

**STANDARD AGREEMENT**

**FOR I.T. GOODS/SERVICES ONLY**

	REGISTRATION NUMBER
PURCHASE AUTHORITY NUMBER <b>CDCR-5225</b>	AGREEMENT NUMBER <b>C5607126</b>

1. This Agreement is entered into between the State Agency and the Contractor named below  


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STATE AGENCY'S NAME  
**California Department of Corrections and Rehabilitation** (hereafter called State)  
CONTRACTOR'S NAME  
**JPay Inc**

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2. The term of this Agreement is: July 1, 2017 through June 30, 2020

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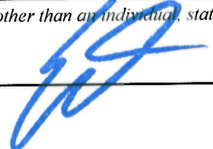

3. The maximum amount of this Agreement is: **\$00.00 Zero dollars and zero cents**

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4. The parties agree to comply with the terms and conditions of the following attachment which are by this reference made a part of the Agreement.

Exhibit A – Statement of Work	14 page(s)
Exhibit B – Budget Detail & Payment Provisions	02 page(s)
Exhibit B-1 – Rate Sheet	02 page(s)
Exhibit C- DGS IT Provisions	01 page(s)
Exhibit D – CDCR Special Provisions	12 page(s)
Attachment A – Third Party Account Reimbursement Provisions	01 page(s)

**IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.**

<b>CONTRACTOR</b>	CALIFORNIA <b>Department of General Services</b> Use Only
<small>CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)</small> <b>JPay Inc.</b>	
<small>BY (Authorized Signature)</small> 	<small>DATE SIGNED (Do not type)</small> <b>5/3/17</b>
<small>PRINTED NAME AND TITLE OF PERSON SIGNING</small> <b>Errol Feldman, Chief Executive Officer</b>	
<small>ADDRESS</small> <b>12864 Biscayne Blvd, Ste. 243 Miami, FL 33181</b>	
<b>STATE OF CALIFORNIA</b>	
<small>AGENCY NAME</small> <b>California Department of Corrections and Rehabilitation</b>	
<small>BY (Authorized Signature)</small> 	<small>DATE SIGNED (Do not type)</small> <b>May 8 2017</b>
<small>PRINTED NAME AND TITLE OF PERSON SIGNING</small> <b>Nicole Isaacson, IT Acquisitions Manager</b>	
<small>ADDRESS</small> <b>1900 Birkmont Drive Rancho Cordova, CA 95742</b>	
<input type="checkbox"/> Exempt per Further review and approval by DGS/PD is not required in accordance SCM, Volume 3, Chapter 1.A1.0	

**AGREEMENT SUMMARY**  
STD 215 (REV. 1-2014)

AGREEMENT NUMBER <b>C5607126</b>	AMENDMENT NUMBER
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CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

1. CONTRACTOR'S NAME <b>JPay Inc</b>		2. FEDERAL I.D. NUMBER <b>01-0756761</b>
3. AGENCY TRANSMITTING AGREEMENT <b>Department of Corrections and Rehabilitation</b>	4. DIVISION, BUREAU, OR OTHER UNIT <b>Accounting Services Branch</b>	5. AGENCY BILLING CODE <b>69967</b>
6. NAME AND TELEPHONE NUMBER OF CONTRACT ANALYST FOR QUESTIONS REGARDING THIS AGREEMENT <b>Jonathan Goff (916) 358-2070</b>		
7. HAS YOUR AGENCY CONTRACTED FOR THESE SERVICES BEFORE? <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES (If YES, enter prior contractor name and Agreement Number) <b>5600004813</b>		

8. BRIEF DESCRIPTION OF SERVICES - LIMIT 72 CHARACTERS INCLUDING PUNCTUATION AND SPACES  
**LockBox and Debit Card Services for CDCR Inmates**


9. AGREEMENT OUTLINE  
The Contractor shall provide to the California Department of Corrections and Rehabilitation (CDCR) cost-free Lock Box Services for expedient transmittal of funds to inmate trust accounts on behalf of inmates that are housed in one of CDCR Adult Institutions. The Contractor shall provide a single depository point for inmate deposits for all locations with reporting capabilities, by location. The Contractor shall also provide Debit Card Services to eligible inmates upon release for rehabilitative purposes to assist the Parolee's reintegration to society.  
  
Furthermore, this Agreement shall allow CDCR to utilize the Contractor's secure internet website to assign debit cards to Parolees and apply value to cards provided by the Contractor in no more than two (2) transactions—one (1) for the Release Funds and one (1) for the Trust Funds.

10. PAYMENT TERMS (More than one may apply.)

<input type="checkbox"/> MONTHLY FLAT RATE	<input type="checkbox"/> QUARTERLY	<input type="checkbox"/> ONE -TIME PAYMENT	<input type="checkbox"/> PROGRESS PAYMENT
<input type="checkbox"/> ITEMIZED INVOICE	<input type="checkbox"/> WITHHOLD _____ %	<input type="checkbox"/> ADVANCED PAYMENT NOT TO EXCEED	
<input type="checkbox"/> REIMBURSEMENT/REVENUE	\$ _____ or _____ %		
<input checked="" type="checkbox"/> OTHER (Explain) <u>Services provided at zero cost to the State</u>			

11. PROJECTED EXPENDITURES FUND TITLE	ITEM	F.Y.	CHAPTER	STATUTE	PROJECTED EXPENDITURES
General Fund (69967)	17G0010000	17/18	BA 2017	2017	\$ 0.00
General Fund (69967)	18G0010000	18/19	BA 2018	2018	\$ 0.00
General Fund (69967)	19G0010000	19/20	BA 2019	2019	\$ 0.00

OBJECT CODE <b>G/L 9031123800 FC 0655100000 FA 1010007</b>	<b>AGREEMENT TOTAL \$ 0.00</b>
OPTIONAL USE	AMOUNT ENCUMBERED BY THIS DOCUMENT <b>\$ 0.00</b>
<i>I CERTIFY upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above.</i>	PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT

ACCOUNTING OFFICER'S SIGNATURE  <b>Jaime Corvera</b>	DATE SIGNED <b>5/4/2017</b>	TOTAL AMOUNT ENCUMBERED TO DATE <b>\$ 00.00</b>
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12. AGREEMENT	TERM		TOTAL COST OF THIS TRANSACTION	BID, SOLE SOURCE, EXEMPT
	From	Through		
Original	7/1/17	6/30/20	<b>\$0.00</b>	<b>Competitive Solicitation</b>
Amendment No. 1				
Amendment No. 2			\$	
Amendment No. 3			\$	
<b>TOTAL</b>			<b>\$ 0.00</b>	

(Continue)

**AGREEMENT SUMMARY**

STD. 215 (REV. 1-2014)

## 13. BIDDING METHOD USED:

- REQUEST FOR PROPOSAL (RFP)       INVITATION FOR BID (IFB)       USE OF MASTER SERVICE AGREEMENT  
*(Attach justification if secondary method is*
- SOLE SOURCE CONTRACT       EXEMPT FROM BIDDING       OTHER *(Explain)*  
*(Attach STD. 821)*      *(Give authority for exempt status)*      RFO C5607126-D

NOTE: *Proof of advertisement in the State Contracts Register or an approved form STD. 821, Contract Advertising Exemption Request, must be attached*

14. SUMMARY OF BIDS *(List of bidders, bid amount and small business status) (If an amendment, sole source, or exempt, leave blank)*  
JPay Inc., GTL Inc15. IF AWARD OF AGREEMENT IS TO OTHER THAN THE LOWER BIDDER, PLEASE EXPLAIN REASON(S) *(If an amendment, sole source, or exempt, leave blank)*

Award issued to the respondent that met all requirements/criteria and scored the highest on desirable requirements as outlined in the RFO documentation.

## 16. WHAT IS THE BASIS FOR DETERMINING THAT THE PRICE OR RATE IS REASONABLE?

Respondent transaction costs are comparable to industry rates for these services.

17 (a) JUSTIFICATION FOR CONTRACTING OUT *(Check one)*

- Contracting out is based on cost savings per Government Code 19130(a). The State Personnel Board has been so notified.
- Contracting out is justified based on Government Code 19130(b). Justification for the Agreement is described below.

*Justification:*

(b)(3) The services contracted are not available within civil service, cannot be performed satisfactorily by civil service employees, or are of such a highly specialized or technical nature that the necessary expert knowledge, experience and ability are not available through the civil service system.

## 17 (b) EMPLOYEE BARGAINING UNIT NOTIFICATION

- By checking this box, I hereby certify compliance with Government Code section 19132(b)(1).

AUTHORIZED SIGNER: *N. Branson*DATE: *May 8 2017*

18. FOR AGREEMENTS IN EXCESS OF \$5,000, HAS THE LETTING OF THE AGREEMENT BEEN REPORTED TO THE DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING?

