If the user does not have saved accounts, or selects to use a new payment account, Pay Connexion will prompt the user to select a payment method.
- The user is then prompted to enter the payment date.
- After the user has completed all the steps for making the payment, they are read a summary of the payment information. This payment summary includes the payment amount, convenience fee (if applicable), payment method, last 4 digits of the account number, and payment date. If the payment information is not correct, the user can make changes to the payment, by modifying the payment amount, payment account, or payment date.

- If the user confirms the payment, the payment is submitted to the appropriate payment network. After hearing their confirmation number, users have the option to repeat their confirmation number, return to the main menu, or quit the telephone payment system.

**Online Transaction Reporting**

Use Pay Connexion’s Administrative web site for research, inquiries, and reporting.



**Figure 25**

Authorized Gila County personnel can access the administrative application, which is a robust customer service and payment reporting tool. All pages within the administrative application are compliant with section 508 of the Americans with Disabilities Act. The site is accessed through a secure URL. Each session is secured using Secure Sockets Layer (SSL) with 128-bit encryption technology.

Security measures are paramount and required to validate access to the reporting site. Gila County "security officers" dictate access to the administrative site by defining administrative site functions to County-defined role(s). The County then assigns individuals to each role. Individuals are also given secure user names and passwords to access the administrative application. Therefore, when an individual logs-in to the administrative site, they are only able to see the functions for which they have the appropriate entitlements.

The administrative site can also be used to assist payers in making payments. The payer accesses the Customer Service Representative (CSR) payment channel to execute a transaction by speaking with a Client staff member, typically by telephone. Your staff member uses the web based "Virtual Terminal" module of the secure administrative site.

Authorized Client administrators access the Pay Connexion administrative site from a standard web browser. The administrative site provides authorized Client personnel with the ability to make payments, execute refunds (refund rules differ by payment method), generate a wide range of reports on demand, and perform other administrative functions.

Information Reporting

The County will be provided with an online payment reporting tool to access Daily Transaction Reports. Reporting capabilities are available through the administrative application, which will allow authorized users to view standard reports including payment detail, payment summary, and credit card batch reports. Each report has different selection criteria that can be used to narrow

the data of a selected report. The reports can be downloaded from the administrative application into Excel.

Transaction history is saved for 24 months (2 years) online, and an additional 5 years offline. By law, we are required to save this information for 7 years.

Pay Connexion's reporting section of the administrative application provides billers with the ability to create various detail and summary level payment reports. Administrative users must be granted permission to access each type of report. Payment reports can be generated for pending and processed payments and can be filtered by various fields, including payment method, payment type, product, and payment status. Reports can also be sorted by each of the columns displayed in the report results. The reports are either produced in batch or real time, and can be sorted, viewed online, printed, and downloaded to the administrative user's desktop.

#### Remittance Data

A daily remittance data file will be made available for download via the administrative site or through secure FTP. This remittance file is the primary means to deliver remittance detail. This standard format includes return data as well, and provides a daily means (Monday through Friday, excluding Federal Holidays) to reconcile funds settlement. The file is available in Extensible Markup Language (XML) and ASCII comma-delimited variable length formats.

The County may opt to receive remittance data in a number of ways:

- *Batch Remittance File* - the most common method for Pay Connexion to communicate payment activity back to our customer's systems. The remittance file can be generated daily (excluding weekends, excluding Saturdays, or seven days per week) excluding US Federal Reserve holidays.
- *Standard Daily Remittance File* - Standard formatted remittance files are available for download through the administrative site for two weeks (14 days) after the file is posted. The standard remittance file is also available via file transfer protocol (FTP) if defined during implementation. The remittance file has a standard file layout, which can include custom defined data parameters, and can be sent as a CSV or XML file.
- *Real Time Payment Confirmation (RTPC)* - Our fully hosted Pay Connexion application can process and send payments to the County in real time through Real-Time Payment Confirmation (RTPC) messages. The RTPC feature allows the County, to receive real-time payment information each time a payment is initiated, edited, canceled, or refunded. This allows the County to update its systems in real-time and better facilitates making time-sensitive decisions. These messages are sent over the Internet via either http or https, and are sent every day, including weekends and holidays, immediately upon completion of a payment action.
- *Manual Posting* - Authorized personnel can generate reports and/or download a remittance file (in a standard format) from the Pay Connexion administrative site.

#### Electronic Statements

The County can utilize Electronic Statement Presentment functionality to provide users with the ability to view their statements within the application. Pre-registered users can access, view, print, download, and save \*.PDF images of their bills. Additionally, they can choose for the County to "turn off" paper billing in the future, which presents the County with a cost reduction opportunity related to its printing, postage, and processing expense.

b) *Identify all costs associated with the available products.*

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

19. **INVESTMENT SERVICES**

a) *Do you offer same day sweep and end-of-day investment products for the available balance in the account?*

In combination with establishing USD demand deposit accounts (DDAs), clients may elect to add an automated end of day investment sweep. This structure will accommodate daily funding and disbursement through all channels including paper and electronic. A daily threshold, or target balance per account will be set at the level deemed necessary for balance compensation for maintenance and transaction fees. On a daily basis, available balances above the threshold will be swept to an investment vehicle to provide an interest yield on those balances. Cash is returned to the DDA the next day for payments. This structure accommodates late day debits and credits.