- NO       YES       N/A

19. HAVE CONFLICT OF INTEREST ISSUES BEEN IDENTIFIED AND RESOLVED AS REQUIRED BY THE STATE CONTRACT MANUAL SECTION 7.10?

- NO       YES       N/A

20. FOR CONSULTING AGREEMENTS, DID YOU REVIEW ANY CONTRACTOR EVALUATIONS ON FILE WITH THE DGS LEGAL OFFICE?

- NO       YES       NONE ON FILE       N/A

21. IS A SIGNED COPY OF THE FOLLOWING ON FILE AT YOUR AGENCY FOR THIS CONTRACTOR?

A. CONTRACTOR CERTIFICATION CLAUSES

- NO       YES       N/A

B. STD. 204, VENDOR DATA RECORD

- NO       YES       N/A

22. REQUIRED RESOLUTIONS ARE ATTACHED

- NO       YES       N/A

23. ARE DISABLED VETERANS BUSINESS ENTERPRISE GOALS REQUIRED? *(If an amendment, explain changes, if any)*

- NO *(Explain below)*       YES *(If YES complete the following)*

DISABLED VETERAN BUSINESS \_\_\_\_\_ % OF AGREEMENT

*Explain:*

24. IS THIS A SMALL BUSINESS CERTIFIED BY OFFICE OF SMALL BUSINESS AND DISABLED VETERAN BUSINESS ENTERPRISE SERVICES?

- NO       YES *(Indicate Industry Group)*

SMALL BUSINESS REFERENCE NUMBER

25. IS THIS AGREEMENT (WITH AMENDMENTS) FOR A PERIOD OF TIME LONGER THAN TWO YEARS? *(If YES, provide justification)*

- NO       YES

It is in the best interest of the State in regards to time and cost to have this agreement for longer than two years.

*I certify that All copies of the referenced Agreement will conform to the original Agreement sent to the Department of General Services.*

SIGNATURE/TITLE

Jonathan Goff, Contract Analyst

DATE SIGNED

**EXHIBIT A  
STATEMENT OF WORK**

**A. INTRODUCTION**

The Contractor shall provide to the California Department of Corrections and Rehabilitation (CDCR) cost-free Lock Box Services for expedient transmittal of funds to inmate trust accounts on behalf of inmates that are housed in one of CDCR Adult Institutions. The Contractor shall provide a single depository point for inmate deposits for all locations with reporting capabilities, by location. The Contractor shall also provide cost-free Debit Card services to CDCR for the issuance of parole release funds and personal funds to eligible parolees.

Furthermore, this Agreement shall allow CDCR to utilize the Contractor's secure internet website to assign debit cards to Parolees and apply value to cards provided by the Contractor in two (2) categories—one (1) for the Release Funds and one (1) for the Trust Funds.

**B. COMPANY QUALIFICATIONS**

1. Mandatory Qualifications

- a. Minimum five (5) years' experience working with federal, state or local government in developing and implementing Debit Card and Lock Box applications, similar in nature as defined in this SOW
- b. Minimum five (5) years' experience and primary business focus in managing, developing, and implementing multi-tier web based applications
- c. Minimum two (2) years' experience working in a correctional environment in developing and implementing IT applications designed to issue funds, reconcile, and track detailed account activity related to these funds
- d. Certification of Payment Card Industry Data Security Standard (PCI-DSS) compliance
- e. License from California Department of Business Oversight to provide money transmission services

2. Desirable Qualifications

Minimum of two (2) years' experience working with a large correctional environment with a minimum population of 100,000 inmates

**C. CONTRACTOR TASKS/DELIVERABLES**

1. Lock Box Services

- a. Provide cost free Lock Box Services to CDCR inmates' family and friends free of cost.
- b. Provide Lock Box Services to CDCR inmates' family and friends according Contractor's fee schedule.
- c. Provide Lock Box services to CDCR inmates' family and friends free of cost.

- d. Guarantee and assume full liability for all Lock Box funds transferred and deposited into the CDCR bank account. CDCR will not be held responsible for any fraudulent funds transferred by the contractor on behalf of CDCR.
- e. Image front and back of all envelopes and negotiable items (i.e. checks, money orders) and retain all imaged data for a period of current plus 3 years from the time of deposit.
- f. The Contractor shall disclose all exceptions, limitations and full cost to the sender. The disclosure shall be stated on the Lock Box Service Remittance Coupon in multiple languages (at a minimum English and Spanish).
- g. Provide CDCR staff system user training on the Lock Box Service during the term of this contract as requested by CDCR at no additional cost to CDCR.
- h. Provide Remittance Coupon in multiple languages (at a minimum English and Spanish) to be used by family and friends to aid in the processing of funds through the Lock Box Service. The Remittance Forms should be made available in all CDCR facilities (i.e. visiting rooms, inmate orientation packets and online). The Remittance Form must state "For Inmate Trust Funds Only." The Remittance Form shall include an area for:
  - Inmate Name
  - CDCR Identification Number
  - Institution
  - Sender's name, address and phone number
  - Deposit Amount
  - Remittance Coupons shall state the following disclosure statement:

"All Deposits are subject to Restitution unless specifically exempt from Restitution, per Title 15, Section 3097."
- i. Keep all names and identification numbers of inmates confidential.
- j. The Contractor shall provide Lock Box informational materials, (i.e. posters and pamphlets) to be displayed in each CDCR correctional facility, in multiple languages, (at a minimum, in English and Spanish), for the purpose of notifying family and friends about the availability of the Lock Box Services. Material must be reviewed by Accounting Services Branch – Inmate Accounting and the Division of Adult Institutions. Any advertising for Services covered under this contract must be reviewed and approved by CDCR prior to its use. Any advertising for services not under this Agreement is strictly prohibited.
- k. Respond to and resolve all inquiries and complaints (within 24 hours of receipt) from CDCR inmates' and parolees' family and friends regarding failure of transmittal of funds.
- l. Comply with all applicable California banking regulations.
- m. Assist CDCR Investigative Services Unit (ISU) and Criminal Intelligence Analysis Unit (CIAU) with requests for information pertaining to money laundering, fraud, or illegal activities as needed. Provide at a minimum investigative reports that contain transaction history by inmate name, CDCR number, and sender information.
- n. The Contractor shall create an automated interface of the payment file with the Trust Restitution Accounting Canteen System (TRACS)
  - CDCR has a licensing agreement with a third party vendor for the TRACS system, Advanced Technologies Group (ATG).
  - The Contractor is responsible for contacting ATG, negotiating an agreement with ATG to allow interface activities on behalf of the Contractor with TRACS, and all development activities required in setting up their interface with ATG.

- This could include a “per transaction” fee, or a licensing fee. The Contractor’s rates as identified on the Rate Sheet (Exhibit B-2) shall be inclusive of any and all fees anticipated for this Service.
- o. Process Receipts on a daily basis.
    - The front of the negotiable instrument will be imaged, and the front and back of envelopes will be imaged. If the negotiable instrument is damaged and cannot be imaged, it will be rejected. If the envelope is damaged and cannot be imaged, processing of the negotiable instrument will proceed without the associated envelope data.
    - Negotiable instruments will be stamped with the Contractor’s standard endorsement during the encoding process.
    - Capture data for all negotiable instruments including the amount, CDCR Identification Number, sender name, address and zip code, the fund source type of cashier’s check, personal check or money order, and date of negotiable instrument.
    - Produce a standard audit trail.
    - Make daily deposits.
    - Report any variance or reconciling item.
    - Report any misapplication of funds.
  - p. Provide secured database access to CDCR Accounting of funds transferred to CDCR.
  - q. Provide a Daily Transaction Report by Institution. This report must contain the inmate name, inmate CDCR number, Sender’s name, address, phone number, funds transfer date, “Lock Box” as the Fund Source Type, dollar amount, transaction count, deposit number or batch number, Institution total.
  - r. Provide a Daily Transaction Summary Report by Institution, transaction counts, transferred amount, transfer date, deposit number or batch number. (As described in item bb)
  - s. Provide a Monthly Transaction Summary Report by Institution, transaction counts, transferred amount, transfer date, deposit number or batch number. All reports should be available within 24 hours of Lock Box transactions and must be accessible to CDCR staff on the Contractor’s website at 06:00 a.m. PST the following business day. (As described in item cc)
  - t. Contractor will maintain a retention schedule of CDCR data for a minimum of current plus three years from the date of transaction. The retained data must be accessible by CDCR staff for research or investigative purposes. The destruction of this data must be kept confidential for security purposes.
  - u. Establish audit trail accountability.
    - A tracking log, various processing steps and a database support activities will be maintained.
    - All mail receipts will be processed through extraction and imaging prior to any reject evaluation processing.
    - When an item is identified as a candidate for rejection and subsequent return-to-sender action, the name and address, processing date, batch ID, sequence number of the transaction, and the inmate’s last name and CDCR number will be entered into a database file. Applicable information from the database file is imported into the labeling program for printing.

- A mailing log corresponding to each day's returned-to-sender items will be appended to the image system reject report file, thus enabling query search capabilities by address, sender name, inmate's CDCR number, or inmate name. It also will enable the recreation of facsimile copies of the original instrument and envelope.
- The return-to-sender database information will be appended to the daily Receipts Report. The data file will contain sender name, sender address and zip code, batch number, sequence number, mail received date, dollar amount, inmate's last name, inmate's CDCR number and return-to-sender reason code.
- v. Not accept cash
- w. Not accept the check types listed below.
  - Any payment designated for any purpose other than deposit into an inmate's Trust Account
    - Any form of payment except for Personal Checks, Certified Checks, Cashier's Check and Money Orders.
- x. Reject a deposit and perform the action indicated if any of the following conditions exist:
  - The negotiable instrument or remittance form does not contain an inmate name, the contractor will return to the sender.
  - The negotiable instrument does not contain a valid CDCR Identification Number, the contractor will return to the sender.
  - The name on the negotiable instruments with a valid CDCR Identification Number but a mismatch between the inmates name on file and the payee name on the instrument of payment, the contractor will return to the sender.
  - Negotiable instrument does not have a valid date and signature per banking industry standards, the contractor will return to the sender.
  - Stale dated payments, the contractor will return to the sender.
  - Third Party Checks, the contractor will return to the sender.
  - Foreign drawn negotiable instruments, the contractor will return to the sender.
  - For negotiable instruments with multiple CDCR Identification Numbers, the contractor will return to the sender. Note: There should be only one CDCR Number for each Remittance Form.
  - Parcels. Parcels will remain unopened. The contractor will return to the sender.
  - Attachments to the negotiable instrument found in the mailing, the contractor will return to the sender.
  - All correspondence, the contractor will return to the sender.
  - Any form of payment except for Personal Checks, Certified Checks, Cashier's Check and Money Orders, the Contractor shall return to sender.
  - If no return address, the contractor will forward the payment to:
    - CDCR Trust Accounting
    - Unknown Funds
    - P.O. Box 276088
    - Sacramento, CA 95827
- y. Contractor shall mail and transmit all applicable items and data on a daily basis.
- z. Provide daily processing reports summarizing the following:
  - Number of remittances received by instrument type

- Listing of type of negotiable instrument, CDCR Identification Number and dollar amount
- Total dollar amount deposited
- Listing of items rejected and the reason
- aa. Provide a monthly report of cumulative data summarizing the following:
  - Number of remittances received by instrument type
  - Listing of type of negotiable instrument, CDCR Identification Number and dollar amount
  - Total dollar amount deposited
  - Listing of items rejected and the reason
- bb. Establish quality controls that provide quality assurance and meet acceptable quality standards for scanned image and data entry accuracy as defined by CDCR.
- cc. Provide security and confidentiality of all CDCR financial information, staff and personnel, and inmates housed at CDCR facilities.
- dd. Provide excellent customer service.

## 2. Debit Card Services

- a. Provide cost free Debit Card Services to CDCR for the issuance of Parole Release funds and personal funds (Trust Funds) to Parolees. Services to include set-up and maintenance of accounts, training and training materials, providing CDCR with web-based access to vendor program, debit card stock, electronic and printed reports and all other materials, supplies, programs and interfaces required to providing this service.
- b. Contractor is to provide to the CDCR client (inmate, parolee, ward) access to release and trust funds through the use of a branded debit card at point-of-sale (POS) devices and automated teller machines (ATMs) wherever the VISA and/or MasterCard logo (and/or the various network partners of Contractor, Ex: Cirrus, Plus, Star) is accepted.
- c. Contractor must have all of the resources to successfully perform under the contract. This includes, but is not limited to, personnel in the number and with the skills required, experience providing similar services, and financial resources sufficient to complete performance under the contract.
- d. Contractor must demonstrate experience with account setup and authorization, card maintenance, training, customer account maintenance, transaction processing, customer service, managing acquirer participation, settlement and reconciliation, reporting and risk management.
  - Debit card may be used throughout the United States.
  - Debit card must have unique card numbers and assigned Personal Identification Number (PIN).
  - Assigned PIN may be changed by the client/cardholder only.
  - No fee charged cardholder by Contractor for first four (4) transactions at Contractor/partner ATMs including account balance requests. Minimal transaction fees thereafter charged to client (cardholder). Client (cardholder) fees must be listed on Contractor's rate sheet and included with bid.
  - No card fees for use at POS terminals.
  - Transaction fees from third-party vendor(s) must be disclosed in advance and be charged to debit card client/cardholder upon acceptance of those fees.



- Account transaction receipts will include the account balance.
  - After issuance to client by CDCR, lost, stolen, or demagnetized cards will be replaced by Contractor at specified rate charged to client. Fees must be listed on Contractor's rate sheet.
  - Contractor to have sufficient resources to pre-fund cards (advance funds) and invoice CDCR in the specified format twice monthly for reimbursement of advanced funds. Contractor will not charge CDCR or cardholders a fee or interest for providing this pre-funding service.
  - Contractor to guarantee and assume full responsibility for funds on deposit for all active cards and ensure funds are available to client/cardholder once the card is activated.
  - Assist CDCR Investigative Services Unit (ISU) and Criminal Intelligence Analysis Unit (CIAU) with requests for information pertaining to money laundering, fraud, or illegal activities as needed. Provide at a minimum investigative reports that contain transaction history by inmate name, CDCR number, and store or ATM location, date and time when transaction occurred.
  - Customer Service to client/cardholder available in Spanish and English.
  - Service available to client/cardholder 24 hours a day via toll-free telephone number, at no charge to client or CDCR.
  - Surcharge-free ATM's must be available in all counties within California (Contractor must identify Partner Network(s) Locations/Options with bid)
- e. Provide all services necessary to implement debit card program at specified locations. See Exhibit A-1 for list of locations.
- f. Deliver debit card stock inventory to CDCR offices/facilities (Cost Center) as requested through the secure internet website by authorized CDCR super user(s) within five (5) business days of request (postage paid by Contractor). Identify minimum quantity, if any on Exhibit B-1, Rate Sheet. See Exhibit A-1 for list of locations.
- g. Provide CDCR with monthly report of cards issued by location (Cost Center). Responsible for maintaining the database of cardholder accounts including Parolee Name, CDCR number, amounts, dates loaded, CDCR Personal Identification Number (PID) and incarceration date.
- h. Responsible for recruiting and connecting with retailers.
- i. Provide toll-free telephone number, printed on the back of the card for 24 hour customer service to cardholders and retailers, to include lost, stolen or inoperative cards.
- j. Provide transaction processing system and gateway services.
- k. Provide settlement services to client to close out cards with minimum balances, that cannot be withdrawn from ATM (less than \$20.00) and refunds for invalid charges.
- l. Settle and reconcile the movement of money within the banking system.
- m. Provide CDCR with necessary secure website to interface with the contractor's debit card system.
- n. Provide real-time printable report through the secure website of cards loaded with date, client name, CDCR number and amount of Release Funds and Trust Funds applied to the card, to be verified by CDCR staff against the request for funds (CDCR form CDCR 102 Release Statement)
- o. Provide training materials, webinar training, and account profiles to appropriate CDCR staff authorized by the CDCR PM.

- p. Provide live or webinar training to super-users at each location (institution(s), camp(s), parole office(s), accounting office(s)), who will then be responsible for on-site training of other staff.
- q. Provide web-based training manual for new users at no additional cost.
- r. Provide toll-free phone and web-based support to all authorized users.
- s. To the extent possible, provide security access levels to promote and maintain separation of duties:
  - Super-user: Full entry, view and report capabilities. Access to training materials and ability to troubleshoot issues
  - User: Enter data necessary to complete transaction to establish client information, fund card, execute searches and low level release of funds to specified amount.(not able to reverse, void, cancel transactions)
  - Approver: Approve large dollar transactions which exceed limit established by project manager prior to posting to card and approve/release all reversal transactions/void/cancels
- t. Provide written training materials for client/cardholder in English and Spanish to be issued with each card.
- u. Including how to use the card, process for reporting/replacing lost, stolen or damaged card, toll free customer service number, information on fees charged by Contractor and potential fees from third-party vendors.
- v. Develop and provide various reports to accommodate the informational and security needs of CDCR, exportable to Microsoft Excel.
- w. Reports to include:
  - Electronic report(s) (Excel format) in specified configuration to include fields required by the State Controller's Office to process Electronic Claim processing, suitable for uploading into CDCR's accounting system (SAP).
  - Daily List of Cards issued/activated by location (cost center/institution) including card number, parolee/client name, CDCR number, amount and source of funds, PID number, release date, incarceration date, name of staff who entered the transaction.
  - Monthly, Quarterly, Annual report of cards issued.
  - Inventory record/reconciliation of cards received, issued, or in stock.
  - Void/Damaged Card report
  - Report of deposits and disbursements of funds on deposit with vendor.
- x. Provide connectivity to all state and national networks required to implement this contract.
- y. Provide retailer management services.
- z. Maintain interface with CDCR's system to facilitate daily data exchange that is compatible with CDCR existing equipment/software.
- aa. Keep all client names and identification numbers confidential.
- bb. Comply with all California Banking regulations (licensed with the state).
- cc. Establish an account with CDCR to fund debit cards. This account will maintain a permanent advance with regularly scheduled replenishment; or, Electronic Fund Transfer from state to Contractor at scheduled intervals based on cards issued.
- dd. Provide client with secure website to view card activity/balance and obtain electronic customer service.
- ee. Mail replacement cards to client(s).