Same day sweep is also available to be utilized with Money Market Funds and Fidelity Money Market Mutual Funds. JPMorgan Chase Bank recommends the use of end of day investment, however, to provide the County with more investment fund options.

b) *Identify the supporting investment for these products for conformity with Arizona Revised Statutes regarding acceptable investments.*

Overnight investment options are included below (Moody's and S&P ratings).

- JPMorgan Chase & Co. Commercial Paper: Commercial paper consists of short-term, promissory notes issued primarily by corporations. This is an overnight debt instrument of JPMorgan Chase & Co. with a credit rating of A-1/P-1. No minimum investment is required.
- JPMorgan Chase Bank, N.A. Offshore Time Deposit: This is a deposit with the Nassau Branch of JPMorgan Chase Bank, N.A. which has a credit rating of A-1+/P-1. Minimum investment of \$100,000 is required.
- JPMorgan Chase Bank, N.A. Repurchase Agreement: A Repurchase Agreement (Repo) is an agreement to sell and subsequently buy back a security. Purchases under this Repo Sweep investment arrangement are an obligation of JPMorgan Chase Bank, N.A. On a daily basis, this investment is collateralized with US Government Agency securities. JPMorgan Chase Bank, N.A. has a credit rating of A-1+/P-1. Securities are segregated by customer, identified by CUSIP number and held in custody at the Federal Reserve.
- J.P. Morgan Asset Management Money Market Mutual Funds: The underlying investments in these funds are money market instruments. The maturities of these investments are short term, generally forty five to ninety days, and the yields are market driven. For end of day automated investing, several funds and share classes are available, and strict caps (limits) on daily investments apply. All of the following funds are AAA rated.
  - **Prime Fund:** Invests in high-quality, short-term obligations that present minimal credit risk including: securities that are issued by the U.S. Government and its agencies; floating rate and variable rate demand notes of U.S. and foreign companies; commercial paper – in the highest category by Moody's Investor Services (P-1) and Standard and Poor's (A-1); certificates of deposit and time deposits; asset-backed securities; and repurchase agreements

- **US Government Fund:** The fund invests exclusively in high-quality, short-term securities that are issued or guaranteed by the U.S. Government or by U.S. Government agencies and instrumentalities.
- **100% US Treasury Fund:** Invests solely in securities of the U.S. Treasury including treasury bills, bonds, and notes.
- **US Treasury Plus Fund:** The fund invests exclusively in U.S. Treasury bills, notes, and other obligations issued by or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations.

All funds noted above are subject to change.

J.P. Morgan Asset Management offers the full spectrum of investment strategies -- from equity, cash management, fixed income, currency and asset allocation to alternative asset classes such as private equity, real estate and hedge funds.

#### Money Market Deposit Account (MMDA)

Oftentimes, the JPMorgan Chase Money Market Deposit Account (MMDA) is used for reserve cash because it provides key benefits and this is a bank money market deposit account held in the JPMorgan Chase Bank, N.A., credit rating A-1+/P-1. Clients use an MMDA to set aside reserve cash to fund periodic payments such as capital improvements, insurance premiums, lease payments, debt repayment, etc., or simply to provide a liquidity cushion to accommodate a sudden need for cash. The reserve cash account can also be utilized for cash accumulation for strategic transactions and to hold funds from a liquidity event such as the sale of assets.

Benefits of the JPMorgan Chase Money Market Deposit Account include:

- Interest income on cash balances without adherence to specific term or investment criteria
- Preservation of principal
- Daily liquidity along with the flexibility of up to six debit transactions in a statement cycle (one month period). The Federal Reserve Bank considers Money Market Deposit and Savings Accounts to be "limited transaction accounts" and therefore does not require overnight reserves on these balances.
- Linkage to operating cash management accounts and services
- Transactions can be made by electronic funds transfers such as wires and ACH, including up to three checks
- Balance and transaction information, as well as transaction initiation, is available conveniently online with J.P. Morgan ACCESS
- As with all of our cash management products, integrated reporting and transaction initiation are accessible on-line with details provided for each account

**c) *What yield do your products offer and how is the yield determined?***

The safekeeping arrangement does not offer a sweep to a money market instrument. Un-invested funds can be transferred to the Count's DDA account. In this way, Gila County will be able to realize any yield or earnings credit offered by Chase.

**d) *Specify how the following situations are handled:***

**i. *Settlement of Trades***

Chase utilizes all of the standard depositories for trade settlement.

After Gila County executes a trade, the County will notify Chase. The executing broker will deliver to Chase using the appropriate depository method (DTC / Fed Book entry, etc.). Chase will receive securities and make the applicable payment.

In the case of a sale, the County will execute the trade and notify Chase. Chase will then deliver the security to the executing broker and receive payment.

*ii. Failed Trades*

If a trade fails, Chase will notify Gila County and resolve the issue with both the County and the executing broker.

There is no fail float arrangement in place for basic safekeeping accounts.

*iii. Difference in monies or securities*

If there is a difference in the monies or securities being delivered, Chase will turn down the delivery and attempt to resolve the issue with the broker. If the issue cannot be resolved, Chase will involve the County in an effort to resolve. Chase will not adjust

County instructions on the brokers claim. Gila County will have to reauthorize.

*iv. Notification of calls, maturities and interest payments*

Gila County will have on-line access to their accounts and be able to monitor calls, maturities and interest payments on a daily basis.

*e) Do you provide market pricing of the County's investment portfolio?*

Basic safekeeping does not include full market value priced accounting.

**20. SAFEKEEPING SERVICES**

*a) Identify safekeeping services offered.*

J.P. Morgan Chase provides custody and securities servicing solutions to the world's leading institutional investors. Assets under custody are currently valued at US \$16.9 trillion.

J.P. Morgan supports the safekeeping of securities and cash. Specific services are as follows:

- Account establishment
- Custody for domestic US equity and fixed income securities – asset registration and safekeeping
- Transaction settlement information is available via Views Portfolio Reporting (VPR) realtime online reporting tools, as well as reporting for holdings, transaction, cash balances, and cash transactions
- Income Collection and Notification – dividends for equities, and the principal and interest payments for fixed income securities
- Corporate Actions Processing– including stock splits, in kind stock mergers, cash acquisition mergers, called bonds, etc.
- Proxy notification
- Custody accounts with an end of day Sweep to DDA
- Inquiry research and resolution
- Pledging, with approval by J.P. Morgan
- Tax services for reportable entities: manual NRA withholding, BUW/NRA tax deposits,

annual 1099/1042-S, B-Notice reporting

b) *Identify all costs associated with safekeeping services.*

Please refer to our fee schedule in the pricing section.

21. **DISASTER RECOVERY**

a) *Identify your Disaster Recovery Process.*

As an integral part of normal business operations within JPMorgan Chase & Co., every manager in the Firm is responsible for developing and maintaining resiliency plans as part of the Firm-wide Resiliency Management Program, part of the Firm's Global Resiliency and Information Technology Risk Management department. Resiliency activities of JPMorgan Chase & Co. must comply with and are governed by several agencies that have laws, rules and regulations. Within the Firm's policy, requirements have been defined for each critical business process to provide essential business and technology service levels to comply with resiliency requirements of the Office of the Comptroller of the Currency, the Federal Financial Institutions Examination Council and regulatory agencies within the different geographic regions. Resiliency planning is also commonly referred to by terms within the industry as business continuity, disaster recovery and contingency planning; they all represent the process whereby financial institutions ensure the maintenance or recovery of operations and service to their clients.