- ff. Stop/cancel the approval of funds expenditure on an activated card when necessary as determined by CDCR. Refund any remaining funds transferred from CDCR to vendor/vendor's bank for a canceled card.
  - gg. All Contractor correspondence and communication shall be directed through the Accounting Services Branch- Bakersfield or Designee as the single point of contact. No solicitation of any products or Services will be made to institution staff.
  - hh. Comply with all Payment Card Industry Data Security Standards (PCI-DSS).
  - ii. Provide security and confidentiality of all CDCR financial information, staff and personnel, and inmates released from CDCR facilities.
  - jj. Contractor will maintain a retention schedule of CDCR data for a minimum of current plus three years from the date of transaction. The retained data must be accessible by CDCR staff for research or investigative purposes. The destruction of this data must be kept confidential for security purposes
  - kk. Establish audit trail accountability.
  - ll. Provide excellent customer service.
3. Third Party Account Reimbursement Provisions
- a. If required and in accordance with section C – Contractor Tasks/Deliverables, items 2.a and 2.cc, contractor will reimburse CDCR for all costs for an account established outside the State Treasury.
  - b. CDCR will establish and retain title to and ownership of the account outside the State Treasury.
  - c. CDCR will deposit an advance in the account in an amount to be determined by CDCR and replenish the account as necessary per the limits set by the State of California, Department of Finance, Fiscal Systems and Consulting Unit.
  - d. Upon receipt, audit and approval of itemized semi-monthly invoice from contractor, CDCR, Accounting Services Branch (ASB), Bakersfield will authorize Automated Clearing House (ACH) transactions no less than twice monthly to transfer funds from CDCR's account to a bank account specified by contractor.
  - e. Contractor will provide ASB-Bakersfield with the routing instructions for the fund transfer.
  - f. CDCR will invoice contractor monthly, in arrears, for all charges associated with the account outside of the State Treasury, as billed by the financial institution.
  - g. Contractor will remit invoice payments within 30 calendar days from the date on the invoice to:
    - CDCR, ASB-Rancho Cucamonga
    - PO Box 6000
    - Rancho Cucamonga, CA 91729-6000

#### **D. DELIVERABLE ACCEPTANCE CRITERIA**

All concluded work shall be submitted to the CDCR Project Manager (PM), or a selected representative, for review, approval and/or rejection. It shall be CDCR's sole determination as to whether the projects have been successfully completed and is acceptable to CDCR. Signed acceptance is required from the CDCR PM, or a selected representative, before approving a deliverable.

Throughout the Agreement, CDCR shall review and validate the project prior to final acceptance. In addition, the CDCR PM, or a selected representative, shall verify and approve the Contractor's invoices.

Acceptance criteria shall consist of the following:

1. Documentation shall be submitted to the CDCR PM both electronically and in paper copy as appropriate.
2. Requirements Analysis and Design documents shall be produced and submitted to the CDCR PM for approval prior to commencement of work related to those documents. The CDCR PM may direct further refinements.
3. The Contractor shall submit for CDCR PM's signature, a weekly status report, recording all tasks performed.
4. Within five (5) business days, the CDCR PM shall review the quality of all contract work performed by the Contractor and submit documentation to identify any deficiencies observed in the level of services provided by the Contractor. The Contractor shall comply with making the necessary changes within five (5) business days, based on the CDCR PM's findings. Once the CDCR PM approves a course of action to address the noted deficiencies, work can continue toward completion for the noted task.
5. Lock Box Specific:
  - a. All requested reports meet CDCR needs and have signed off approval of format.
  - b. Lock Box program is functioning as required by CDCR at all locations.
  - c. Vendor provided training materials for staff meets the criteria specified in the SOW.
  - d. Web-based program is working effectively and efficiently.
  - e. Issues are confirmed within 24 hours and resolved within 72 hours.
  - f. A proper audit trail is established and maintained within the Lock Box program.
  - g. Changes/modifications requested during pilot are complete and acceptable to CDCR.
  - h. Log and track all issues and provide a report to CDCR monthly.
  - i. Re-submit a failed uploaded file within 24 hours.
6. Debit Card Specific:
  - a. All requested reports meet CDCR needs
  - b. Debit card program is functioning as required by CDCR at all locations.
  - c. Debit card stock is received timely at all CDCR locations.
  - d. Vendor provided training materials for staff and parolees meets the criteria specified in the SOW.
  - e. All parolees are adequately informed of the debit card program process for use, reporting of lost/damaged/stolen cards and fees they will be charged.
  - f. CDCR staff are properly trained and proficient in issuance of debit cards.
  - g. Funds on deposit with vendor and disbursements to cardholder's accounts are properly recorded and processed timely.

- h. Web-based program is working effectively and efficiently
- i. Issues are resolved timely.
- j. CDCR realizes anticipated efficiencies/savings in the processing of release funds to parolees.
- k. A proper audit trail is established and maintained within the debit card program.
- l. Parolees have access to funds upon receipt of the card (charge transactions)
- m. Parolees successfully obtain/change PIN for PIN-based transactions (ATM/Debit card transactions)
- n. Parolees have easy access to network ATM machines throughout all areas of California.
- o. Changes/modifications requested are complete and acceptable to CDCR.

**E. AGREEMENT COMPLETION CRITERIA**

Status monitoring and acceptance of detailed activities and tasks as outlined above in Section C, Contractor Tasks/Deliverables, and D, Deliverable Acceptance Criteria shall be carried out by the CDCR PM, or a selected representative, and assisted by the selected vendor. Following the submission of the final criteria, the CDCR PM, or a selected representative, may inform the selected vendor by both mail and e-mail when the vendor's services are completed. Following this notification, the vendor shall complete and submit a handover report to the vendor's Project Manager and the CDCR PM, or a selected representative, confirming the completed tasks and the current status of related work at the time the services were rendered complete.

**F. EVALUATION OF CONTRACTOR**

The CDCR PM shall complete a written evaluation of the Contractor's performance under this Agreement within sixty (60) days following the term end date. The evaluation shall be prepared on the Contract/Contractor Evaluation Form (STD 4), and maintained in the Agreement file for three (3) years. If the Contractor's performance was unsatisfactory, a copy of the evaluation shall be sent to the DGS, Office of Legal Services, within five (5) days, and to the Contractor within fifteen (15) days, following the completion of the evaluation.

**G. PROJECT ASSUMPTIONS AND CONSTRAINTS**

- 1. The Consultants' work hours must be consistent with CDCR's key staff on-site. CDCR normal business hours are 8 A.M. to 5 P.M., Monday through Friday, except for State holidays. Maintenance that may disrupt connectivity occurs during non-business hours. It is expected that Consultant(s) shall be available during implementations that are scheduled within these windows.
- 2. No overtime pay shall be authorized for non-standard work hours.
- 3. Time off for the Contractor's staff shall be authorized if there is no foreseeable impact to the expected rollout schedule, as determined by the CDCR PM, or selected representative.
- 4. If onsite work is required, the primary work locations shall be at Accounting Services Branch 5100 Young Street, Building A, Suite 110, Bakersfield, California, and/or 1515

- K Street, Sacramento, California (Lock Box services), but may be subject to change upon CDCR PM, or selected representative approval.
5. Any modifications to tasks within the SOW of this Agreement shall be defined, documented and mutually agreed upon by the Contractor and CDCR PM, or selected representative, prior to starting work on the modified task. Modifications outside the original scope of services shall require Agreement amendment and control agency approval prior to commencement of work.
  6. The Contractor must submit a resume for review of all personnel substitutions in advance. The proposed substitute must meet or exceed all mandatory qualifications listed under Section B.2.a., Mandatory Qualifications. All Contractor personnel substitutions must be approved by the CDCR PM.
  7. The CDCR PM, or selected representative, reserves the right to renegotiate services deemed necessary to meet the needs of the project according to State priorities. CDCR and the Contractor shall mutually agree to all changes; renegotiated services outside the scope of the original Agreement shall require control agency approval prior to commencement of work on the renegotiated services.
  8. If this is an IT Consulting Agreement, the Contractor represents that it has, or shall secure, at its own expense, all staff required to perform the services described in this Agreement. Such personnel shall not be employees of, or have any contractual relationship with, any governmental entity.
  9. The CDCR and the Contractor are mutually obligated to keep open and regular channels of communication in order to ensure the successful execution of this Agreement. Both parties are responsible for communicating any potential problem or issue to the CDCR PM, or selected representative, and the Contractor, respectively, within forty-eight (48) hours of becoming aware of said problem.
  10. The Contractor certifies that it has appropriate systems and controls in place to ensure that State funds shall not be used in the performance of this Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.

#### **H. CDCR ROLES AND RESPONSIBILITIES**

The CDCR shall perform and/or provide the following:

1. Provide any bank account changes in writing within five (5) days to the Contractor.
2. Credit the Lock Box funds to the designated inmate's or parolees' account within three business days after the receipt of the file.
3. Respond to and resolve all inquiries and complaints from CDCR inmate's and parolees family and friends regarding failure of CDCR to promptly and properly credit the inmate's or parolees' account.
4. Provide a hyperlink to the Lock Box web site through CDCR's web site.
5. Provide a Secured File Transfer Protocol (FTP) site for the contractor to transfer their Lock Box transaction files to the ATG TRACS server for processing transactions.
6. Provide secured, Internet access. Each CDCR office will assign limited staff access to the system.
7. Provide the required banking information to Contractor.