**Chase's Resiliency Risk Program Implementation Model.**

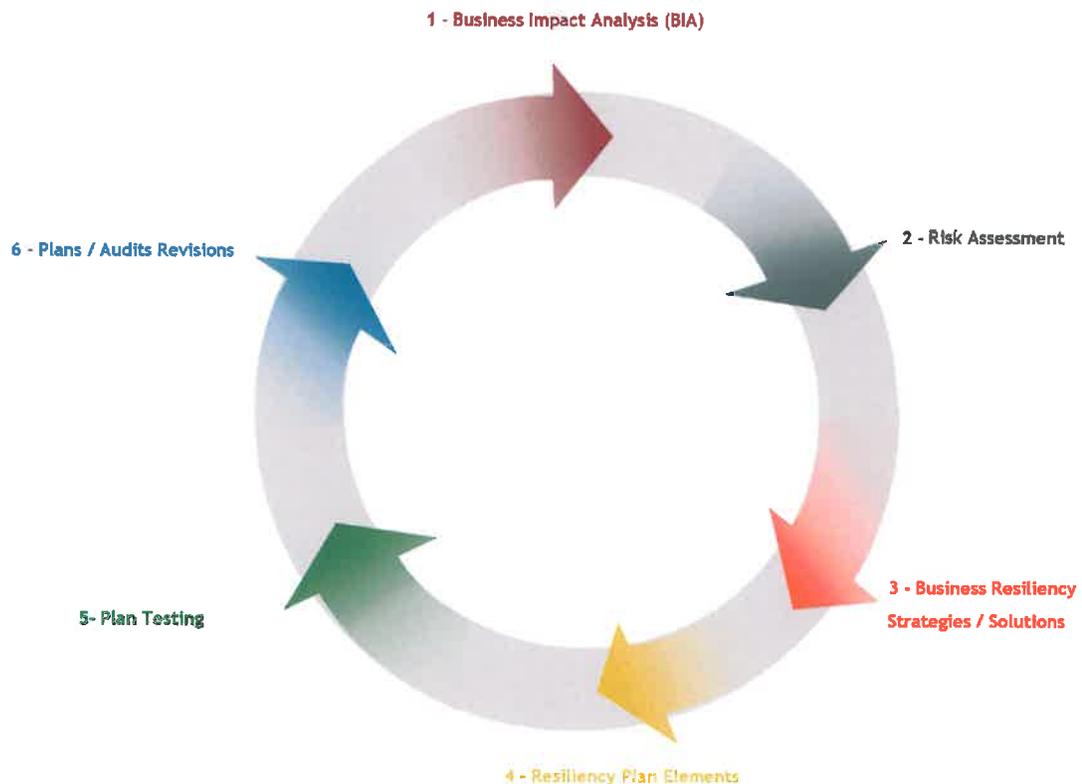


Figure 26

Resiliency plans must explicitly address the business, operations and technology components of a business process, including those critical processes and functions provided by outside service providers and industry utilities. Contingency locations are an integral part of resiliency planning. In

combination with the Firm's testing program the locations ensure that the business resiliency plans remain accurate, relevant and operable to minimize disruption to our clients. Critical resiliency plans are tested annually, at a minimum, to verify the effectiveness of alternate locations and to demonstrate that the plans remain accurate and executable. JPMorgan Chase & Co. resiliency plans are subject to reviews by Chase's Internal Audit Department and the Resiliency Risk Management group, which acts as the Firm's governing body for Business Resiliency measures. The plans must address and comply with documented organizational requirements. All findings are escalated to the business units, Risk Management and division executive for review. The Firm's Board of Directors reviews the status of the overall resiliency program on an annual basis.

JPMorgan Chase & Co. exercises commercially reasonable efforts to ensure that the Firm meets our obligations to you and to all of our clients. The Firm's resiliency program provides comprehensive business impact analysis, risk assessment, resiliency planning and testing to ensure we can manage our risk and our clients risk within a reasonable time period.

A summary overview of our TSS business resiliency planning is provided for your review in Appendix 6 – Business Resiliency Information. If Gila County requires more detail regarding our business resiliency planning methodology, we will be pleased to arrange a meeting for you with members of our business resiliency staff.

**b) *What arrangements are made regarding service level agreements in the event of a disaster?***

In the event of a disaster, Chase will strive to maintain service at the levels established during normal operations. We will work to keep the County informed throughout the entire event.

**c) *Have disaster recovery procedures ever been employed for a real disaster? If so, explain.***

In recent years, Chase experienced several major events that required activation of our business resiliency plans:

- Terrorist attacks on New York City (September, 2001)
- Power failure affecting the Eastern United States (August, 2003)
- Flooding in Mumbai, India (August, 2005)
- Hurricanes affecting the southern United States (September, 2005 and 2008)
- Mumbai terror attacks (November, 2008)
- Snowstorms impacting Northeastern United States (2010)
- Thailand civil unrest (May, 2010)
- Japan Earthquake/Tsunami (March, 2011)
- Hurricane Irene (August, 2011).

During or following these events, Chase activated portions of our disaster recovery and business continuity plans. With established and documented plans in place, Chase — and, more importantly, our clients experienced little or no disruption in service as a result of these events.

**d) *Identify Disaster Recovery Services available and associated fees.***

A summary overview of our TSS business resiliency planning is provided for your review in Appendix 6 – Business Resiliency Information.

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

22. **COLLATERAL REQUIREMENTS AND SERVICES**

a) **Requirements:**

- i. *Collateral must be maintained in accordance with Arizona Revised States § 35-323 regarding deposit and investment of public monies.*

Chase acknowledges and complies with this requirement.

- ii. *Collateral must be held by a trustee approved by the Gila County Treasurer's Office.*

The National Collateral Management Group ("NCMG") of Chase monitors the account balances of our public fund customers on a daily basis. The NCMG will also monitor the market value of the securities that are provided as collateral on a daily basis. If the balances exceed the collateral that is in place and/or if there is a change in the market value of the securities used as collateral, NCMG will provide additional collateral to protect Gila County's deposits.

NCMG performs the following functions:

- Daily monitoring of client deposit account balances
- Answering client questions concerning collateral assigned to their accounts
- Contacting clients regarding collateral release and pledge requests
- Providing periodic reporting of collateral pledged to clients
- Reviewing and approving Collateral Security Agreements
- Establishing collateral safekeeping accounts for new clients
- Responding to collateral audit requests

**Primary Custodian**

JPMorgan Chase Bank, N.A. ("Bank") currently employs the Federal Reserve Bank ("FRB") as the primary custodian for joint-custody security accounts ("collateral account"). The Administrative Reserve Bank ("ARB") that holds the securities for the Bank is the FRB of New York. (The FRB district where a bank is chartered determines the ARB.) The FRB of Boston is the Federal Reserve System's national collateral account administrator. The Bank pays all cost associated with the collateral accounts held at the FRB.

In order for the Public Entity to establish a collateral account at the FRB, the Public Entity must complete a FRB "Pledgee Agreement (PA) Form" and "Fed-mail Form", samples of which are included in Appendix 7. The Public Entity must agree to the custodial agreement terms set forth in the Federal Reserve Bank's Operating Circular 7, Appendix C, as amended from time to time, included in Appendix 7.

The FRB will not review or complete any tri-party custodial agreements that Public Entities or banks present for collateral accounts.

Pledged securities will be held in a collateral account in the name of the Public Entity. The Public Entity will be assigned a unique, alphanumeric account number by the FRB for the collateral account upon the receipt and review of the completed PA and Fed-mail forms.

The FRB provides two types of reporting; Account Activity Report (AAR) and Monthly Holdings Report (MHR). The AAR reports account activity that is conducted within the

collateral account. The MHR reports all securities held in the Public Entity's collateral account at month end. Both reports are sent within 24 hours either by email or facsimile. The FRB reports list the original par value of the securities pledged and does not report market value of securities pledged. The FRB does not provide on-line access to collateral account.

NCMG requires a copy of the completed "Pledgee Agreement Form" and "Fed Mail Form" from the Public Entity such that the NCMG can establish the collateral account. If a Public Entity has (or had) a collateral account at the FRB, the Public Entity can provide the Bank the FRB 4-digit alpha-numeric account number such that the Bank can "link" to the Public Entity's collateral account. In addition, the Public Entity will need to provide a list of authorized signer(s) and verification requirements listed on the PA. Last, if the Public Entity has a PA greater than two (2) years old, it is recommended that the Public Entity submit a new PA.

Please refer to Appendix 7 for the agreement and other information related to collateral.

*iii. The County reserves the right to review all pledged collateral and approve the substitution of any item.*

Chase will have the right from time to time, with the consent of Gila County, to substitute or replace any of the Collateral with other Collateral, or to withdraw any Securities Collateral or reduce the amount of collateral, if the total Collateral continues to be at least the amount required.

If Gila County fails to provide Chase written consent to any requested release of Collateral within five (5) business days after Chase's request, Chase will have the right to charge the County an excess collateral fee of 0.25% per annum, calculated daily, on all Collateral in excess of the greater of (1) the collateral value to which Chase requested a reduction; or (2) the balance of funds in all of the County's accounts on each day, less the amount of FDIC insurance on those accounts. The excess collateral fee will continue to accrue until the County provides the Custodian the required consent, and will be due and payable with other account fees on a monthly basis.

*iv. Statements must be provided to the county at least monthly*

NCMG will send out a monthly statement showing the amount of collateral held in Gila County's name at the Federal Reserve Bank of New York. This statement will be e-mailed by the third business day of the month. The statement will detail the security description, coupon rate, maturity date, original par, current par, and market value of the security that is being utilized as collateral on the last business day of the month.

*v. Additional collateral may be required daily to cover deposits with same day notification.*

NCMG recommends that customers contact NCMG directly in the event that additional deposits exceed current collateral levels such that additional collateral can be pledged. Customers can contact NCMG before 1:00 p.m. ET to guarantee a collateral increase the same day. Otherwise, a collateral increase will be made according to normal processes the following business day when the end-of-day balances from the day prior are received. The Bank requires a 1 business day notification of a collateral increase request greater than \$50 million.

*b) Describe your processes and procedures to ensure that a accounts are properly collateralized.*

NCMG employs a Bank-developed Collateral Management System (Coast), which provides daily monitoring of deposit balances and security value. Coast is reviewed daily (business day) by dedicated Collateral Managers for customer's collateral requirements. Collateral requirements are based upon the end-of-day ledger deposit account (checking, savings, depository CD's) information (plus accrued interest if any), less applicable FDIC coverage, the following business morning from the Bank's deposit system. For example, 2/14/12 end of day deposit information will be received the morning of 2/15/12. Also on a daily basis, NCMG monitors the market value securities pledged to our customers and compare to total deposits. In the event a market value reduction creates an under-collateralized position, additional securities will be pledged promptly.

*c) Provide any separate required agreements for collateral.*

Please refer to Appendix 7 – Collateral Documents

**23. AVAILABILITY SCHEDULES**

*a) Provide availability schedule for check deposit.*

Please refer to Appendix 8 – Availability

*b) Provide maximum time of day deposits must be received to be considered a same day deposit by type of deposit, e.g., regular branch deposit, armored car deposit, or lockbox deposit.*

The following are the cutoff times for same-day ledger credit for deposits:

**Branch and ATM Deposits**

- ATM deposits - Cutoff times for deposits received at ATMs differ by location. Deposit cutoff times are posted on each ATM.
  - We have branches and ATM machines in the following 23 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Michigan, Nevada, New Jersey, New York, Ohio, Oklahoma, Oregon, Texas, Utah, Washington, West Virginia and Wisconsin.
  - Approximately 10,000 ATMs are available for commercial deposits across our 23-state footprint.
- Branch deposits - Cutoff times for deposits received at branches differ by location. Local branch management will inform your local representative of all cutoff times during the initial set up of your depository business.
- Branch night drop deposits - 7:30 a.m. local time (select branches offer a second opening in the early afternoon. Local branch management will inform your local representative of all cutoff times during the initial set up of your depository business.)