8. Provide any changes to banking information to Contractor in writing within five (5) days to the Contractor.
9. Establish procedures to ensure the security and accountability for debit cards delivered to CDCR to be issued to clients through applicable CDCR offices.
10. Provide Contractor with list of CDCR institutions/offices where cards will be delivered.
11. Provide the Department's mission, strategies, and programs;
12. Help resolve and escalate project issues within the CDCR organization, as necessary;
13. CDCR PM, or a selected representative, shall review and approve the work plan for each rollout before the Contractor can commence work;
14. CDCR PM, or a selected representative, shall review and approve all work products;
15. Provide Contractor access to applicable files, reports, contracts, documents, and other relevant information;
16. Provide staff availability for consultation meetings;
17. Provide security access to CDCR's facilities, should Contractor need access; and
18. Provide any assistance of a clerical nature for documents or telephone support.

#### **I. CONTRACTOR ROLES AND RESPONSIBILITIES**

The Contractor shall perform and/or provide the following:

1. Provide experienced Consultant(s) with skills and knowledge appropriate to carry out the services.
2. Support the CDCR with advice and assistance as may be reasonably requested from the assigned.
3. Submit all work products for review and will make any corrections as required by the CDCR PM, or selected representative.
4. Prioritize all tasks so as to keep within each planned enhancement release's schedule.
5. Work with the CDCR PM, or selected representative, to ensure any issues or risks affecting the schedule, budget, resources, or scope are uncovered and reported.
6. Shall be obligated to keep open and regular channels of communication in order to ensure the successful execution of the services provided within this contract. The contractor is responsible for effectively communicating any potential problems or issues to the CDCR PM, or selected representative, immediately within becoming aware of said problems.
7. Provide assistance to the CDCR PM, or a selected representative, in planning, monitoring, and controlling the activities and tasks to be carried out by the Consultant(s).
8. Monitor the performance of the Consultant(s) and adjust staffing levels appropriately to ensure completion of tasks listed in Section C, Contractor Tasks/Deliverables, within the stated Period of Performance.
9. Comply with all applicable CDCR and EIS policies and procedures including, but not limited to, the EIS Project Management Office guidelines.
10. Comply with all laws, orders, rules, applicable regulations and industry standards that are associated with the performance of their duties and obligations under this Agreement.

11. All Contractor correspondence and communication shall be directed through the CDCR PM, or selected representative, as the single point of contact. The Contractor shall not solicit any products or services to any institution staff.
12. Be responsible for its own personnel, fiscal, and general administrative services to support this Agreement.
13. Once the Agreement has been awarded, the Contractor shall be provided bank account information to transmit the Lock Box funds to the CDCR Bank Account.

**J. PAYMENT CARD INDUSTRY DATA SECURITY STANDARDS**

CDCR requires that the Contractor shall at all times maintain compliance with the most current PCI DSS. Contractor shall be required to:

1. Provide written confirmation of compliance annually
2. Acknowledge responsibility for the security of cardholder data as defined within PCI DSS
3. Acknowledge and agree that cardholder data may only be used for completing the contracted services as described in the full text of this document, or as required by the PCI DSS, or as required by applicable law.

In the event of a breach or intrusion or otherwise unauthorized access to cardholder data stored at or for the Contractor, Contractor shall immediately:

1. Notify CDCR's Information Security Office to allow the proper PCI DSS compliant breach notification process to commence
2. Provide appropriate payment card companies, acquiring financial institutions, and their respective designees access to the Contractor's facilities and all pertinent records to conduct a review of the Contractor's compliance with the PCI DSS requirements

In the event of a breach or intrusion Contractor:

1. Acknowledges any/all costs related to breach or intrusion or unauthorized access to cardholder data entrusted to Contractor deemed to be the fault of Contractor shall be the liability of the Contractor
2. Agrees to assume responsibility for informing all such individuals in accordance with applicable law
3. Indemnify and hold harmless CDCR and its officers and employees from and against any claims, damages or other harm related to such breach

**K. PERIOD OF PERFORMANCE**

The Period of Performance for this SOW is July 1, 2017, or upon approval by all parties, whichever is later, through June 30, 2020. Services under this SOW shall commence immediately upon execution of this Agreement and shall be provided to all CDCR adult institutions for each service.

If it is determined to be in the best interest of the State, CDCR may exercise two (2) optional one (1) year extensions. Any Amendments to the resulting Agreement shall be consistent with the original Scope of Services.



Funding for this Agreement is subject to approval of the project funding requests and appropriation of such funds.

**L. CONTACTS**

The Contacts during the term of this Agreement is as follows:

**1. Lock Box Services**

• **Project Manager**

Michele Gomez-Essex, Accounting Administrator II  
Accounting Services Branch - Sacramento  
Inmate Welfare Fund/Trust Accounting Section  
P.O. Box 276088  
Sacramento, CA 95827-6088  
(916) 255-1064  
[Michele.Gomez-Essex@cdcr.ca.gov](mailto:Michele.Gomez-Essex@cdcr.ca.gov)

• **Advanced Technologies Group (ATG)**

Ajit Kummar, Vice President – Fiduciary Systems  
1601 48<sup>th</sup> Street, Suite 220  
West Des Moines, IA 50266  
(515) 221-9344  
[ajitk@a-t-g.com](mailto:ajitk@a-t-g.com)

**2. Debit Card Services Project Manager**

Walter Mazza, Accounting Administrator II  
Accounting Services Branch-Bakersfield  
P.O. Box 12050  
Bakersfield, CA 93389  
(661) 664-3417  
[Walter.Mazza@cdcr.ca.gov](mailto:Walter.Mazza@cdcr.ca.gov)

**3. IT Contract Administrator**

Jonathan Goff, Staff IT Acquisitions Analyst  
Enterprise Information Services  
1940 Birkmont Drive  
Rancho Cordova, CA 95742  
(916) 258-2070  
[Jonathan.Goff@cdcr.ca.gov](mailto:Jonathan.Goff@cdcr.ca.gov)

**1. Invoicing and Payment**

- a. For services satisfactorily rendered, and upon receipt and approval of contractor's invoices, the CDCR agrees to pay the Contractor for services in accordance with Exhibit B-1, Rate Sheet attached hereto and made a part of this Agreement.
- b. Invoices shall include the Agreement Number and Purchase Order number and shall be submitted in triplicate. Invoices to be submitted, not more frequently than monthly in arrears. Invoices shall be paid within 45 days of receipt of an undisputed invoice. Contractor shall mail invoices to:

California Department of Corrections and Rehabilitation  
Headquarters Accounting Services Section  
Attention: Contracts Payable  
P.O. Box 187018, Sacramento, CA 95818-7018

- c. Each invoice shall identify the deliverable number and title, the month or week the task was performed, and the cost as itemized in Exhibit B-1. Invoices shall be on the Contractor's letterhead, include the Contractor's name, the CDCR Agreement Number and Purchase Order Number, the Consultant's name(s), and the invoice total and should email a copy of the invoice to avoid late payment penalties.

**2. Budget Contingency Clause**

- a. It is mutually agreed that if the California State Budget Act for the current fiscal year and/or any subsequent fiscal years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor, or to furnish any other considerations under this Agreement, and Contractor shall not be obligated to perform any provisions of this Agreement.
- b. If funding for the purposes of this program is reduced or deleted for any fiscal year by the California State Budget Act, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an Agreement amendment to Contractor to reflect the reduced amount.

**3. Prompt Payment Clause**

Payment shall be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927. Payment to small/micro businesses shall be made in accordance with and within the time specified in Chapter 4.5, Government Code 927 et seq.

**4. Subcontractors**

For all Agreements, with the exception of Interagency Agreements and other governmental entities/auxiliaries that are exempt from bidding, nothing contained in this Agreement, or otherwise, shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of Contractor's responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

**EXHIBIT B-1  
 RATE SHEET**

SERVICE	COST/ QUANTITY	DESCRIPTION	EXTENDED COSTS
<b><i>Cost of Services Chargeable to Clients (Parolees) After Four (4) Free Initial Transactions (Not Chargeable to the State)</i></b>			
ATM Withdrawal	Free	Per Transaction	Free
ATM Balance Inquiry	Free	Per Transaction	Free
Account Transfer Fee	Free	Per Transaction	Free
Update Client Information	Free	Per Transaction	Free
Lost/Stolen/Damaged Card Replacement <i>(includes cost of cancelling card and issuing replacement card)</i>	\$5.00	Per Transaction	\$5.00
All Additional Client Fees <i>(attach fee schedule)</i>	Please see attached	Contractor's Fee Schedule	Please see attached
<b><i>Minimum Card Order (Quantity Per Location)</i></b>			
Minimum Number of Cards that can be Ordered per Delivery Location Postage Free	No minimum		
<b><i>Partner Networks (List current partner networks)</i></b>			
Maestro, MasterCard, Cirrus, MoneyPass			

## Cardholder Fee Table

<b>Transaction Type</b>	<b>Fee</b>
POS or ATM Decline	\$1.00
Monthly Service (charged monthly beginning 5 days following card activation)	\$3.00
Cancellation (cardholder receives balance via check or money order)	\$9.95

**EXHIBIT C**  
**DGS PROVISIONS – INFORMATION TECHNOLOGY**

The following DGS provisions for Information Technology are hereby incorporated by reference and made part of this Agreement as if attached hereto:

- General Provisions – Information Technology (GSPD-401IT), effective date 9/5/14  
[http://www.documents.dgs.ca.gov/pd/poliproc/gspd401IT14\\_0905.pdf](http://www.documents.dgs.ca.gov/pd/poliproc/gspd401IT14_0905.pdf)

**1. AGREEMENT AMENDMENT**

If it is determined to be in the best interest of the State, the resulting Agreement may be amended to increase quantity and/or time consistent with the original Agreement. Upon signing the Amendment, the Contractor hereby agrees to provide services for the extended period at the rates specified in Exhibit B-1, Rate Sheet, of the original Agreement. This Agreement shall not exceed the Small Business/DBVE dollar threshold.