**Check Only Deposits**

- Paper check-only deposits must be received at the check processing facilities by 4:00 p.m. local time to receive same-day ledger credit with availability based on endpoint.

**Electronic Deposits**

- Image Deposit Direct (IDD)
  - Standard - 8:00 p.m. AZ time with availability based on endpoint
  - With ACH - 5:00 p.m. AZ time for next business day credit. All transactions cleared as ACH debits are fully available the next business day, and nonconvertible items are available based on endpoint.

**Vault Deposits**

Below are the standard local cutoff times for each of the vaults:

			Deposit Cutoff Time			
City	State	Outsourced	Cash-Only Deposit Deadline for Same Day Credit	Mixed (Cash and Check) Deposit Deadline for Same Day Credit	Check-Only Deposit Deadline	Same Day (SD) or Next Day (ND) Credit for Check-Only Deposits
Phoenix	AZ	N	6:00 PM	6:00 PM	6:00 PM	SD
Tucson	AZ	N	4:00 PM	4:00 PM	4:00 PM	SD

**Lockbox Deposits**

- Ledger Cutoff Time

The end-of-day general ledger cutoff time for lockbox deposits processed at any of our network sites is 4:00 p.m. local time. Remittances processed and deposited on the weekend are posted for ledger credit the next business day. Chase does not provide holiday processing.

- Latest Post Office Mail Pickup

The last mail pickup to be eligible for the same day's deposit is approximately 6:00 a.m. local time at each site. Mail picked up after that time will not be deposited until the next business day.

- Courier/Messenger Packages

Any courier or messenger package delivered to domestic lockbox sites by 12:00 p.m. local time will be deposited for same-day ledger credit, assuming you have no conflicting deposit or information reporting deadlines.

- A minimum of four hours between courier/messenger package receipt and your deposit-reporting deadline is required.
- A minimum of four hours is required when manually data keyed information (e.g., invoice number, remitter name) is to be included in the scheduled report.
- Chase may not be able to process all items for same-day ledger if the data capture volume received by courier package exceeds 10,000 keystrokes.
- Chase may not be able to process all items for same-day ledger if there are more than 75 payments in a single courier/messenger package.

- c) *If this schedule does not pertain to checks of all dollar sizes, explain.*

Please refer to Appendix 8 – Availability Schedule.

**24. FEE SCHEDULES**

- a) *Responder shall provide a list of all fees associated with each offered service. List any fees not specifically requested in the solicitation. For example, identify all fees associated with a check deposit: a deposit slip fee, a per deposit item fee, a posted credit fee.*

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

- b) *Responder shall identify any increases if the bank servicing agreement is extended by the Gila County Board of Deposit for up to two additional years.*

JPMorgan Chase Bank agrees to negotiate any increases if the bank servicing agreement is extended for an additional two years.

- c) *Identify the rate charged for overdrafts, should they occur.*

Chase does not charge for either intra-day credit (IDL) or intra-day liquidity (Fed daylight overdraft) usage at this time, which is current market practice. Chase routinely discusses significant use of intra-day liquidity with clients with a view to better managing this usage, and we reserve the right to potentially charge.

Daylight overdrafts are referenced in the context of both intra-day credit line (IDL) and intra-day liquidity (Fed daylight overdraft) usage. Both daylight overdraft-types are calculated on a minute by minute basis.

Accounts linked to a specific IDL are monitored together. All of your accounts are netted together for tracking intra-day liquidity usage. Real-time balance and transaction information is available via J.P. Morgan ACCESS.

**25. SUPPLEMENTAL AGREEMENTS AND OTHER REQUIRED INFORMATION**

- a) *Please provide a copy of any supplemental agreements that you anticipate will be required for the services to be provided. For example, revolving line of credit agreement or repurchase agreement.*

Please refer to Appendix 9 – Sample Agreements for Services

- b) *Location where primary services will be provided.*

The County will be supported by the JPMorgan Chase Bank Relationship team located at the following address:

JPMorgan Chase Bank  
201 N. Central Ave, floor 21  
Phoenix, AZ 85004

- c) *Location of additional branches where services may be provided, such as remote deposits.*

Chase Bank has an established branch located at 201 S Beeline Hwy, Payson, AZ 85541

- d) *Provide any details any merger or acquisition that the bank is currently committed to and the expected impact on the services requested in this solicitation.*

As a matter of policy, Chase does not comment on pending merger and acquisition activity. However, Chase will honor any and all agreements under contract.

- e) *Does the bank outsource any of the services requested in this solicitation? If so, describe.*

Chase will not be outsourcing any of the services offered in this response.

- f) *Provide any additional information that you believe to be relevant to this solicitation and your capabilities to provide the services requested (e.g., product brochures, articles in trade journals).*

Chase is pleased to present additional services for review and consideration by the County. These services are proposed to augment and complement the requirements included in the RFP. Each of these services is incremental to the solutions presented in the body of our response.