**2. ACCOUNTING PRINCIPLES**

The Contractor shall adhere to generally accepted accounting principles as outlined by the American Institute of Certified Public Accountants. Dual compensation is not allowed; a Contractor cannot receive simultaneous compensation from two or more funding sources for the same services performed even though both funding sources could benefit.

**3. SUBCONTRACTOR/CONSULTANT INFORMATION**

Contractor is required to identify all subcontractors and consultants who shall perform labor or render services in the performance of this Agreement. Additionally, the Contractor shall notify the Department of Corrections and Rehabilitation, Office of Business Services, in writing, within ten (10) working days, of any changes to the subcontractor and/or consultant information.

**4. EMPLOYMENT OF EX-OFFENDERS (DOM 31060.5.5)**

a. Contractor cannot and shall not either directly, or on a subcontract basis, employ in connection with this Agreement:

- (1) Ex-Offenders on active parole or probation;
- (2) Ex-Offenders at any time if they are required to register as a sex offender pursuant to Penal Code Section 290 or if such ex-offender has an offense history involving a "violent felony" as defined in subparagraph (c) of Penal Code Section 667.5; or
- (3) Any ex-felon in a position which provides direct supervision of parolees.

b. Ex-Offenders who can provide written evidence of having satisfactorily completed parole or probation may be considered for employment by the Contractor subject to the following limitations:

- (1) Contractor shall obtain the prior written approval to employ any such ex-offender from the Authorized Administrator; and

- (2) Any ex-offender whose assigned duties are to involve administrative or policy decision-making; accounting, procurement, cashiering, auditing, or any other business-related administrative function shall be fully bonded to cover any potential loss to the State of California.

**5. LICENSES AND PERMITS (revised 03/04)**

The Contractor shall be an individual or firm licensed to do business in California and shall obtain at Contractor's expense all license(s) and permit(s) required by law for accomplishing any work required in connection with this Agreement.

In the event any license(s) and/or permit(s) expire at any time during the term of this Agreement, Contractor agrees to provide the CDCR with a copy of the renewed license(s) and/or permit(s) within thirty (30) days following the expiration date. In the event the Contractor fails to keep in effect at all times all required license(s) and permit(s), the State may, in addition to any other remedies it may have, terminate this Agreement upon occurrence of such event.

**6. CONFLICT OF INTEREST (revised 01/28/02)**

The Contractor and their employees shall abide by the provisions of Government Code (GC) Sections 1090, 81000 et seq., 82000 et seq., 87100 et seq., and 87300 et seq., Public Contract Code (PCC) Sections 10335 et seq. and 10410 et seq., California Code of Regulations (CCR), Title 2, Section 18700 et seq. and Title 15, Section 3409, and the Department Operations Manual (DOM) Section 31100 et seq. regarding conflicts of interest.

**a. Contractors and Their Employees**

Consultant Contractors shall file a Statement of Economic Interests, Fair Political Practices Commission (FPPC) Form 700 prior to commencing services under the Agreement, annually during the life of the Agreement, and within thirty (30) days after the expiration of the Agreement. Other service Contractors and/or certain of their employees may be required to file a Form 700 if so requested by the CDCR or whenever it appears that a conflict of interest may be at issue. Generally, service Contractors (other than consultant Contractors required to file as above) and their employees shall be required to file an FPPC Form 700 if one of the following exists:

- (1) The Agreement service has been identified by the CDCR as one where there is a greater likelihood that a conflict of interest may occur;
- (2) The Contractor and/or Contractor's employee(s), pursuant to the Agreement, makes or influences a governmental decision; or
- (3) The Contractor and/or Contractor's employee(s) serves in a staff capacity with the CDCR and in that capacity participates in making a governmental decision or performs the same or substantially all the same duties for the CDCR that would



otherwise be performed by an individual holding a position specified in the CDCR's Conflict of Interest Code.

**b. Current State Employees**

- (1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- (2) No officer or employee shall contract on his or her own behalf as an independent Contractor with any state agency to provide goods or services.
- (3) In addition to the above, CDCR officials and employees shall also avoid actions resulting in or creating an appearance of:
  - (a) Using an official position for private gain;
  - (b) Giving preferential treatment to any particular person;
  - (c) Losing independence or impartiality;
  - (d) Making a decision outside of official channels; and
  - (e) Affecting adversely the confidence of the public or local officials in the integrity of the program.
- (4) Officers and employees of the Department shall not solicit, accept or receive, directly or indirectly, any fee, commission, gratuity or gift from any person or business organization doing or seeking to do business with the State.

**c. Former State Employees**

- (1) For the two year (2-year) period from the date he or she left state employment, no former state officer or employee may enter into an Agreement in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the Agreement while employed in any capacity by any state agency.
- (2) For the twelve-month (12-month) period from the date he or she left state employment, no former state officer or employee may enter into an Agreement with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed Agreement within the 12-month period prior to his or her leaving state service.

In addition to the above, the Contractor shall avoid any conflict of interest whatsoever with respect to any financial dealings, employment services, or opportunities offered to inmates

or parolees. The Contractor shall not itself employ or offer to employ inmates or parolees either directly or indirectly through an affiliated company, person or business unless specifically authorized in writing by the CDCR. In addition, the Contractor shall not (either directly, or indirectly through an affiliated company, person or business) engage in financial dealings with inmates or parolees, except to the extent that such financial dealings create no actual or potential conflict of interest, are available on the same terms to the general public, and have been approved in advance in writing by the CDCR. For the purposes of this paragraph, "affiliated company, person or business" means any company, business, corporation, nonprofit corporation, partnership, limited partnership, sole proprietorship, or other person or business entity of any kind which has any ownership or control interest whatsoever in the Contractor, or which is wholly or partially owned (more than 5% ownership) or controlled (any percentage) by the Contractor or by the Contractor's owners, officers, principals, directors and/or shareholders, either directly or indirectly. "Affiliated companies, persons or businesses" include, but are not limited to, subsidiary, parent, or sister companies or corporations, and any company, corporation, nonprofit corporation, partnership, limited partnership, sole proprietorship, or other person or business entity of any kind that is wholly or partially owned or controlled, either directly or indirectly, by the Contractor or by the Contractor's owners, officers, principals, directors and/or shareholders.

The Contractor shall have a continuing duty to disclose to the State, in writing, all interests and activities that create an actual or potential conflict of interest in performance of the Agreement.

The Contractor shall have a continuing duty to keep the State timely and fully apprised in writing of any material changes in the Contractor's business structure and/or status. This includes any changes in business form, such as a change from sole proprietorship or partnership into a corporation or vice-versa; any changes in company ownership; any dissolution of the business; any change of the name of the business; any filing in bankruptcy; any revocation of corporate status by the Secretary of State; and any other material changes in the Contractor's business status or structure that could affect the performance of the Contractor's duties under the Agreement.

If the Contractor violates any provision of the above paragraphs, such action by the Contractor shall render this Agreement void.

Members of boards and commissions are exempt from this section if they do not receive payment other than payment for each meeting of the board or commission, payment for preparatory time and payment for per diem.

## **7. DISCLOSURE**

Neither the State nor any State employee shall be liable to the Contractor or its staff for injuries inflicted by inmates or parolees of the State. The State agrees to disclose to the Contractor any statement(s) known to State staff made by any inmate or parolee which indicates violence may result in any specific situation, and the same responsibility shall be shared by the Contractor in disclosing such statement(s) to the State.

**8. SECURITY CLEARANCE/FINGERPRINTING**

The State reserves the right to conduct fingerprinting and/or security clearance through the Department of Justice, Bureau of Criminal Identification and Information (BCII), prior to award and at any time during the term of the Agreement, in order to permit Contractor and/or Contractor's employees' access to State premises. The State further reserves the right to terminate the Agreement should a threat to security be determined.

**9. NOTIFICATION OF PERSONNEL CHANGES**

Contractor shall notify the State, in writing, of any changes of those personnel allowed access to State premises for the purpose of providing services under this Agreement. In addition, Contractor shall recover and return any State-issued identification card provided to Contractor's employee(s) upon their departure or termination.