The following value added services and products are

1. **Image Cash Letter (ICL)** - The electronic equivalent of a paper cash letter deposit, ICL uses an ANSI X9.100-187 formatted file, containing images of original paper items and data corresponding to the item MICR line, to facilitate electronic check deposit processing.
2. **Image Deposit Direct (IDD)** - A remote deposit and capture solution, IDD will allow Gila County to make deposits to any Chase account from any location and also import detailed deposit activity reports into internal accounts receivable systems.

- g) *Identify procedure used to resolve disputed amounts, for example, deposit corrections for cash and check deposits.*

Gila County's CSP, Gail Haymaker, will be the primary point of contact for all research and adjustment requests. Gail will work with the appropriate operational partners to help ensure the County's request and/or adjustment is handled in a timely and accurate manner.

- h) *Supplies to conduct general banking business must be provided by the servicing bank. These include check and warrant stock, deposit slips, bank bags, currency straps, coin wraps, etc. Provide price list for these supplies.*

Deposit tickets and other supplies can be ordered directly from Chase. Deposit tickets, endorsement stamps and depository bag fees will be handled as a direct debit to the County's account, while other depository supplies may be charged through account analysis.

For Multicurrency deposit and collections, a transmittal form with instructions will be provided for multicurrency deposit and collections at the time the County's account is set-up for this service.

**26. CONVERSION AND IMPLEMENTATION**

- a) *Provide conversion plan for implementation by July 1, 2012. The plan must include the bank's conversion approach, the relevant time lines and the key personnel responsible for the conversion. Including:*

*i. What is the average lead-time for implementation? What are the critical factors that may impact that lead time?*

Chase understands that one of the most important aspects of establishing a banking services relationship is a smooth implementation. To assist this effort, Gila County will be assigned a dedicated Implementation Manager to lead the County’s strategic advisory team of client service, systems and production personnel.

Gila County’s implementation project manager will follow a structured project framework to execute the setup of the County’s products and services.

An established project flow and framework is followed when executing the setup of products and services.



Figure 27

**Lead Times and Critical Factors**

Critical factors that may impact the lead time are client responsiveness, connectivity testing and transmission customization requirements.

**ACH**

The average lead time for an ACH implementation is four to six weeks. The critical factors include successful connectivity and file testing with the client.

**Depository Services**

- Account Opening

Opening an account can take up to three days upon the receipt of completed core documentation. Due to the U.S. Patriot Act and “Know Your Customer” regulations, we must receive all required original documentation properly and fully completed before we can open an account.

- Branch, Vault and Paper Check Depository

The typical implementation process for new branch, vault and paper check depository business takes approximately two to four weeks. Critical factors impacting lead time include the level of resources the client commits to the project and whether an outside vendor is used for deposit tickets.

- Check Returns (Standard)

The typical implementation process for new standard check returns business takes approximately two to three weeks.

Complex and/or large implementations may take longer.

- Deposit Supplies

The following can be delivered within five to 10 business days by our vendors. Standard orders are typically processed within three business days and shipped via U.S. Mail. Expedited order processing and mailing options are available.

- Deposit tickets

- Endorsement stamps
- Tamper-resistant plastic depository bags

Deposit ticket MICR specification sheets are available electronically. Your implementation project manager will provide these upon request.

Chase allows for third-party deposit tickets as long as they meet our deposit ticket specifications. In addition, Chase will need to test the deposit tickets to determine if our operations and technologies can easily read the data on these items. This testing can be performed within 48 hours of the time we receive your tickets.

- Image Cash Letter (ICL)

The typical implementation process for a new Image Cash Letter (ICL) setup takes approximately two to four weeks.

Critical factors impacting lead time include the client's ability to successfully send/receive any required file(s), whether the client uses ACH to clear items and the connectivity solution.

- Image Deposit Direct (IDD) for Remote Deposit

The typical implementation process for Image Deposit Direct (IDD) is two to three weeks.

Critical factors impacting lead time include the client's completion of the IDD questionnaire, submission of the setup request and the ordering and shipping of the scanner equipment.

#### Disbursement Services

- Account Reconciliation (ARP)

The lead time for ARP without transmission is 10 business days. The lead time for ARP with full reconciliation is typically 21 business days.

The critical factors that impact the full reconciliation timeframe are statement cycle (ARP service must start at the beginning of the account's statement cycle), client providing a list of outstanding checks, completion of successful file format testing and successful receipt of two live issue files.

- Controlled Disbursement Account (CDA)

The average lead time to open a CDA is 13 business days.

The critical factors that impact this timeframe are the client providing test checks for MICR testing and implementation of CDA reporting if the client is not already utilizing J. P. Morgan ACCESS.

- Positive Pay

The lead time for Positive Pay without reconciliation services is typically 26 business days. A direct transmission takes longer to implement. The critical factors that impact this timeframe are the client's ability to upload issue files, successful completion of file testing and reconciliation of the account prior to beginning the service, which minimizes the exceptions presented.