**10. CONTRACTOR EMPLOYEE MISCONDUCT**

During the performance of this Agreement, it shall be the responsibility of the Contractor whenever there is an incident of use of force or allegation(s) of employee misconduct associated with and directly impacting inmate and/or parolee rights, to immediately notify CDCR of the incident(s), to cause an investigation to be conducted, and to provide CDCR with all relevant information pertaining to the incident(s). All relevant information includes, but is not limited to:

- a. Investigative reports;
- b. Access to inmates/parolees and the associated staff;
- c. Access to employee personnel records;
- d. Information that reasonably necessary to assure CDCR that inmates and/or parolees are not or have not been deprived of any legal rights as required by law, regulation, policy and procedures; and
- e. Written evidence that the Contractor has taken such remedial action, in the event of unnecessary or excessive force, or employee misconduct with inmates and/or parolees, as will assure against a repetition of incident(s) or retaliation.

To the extent that the information provided by the Contractor fails to so assure CDCR, CDCR may require that any implicated Contractor staff be denied access to and the supervision of CDCR inmates and/or parolees at the facility and access to inmate and/or parolee records. Notwithstanding the foregoing, and without waiving any obligation of the Contractor, CDCR retains the power to conduct an independent investigation of any incident(s). Furthermore, it is the responsibility of the Contractor to include the foregoing terms within any and all subcontracts, requiring that subcontractor(s) agree to the jurisdiction of CDCR to conduct an investigation of their facility and staff, including review of subcontractor employee personnel records, as a condition of the Agreement.

**11. NON-ELIGIBLE ALIEN CERTIFICATION (Sole Proprietor Contract only) Req'd by SCM, added 04/04**

By signing this Agreement Contractor certifies, under penalty of perjury, that Contractor, if a sole proprietor, is not a nonqualified alien as that term is defined by the United States Code (U.S.C.) Title 8, Chapter 14, Section 1621 et seq.

**12. WORKERS' COMPENSATION**

Contractor hereby represents and warrants that Contractor is currently and shall, for the duration of this agreement, carry workers' compensation insurance, at Contractor's expenses, or that it is self-insured through a policy acceptable to CDCR, for all of its employees who will be engaged in the performance of this agreement. Such coverage will be a condition of CDCR's obligation to pay for services provided under this agreement.

Prior to approval of this agreement and before performing any work, Contractor shall furnish to the State evidence of valid workers' compensation coverage. Contractor agrees that the workers' compensation insurance shall be in effect at all times during the term of this agreement. In the event said insurance coverage expires or is canceled at any time during the term of this agreement, Contractor agrees to give at least thirty (30) days prior notice to CDCR before said expiration date or immediate notice of cancellation. Evidence of coverage shall not be for less than the remainder of the term of the agreement or for a period of not less than one year. The State reserves the right to verify the Contractor's evidence of coverage. In the event the Contractor fails to keep workers' compensation insurance coverage in effect at all times, the State reserves the right to terminate this agreement and seek any other remedies afforded by the laws of this State.

Contractor also agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all of Contractor's workers' compensation claims and losses by Contractor's officers, agents and employees related to the performance of this agreement.

**13. INSURANCE REQUIREMENTS (Supersedes Provision Number 20, Insurance, of GSPD-401IT)**

Insurance as required herein shall be a condition of the State's obligation to pay for services provided under this Agreement. Prior to approval of this Agreement and before performing any work, Contractor and any subcontractor shall furnish to the State evidence of valid coverage. The following shall be considered evidence of coverage: A certificate of insurance, a "true and certified" copy of the policy, or any other proof of coverage issued by Contractor's insurance carrier. Binders are not acceptable as evidence of coverage. Providing evidence of coverage to the State conveys no rights or privileges to the State, nor does it insure any State employee or insure any premises owned, leased, used by or otherwise or under the control of the State. It does, however, serve to provide the State with proof that the Contractor and any subcontractor are insured at the minimum levels required by the State of California.

Contractor agrees that any liability insurance required in the performance of this Agreement shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires or is canceled during the term of this Agreement, Contractor's insurance provider must agree to give at least thirty (30) days prior notice to the State before said expiration date or notice of cancellation. Evidence of coverage required in the performance of this Agreement shall not be for less than the remainder of the term of this Agreement or for a period of not less than one year. The State and the Department of General Services (DGS) reserve the right to verify the Contractor's evidence of coverage; evidence of coverage is subject to the approval of the DGS. In the event the Contractor fails to keep insurance coverage as required herein in effect at all times, the State reserves the right to terminate this Agreement and to seek any other remedies afforded by the laws of the State of California.

For all companies and/or businesses and individual providers, the Contractor hereby represents and warrants that the Contractor is currently and shall be, for the duration of this Agreement, at Contractor's expense insured against:

a. Commercial General Liability

Provider agrees to carry a minimum of \$1,000,000 per occurrence for bodily injury and property damage liability combined. The certificate of insurance must include the following provisions:

- (1) The insurer will not cancel the insured's coverage without 30 days prior written notice to the State. The California Department of Corrections and Rehabilitation must be named as the "Certificate Holder" and list the following:

State of California  
California Department of Corrections and Rehabilitation  
Enterprise Information Services – IT Acquisitions Unit  
1900 Birkmont Drive, Rancho Cordova, CA 95742

(2) The State of California, its officers, agents, employees, and servants are hereby named as additional insured but only with respect to work performed for the State of California.

b. Auto Liability

By signing this Agreement, the Contractor certifies that the Contractor and any employees, subcontractors or servants possess valid automobile coverage in accordance with California Vehicle Code Sections 16450 to 16457, inclusive. The State reserves the right to request proof at any time.

**14. SMALL BUSINESS AND DVBE PARTICIPATION – COMMERCIALY USEFUL FUNCTION (Req'd by SCM)**

This solicitation and any resulting Agreement shall be subject to all requirements as set forth in the following codes: Government Code Sections 14837, 14838.6, 14839, 14842, 14842.5; and Military and Veterans Code (MVC) Sections 999, 999.6, 999.9.

In part, these codes involve requirements for businesses to qualify as a California certified Small Business, Micro business and/or DVBE. The aforementioned companies must perform a **commercially useful function** to be eligible for award and be "domiciled" in California. A suppliers bid will be considered non-responsive and rejected for failure to comply with the definition and requirements set forth in the statutes Contractors found to be in violation of certain provisions within these code sections may be subject to loss of certification, penalties and Agreement cancellation.

***The following provisions apply to services provided on departmental and/or institution grounds:***

**15. BLOODBORNE PATHOGENS**

Provider shall adhere to California Division of Occupational Safety and Health (CAL-OSHA) regulations and guidelines pertaining to bloodborne pathogens.

**16. TUBERCULOSIS (TB) TESTING (revised 01/05)**

In the event that the services required under this Agreement shall be performed within a CDCR institution/parole office/community based program, prior to the performance of contracted duties, Contractors and their employees who are assigned to work with inmates/parolees on a regular basis shall be required to be examined or tested or medically evaluated for TB in an infectious or contagious stage, and at least once a year thereafter or more often as directed by CDCR. Regular basis is defined as having contact with inmates/parolees in confined quarters more than once a week.

Contractors and their employees shall be required to furnish to CDCR, at no cost to CDCR, a form CDCR 7336, "Employee Tuberculin Skin Test (TST) and Evaluation," prior to assuming their contracted duties and annually thereafter, showing that the Contractor and their employees have been examined and found free of TB in an infectious stage. The form CDCR 7336 shall be provided by CDCR upon Contractor's request.

**17. PRIMARY LAWS, RULES AND REGULATIONS REGARDING CONDUCT AND ASSOCIATION WITH STATE PRISON INMATES AND DIVISION OF JUVENILE JUSTICE WARDS**

Individuals who are not employees of the California Department of Corrections and Rehabilitation (CDCR), but who are working in and around inmates who are incarcerated within California's institutions/facilities or camps, are to be apprised of the laws, rules and regulations governing conduct in associating with prison inmates. The following is a summation of pertinent information when non-departmental employees come in contact with prison inmates.

By signing this Agreement, the Contractor agrees that if the provisions of the Agreement require the Contractor to enter an institution/facility or camp, the Contractor and any employee(s) and/or subcontractor(s) shall be made aware of and shall abide by the following laws, rules and regulations governing conduct in associating with prison inmates:

- a. Persons who are not employed by CDCR, but are engaged in work at any institution/facility or camp must observe and abide by all laws, rules and regulations governing the conduct of their behavior in associating with prison inmates or wards. Failure to comply with these guidelines may lead to expulsion from CDCR institutions/facilities or camps.

*SOURCE: California Penal Code (PC) Sections 5054 and 5058; California Code of Regulations (CCR), Title 15, Sections 3285 and 3415; California Welfare and Institutions Code (WIC) Section 1712*

- b. CDCR does not recognize hostages for bargaining purposes. CDCR has a "NO HOSTAGE" policy and all prison inmates, wards, visitors and employees shall be made aware of this.

*SOURCE: PC Sections 5054 and 5058; CCR, Title 15, Section 3304 and 4603; WIC Section 1712*

- c. All persons entering onto institution/facility or camp grounds consent to search of their person, property or vehicle at any time. Refusal by individuals to submit to a search of their person, property, or vehicle may be cause for denial of access to the premises.

*SOURCE: PC Sections 2601, 5054 and 5058; CCR, Title 15, Sections 3173, 3177, 3288, 4696 and 4697; WIC Section 1712*

- d. Persons normally permitted to enter an institution/facility or camp may be barred, for cause, by the CDCR Director, Warden, and/or Regional Parole Administrator.

*SOURCE: PC Sections 5054 and 5058; CCR, Title 15, Section 3176 (a) and 4696; WIC Section 1712*

- e. It is illegal for an individual who has been previously convicted of a felony offense to enter into CDCR institutions/facilities or camps, or youth institutions/facilities or camps in the nighttime, without the prior approval of the Warden or Officer in charge. It is also illegal for an individual to enter onto these premises for unauthorized purposes or to refuse to leave said premises when requested to do so. Failure to comply with this provision could lead to prosecution.

*SOURCE: PC Sections 602, 4570.5 and 4571; CCR, Title 15, Sections 3173 and 3289; WIC Section 1001.7*

- f. Encouraging and/or assisting prison inmates or wards to escape are crimes. It is illegal to bring firearms, deadly weapons, explosives, tear gas, drugs or drug paraphernalia on CDCR institutions/facilities or camp premises. It is illegal to give prison inmates or wards firearms, explosives, alcoholic beverages, narcotics, or any drug or drug paraphernalia, including cocaine or marijuana. It is illegal to give wards sex oriented objects or devices, and written materials and pictures whose sale is prohibited to minors.

*SOURCE: PC Sections 2772, 2790, 4533, 4535, 4550, 4573, 4573.5, 4573.6 and 4574; CRR, Title 15, Sections 4681 and 4710; WIC Sections 1001.5 and 1152*

- g. It is illegal to give or take letters from inmates or wards without the authorization of the Warden. It is also illegal to give or receive any type of gift and/or gratuities from prison inmates or wards.

*SOURCE: PC Sections 2540, 2541 and 4570; CCR, Title 15, Sections 3010, 3399, 3401, 3424, 3425 and 4045; WIC Section 1712*

- h. In an emergency situation the visiting program and other program activities may be suspended.

*SOURCE: PC Section 2601; CCR, Title 15, Section 3383*

- i. For security reasons, visitors must not wear clothing that in any way resembles state issued prison inmate or ward clothing (blue denim shirts, blue denim pants).

*SOURCE: CCR, Title 15, Section 3171 (b) (3)*

- j. Interviews with specific inmates are not permitted. Conspiring with an inmate to circumvent policy and/or regulations constitutes a rule violation that may result in appropriate legal action. Interviews with individual wards are permitted with written consent of each ward, if he is 18 years of age or older, or with written consent of a parent, legal guardian, or committing court, if 17 years of age or younger.

*SOURCE: CCR, Title 15, Sections 3261.5, 3315 (3) (W), 3177 and 4700(a)(1)*



**18. CLOTHING RESTRICTIONS**

While on institution grounds, Contractor and all its agents, employees, and/or representatives shall be professionally and appropriately dressed in clothing distinct from that worn by inmates at the institution. Specifically, blue denim pants and blue chambray shirts, orange/red/yellow/white/chartreuse jumpsuits and/or yellow rainwear shall not be worn onto institution grounds, as this is inmate attire. The Contractor should contact the institution regarding clothing restrictions prior to requiring access to the institution to assure the Contractor and their employees are in compliance.

**19. TOBACCO-FREE ENVIRONMENT (Authority: AB 384, effective 07/01/05)**

Pursuant to Penal Code Section 5030.1, the use of tobacco products by any person on the grounds of any institution or facility under the jurisdiction of the Department of Corrections and Rehabilitation is prohibited.

**20. PRISON RAPE ELIMINATION POLICY**

CDCR is committed to providing a safe, humane, secure environment, free from sexual misconduct. This will be accomplished by maintaining a program to ensure education/prevention, detection, response, investigation and tracking of sexual misconduct and to address successful community re-entry of the victim. CDCR shall maintain a zero tolerance for sexual misconduct in its institutions, community correctional facilities, conservation camps and for all offenders under its jurisdiction. All sexual misconduct is strictly prohibited.

As a Contractor with CDCR, you and your staff are expected to ensure compliance with this policy as described in Department Operations Manual, Chapter 5, Article 44.

**21. GATE CLEARANCE**

Contractor and Contractor's employee(s) and/or subcontractors(s) shall be cleared prior to providing services. The Contractor shall be required to complete a Request for Gate Clearance for all persons entering the facility a minimum of ten (10) working days prior to commencement of service. The Request for Gate Clearance shall include the person's name, social security number, valid state driver's license number or state identification card number and date of birth. Information shall be submitted to the Contract Liaison or his/her designee. CDCR uses the Request for Gate Clearance to run a California Law Enforcement Telecommunications System (CLETS) check. The check shall include Department of Motor Vehicles check, Wants and Warrants check, and Criminal History check.

Gate clearance may be denied for the following reasons: Individual's presence in the institution presents a serious threat to security, individual has been charged with a serious crime committed on institution property, inadequate information is available to establish positive identity of prospective individual, and/or individual has deliberately falsified his/her identity.

All persons entering the facilities shall have a valid state driver's license or photo identification card on their person.

## **22. SECURITY REGULATIONS**

- a. Unless otherwise directed by the entrance gate officer and/or Contract Manager, the Contractor, Contractor's employees and subcontractors shall enter the institution through the main entrance gate and park private and nonessential vehicles in the designated visitor's parking lot. Contractor, Contractor's employees and subcontractors shall remove the keys from the ignition when outside the vehicle and all unattended vehicles shall be locked and secured while on institution grounds.
- b. Any State- and Contractor-owned equipment used by the Contractor for the provision of contract services, shall be rendered temporarily inoperative by the Contractor when not in use, by locking or other means unless specified otherwise.
- c. In order to maintain institution safety and security, periodic fire prevention inspections and site searches may become necessary and Contractor shall furnish keys to institutional authorities to access all locked areas on the worksite. The State shall in no way be responsible for Contractor's loss due to fire.
- d. Due to security procedures, the Contractor, Contractor's employees and subcontractors may be delayed at the institution vehicle/pedestrian gates and sally ports. Any loss of time checking in and out of the institution gates and sally ports shall be borne by the Contractor.
- e. Contractor, Contractor's employees and subcontractors shall observe all security rules and regulations and comply with all instructions given by institutional authorities.
- f. Electronic and communicative devices such as pagers, cell phones and cameras/micro cameras are not permitted on institution grounds.
- g. Contractor, Contractor's employees and subcontractors shall not cause undue interference with the operations of the institution.
- h. No picketing is allowed on State property.

Pursuant to the above referenced agreement between the California Department of Corrections and Rehabilitation (CDCR) and JPay, Inc., debit card services will be supplied at no cost to CDCR. In accordance with section C – Contractor Tasks/Deliverables and effective June 1, 2017 or upon approval, JPay will reimburse CDCR for all costs for an account established with Wells Fargo Bank to fund the debit card program.

1. CDCR will establish and retain title to and ownership of the account outside the State Treasury.
2. CDCR will deposit an advance in the account in an amount to be determined by CDCR and replenish the account as necessary per the limits set by the State of California, Department of Finance, Fiscal Systems and Consulting Unit.
3. Upon receipt, audit and approval of itemized semi-monthly invoice from JPay, CDCR, Accounting Services Branch (ASB), Bakersfield will authorize Automated Clearing House (ACH) transactions no less than twice monthly to transfer funds from CDCR's account to a bank account specified by JPay.
4. JPay will provide ASB - Bakersfield with the routing instructions for the fund transfer.
5. CDCR will invoice JPay monthly, in arrears for all charges associated with the account outside the State Treasury as billed by Wells Fargo.
6. JPay will remit invoice payments within 30 calendar days from the date on the invoice to:

CDCR, ASB - Rancho Cucamonga  
PO Box 6000  
Rancho Cucamonga, CA 91729-6000

**ENTERPRISE INFORMATION SERVICES**

ENTERPRISE TECHNOLOGY PORTFOLIO MANAGEMENT  
1900 Birkmont Drive Rancho Cordova, CA 95742



May 8, 2017

Errol Feldman  
JPay Inc.  
12864 Biscayne Blvd, Ste. 243  
Miami, FL 33181

**AGREEMENT NUMBER: C5607126**  
**SERVICE: LOCKBOX AND DEBIT CARD SERVICES**

The Agreement documents enclosed for your files are a fully executed Agreement regarding the service(s) described above. This Agreement is with the California Department of Corrections and Rehabilitation (CDCR) for the period of July 1, 2017 through June 30, 2020.

A copy of this Agreement has been forwarded to the Headquarters Accounting Office responsible for the payment of approved invoices. In order to expedite the payment process, please ensure all invoices submitted to the State are submitted in accordance with the payment provisions of this Agreement. They must be accurate and reasonable for the services performed and costs incurred, and include all applicable receipts and necessary supporting documentation as stated in this Agreement.

If you have any questions or need assistance, do not hesitate to contact me at (916) 358-2070.

Sincerely,

*Jonathan Goff*

Jonathan Goff  
Contract Analyst  
IT Acquisitions Unit