- Reverse Positive Pay

The lead time for Reverse Positive Pay is typically 21 business days. Critical factors that impact this timeframe are the client's ability to receive checks paid file and successful completion of file testing.

### Electronic Banking and Information Reporting

The time required for a J.P. Morgan ACCESS implementation depends on the client's environment and staff availability, and it can range from 6 to 15 days.

Detailed file transmissions (e.g., BAI2, SWIFT) can take up to 25 business days to implement and is dependent on the connectivity solution selected.

### Lockbox

- Basic Wholesale Lockbox with Receivables Edge

A basic wholesale lockbox with Receivables Edge image services, without a data transmission, generally requires 10 business days (two weeks) after all processing requirements are finalized. If data capture is provided for inclusion of remitter name or invoice fields as searchable index fields on Receivables Edge, the timeline may extend by one to two weeks.

- Wholesale Lockboxes with Data Transmission

Wholesale lockboxes with data transmissions in a standard file format require approximately 30 business days (six weeks) after all processing and data format requirements are finalized. Provision of customized formats or data edits will extend the timeline by two to three weeks.

- Scannable Wholesale Lockbox

Scannable wholesale lockboxes require approximately 60 business days (12 weeks) once the data file transmission requirements are confirmed and sample coupons are received.

- Image Transmission

Image transmission services require approximately 20 business days (four weeks).

### Merchant Services

We would welcome the opportunity to discuss the County's payment processing needs in order to create a customized technology and pricing solution. After determining the needs and solution best suited for the County, a conversion and implementation plan can be presented.

### Procurement Card

The implementation timeline for our Purchasing Card program can last between 30 to 45 days depending on the features selected as well as client availability. Gila County can continue to utilize their existing program with Chase in which there would be no implementation requirements.

### E-Commerce via Pay Connexion

The Pay Connexion implementation timeline is based on a 90 – 120 day implementation. The timeline varies based upon feature set and client availability, decision making during requirements definition, and resources and time dedicated to Biller testing. Pay Connexion has dedicated Implementation Managers who run weekly planning, status, and issue tracking meetings, in addition to day-to-day support.

### Sample Implementation Plan

Please refer to Appendix 10 – Sample Implementation Plan.

*ii. Describe support provided during conversion and implementation, including training, technical assistance, user manuals and on-site visits.*

The County's dedicated implementation manager will act as a primary point of contact between all levels of your company (i.e., management, users, technical staff and external partners) and Chase staff.

Chase will assign an implementation team that may include all of the following:

- An implementation project manager, who will serve as your primary point of contact throughout the implementation, is responsible for coordinating the implementation of your services.
- A systems implementation resource will work with the implementation project manager to help ensure that all setup activities for your data file transmission are properly coordinated. The systems implementation resource assembles a team of production and systems experts to help implement and works closely with you throughout the process.
- In addition, a connectivity resource may be secured to discuss connectivity options, to set up and test the connectivity link and send test files.

A kickoff meeting will be scheduled for large or complex implementations. Key tasks, personal responsibilities and time frames will be documented and shared with all project team members. Subsequent meetings will be held to track and support the progress of the implementation. You decide how often these meetings will be held.

Your implementation project manager is responsible for securing the appropriate technical resources to assist you with any required file testing and the setup and testing of any transmissions.

Support during implementation includes training, technical assistance, user manuals and on-site visits. For example, the following J.P. Morgan ACCESS training and support tools are available to clients:

- **Quick Start Reference Guides** - Available on the J.P. Morgan ACCESS dashboard and provide step-by-step instruction on how to use the J.P. Morgan ACCESS products and modules.
- **Webinar Training** - Weekly instructor-led sessions are available on the various J.P. Morgan ACCESS products and modules.
- **Self-Paced Training** - Online training available via the Customer Support tab from the J.P. Morgan ACCESS Home Page or via a Training CD, which is included in the Welcome Kit sent when security administrators and users are set up on J.P. Morgan ACCESS.
- **Phone Training** - Customized one-on-one training conducted over the phone to meet your unique needs for all J.P. Morgan ACCESS products and modules.

In addition, ongoing support is provided by the Client Service and Technical Support Team. Training, usage and technical assistance are available from the Client Service and Technical Support Team via telephone.

The support provided by the bank does not end once we have implemented your account process. We believe continued support is critical to our overall account relationship. For

example, after account implementation, Gail Haymaker, the County's Client Service Professional (CSP), will become the ongoing contact to help ensure that your expectations are consistently met.

*iii. What additional resources does the bank require for successful conversion and successful implementation?*

Please refer to item 26 a.i., above.

*b) Identify any costs of conversion that will be charged by the bank.*

Please refer to the pricing portion of this response for any information pertaining to cost or fees.

**END OF QUESTIONNAIRE**

*Note: All costs described in the Questionnaire must also be included on the Pricing Sheet. Any costs not included on the Pricing Sheet will not be considered for award.*