Pinnacle Bank

TECHNICAL FILE 1 of 3

MERCHANT CARD SERVICES

Request for Proposal for Contractual Services, Solicitation No. 6556 Z1

Presented to:

State of Nebraska Department of Administrative Services, Materiel Division, State Purchasing Bureau

Submitted by:

Carolyn Caulkins
Director of Operations / Cashier
402-262-0172 / ccaulkins@pinnbank.com

August 10, 2021

August 10, 2021

Annett Walton and Connie Heinrichs
State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, NE 68508

Dear Annette Walton & Connie Heinrichs

Pinnacle Bank, together with our partner First Data Merchant Services LLC, a wholly owned subsidiary of Fiserv Inc. (herein referred to as Fiserv) seeks to establish a long-term partnership with the State of Nebraska (the State) and its agencies for the Merchant Card Services (6556 Z1) Request for Proposal.

With Fiserv solutions, the State gains a secure, reliable and robust payment acceptance program that meets all your requirements and leverages many of the same systems and services already in use today. Through our partnership, the State gains a team that will:

- **Minimize the cost and impact of implementation.** A streamlined API accelerates the State's time to market with pre-certified third-party support for many of the solutions currently leveraged by the State today.

- **Simplify payments with all-inclusive pricing.** The proposed managed service fee model simplifies the State's cost of payment acceptance.

- **Deliver first-class support from a dedicated team of experts.** A team of government and payment experts stand ready to support the State's goals and deliver a successful payment program.

- **Secure every transaction.** Fiserv provides PCI validated P2PE solutions to reduce your scope of compliance and protect your customers information from a breach.

The team provides an exceptional customer experience and service for the State, its agencies and its customers by delivering superior value through leading technology, targeted innovation and excellence in everything we do. The proposed solution will position the State to take advantage of new technologies as they emerge while increasing efficiencies and reducing overall costs. We look forward to your feedback and the opportunity to collaborate further on key areas of our response.

Sincerely,

C. Caulkins

Carolyn Caulkins, Cashier / Director of Operations
Phone: 402-262-0172 / Email: ccaulkins@pinnbank.com

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EXECUTIVE SUMMARY

Having gone through one of the toughest years of our lifetime, now more than ever you require an agile and flexible banking partner that has the bandwidth and services to accommodate the needs of the State and your citizens today and meet the unknown needs of the future. New York Community Bank (NYCB) and our prepaid debit card program subcontractor, Money Network Financial, LLC, a wholly owned indirect subsidiary of Fiserv, Inc. Fiserv has been providing operational solutions to NYCB for over a decade and has built a solid relationship of partnership and trust over the years. NYCB will support the DOL's mission and help improve efficiencies and effectiveness by deploying one of the most secure and reliable prepaid card programs in the industry.

With assets of $57.7 billion at March 31, 2021, New York Community Bancorp, Inc. is the holding company for New York Community Bank, a New York State-chartered savings bank serving customers throughout Metro New York, New Jersey, Florida, Ohio, and Arizona. New York Community Bank is the largest thrift in the nation and one of the leading thrift depositories in most of the markets we serve. Our roots go back to 1859, when we were chartered by the State of New York in Queens, a borough of New York City. Since then, we have grown from a single branch in Flushing to over 230 branch offices in five states. In New Jersey, our 254 employees service customers through our Garden State Community Bank (GSCB) division through our 41 branches.

Throughout the communities we serve, Pinnacle Bancorp is known for our strength, stability, service, and values. We're a family-owned, Nebraska-based $15.7 billion bank holding company that traces our history back to 1938 in Palmer, Nebraska.

As we've grown to serve communities across eight states, its been very important to us to maintain the close relationships we have with our customers and local communities. Pinnacle Bancorp operates under a community banking model. Each of our Market Presidents has the autonomy to make local decisions with the backing and resources of the entire banking organization.

The payment needs of the State of Nebraska (the State) and its agencies require enhanced functionality and specialized system support that is easily accessible and helps reduce overall costs. Fiserv provides one of the most robust payment acceptance solutions on the market, trusted by more than 6 million merchants, government organizations and financial institutions, spanning 100+ countries.

Our Fiserv partnership supports the unique needs of an incredibly diverse client base to help clients succeed and provide a better experience for their customers. Every day, Fiserv processes 3,000 transactions per second totaling more than 100 billion per year, which has helped us streamline payment acceptance, lower costs and improve security for organizations of all types. No other payments vendor has the reach and scale that Fiserv provides. As a world leader in payments and financial technology, Fiserv leverages this experience to uncover how people spend, save and access their money.

From the smallest municipalities to states and the federal government, the consultants and development staff at Fiserv consistently improve the way governments accept payments. Fiserv develops and implements the strategies that continually improve how revenue is collected and how programs are delivered. With the industry-leading experience from Fiserv, the team will help the State save money, increase revenue and grow trust with its customers while improving their overall payment experience. Fiserv maintains a team of payment experts specifically in the government sector that currently serves as a trusted partner to more than 250 government accounts.

Minimize the Cost and Impact of Implementation

Fiserv solutions will minimize the impact to the State's customers and staff. More than 300 vendor systems are currently certified to Fiserv platforms, which enables the State to leverage multiple third-party solutions pre-certified to the Fiserv platform. This includes many of the existing payment solutions and infrastructures already in place within the State and its agencies today.

Our proposed solution vastly accelerates the implementation process by leveraging the State's current solutions to minimizing disruption and likely avoiding any additional training. The State will save the time, cost and reduce risk associated with a complicated and lengthy implementation process.

The assigned implementation team will support the State and its agencies throughout the entire implementation process. The Fiserv team has experience transitioning government agencies of all types with diverse needs. The modern API simplifies the integration process, and the team will ensure solutions are implemented for a successful program.

Simplify Payments with All-Inclusive Pricing

Through the managed convenience fee model the State can eliminate the impact of Interchange fees with all-inclusive pricing. As a direct processor, Fiserv helps the State avoid additional costs from multiple vendors with competitive pricing for all included services. As more agencies and departments commit to a Fiserv relationship, expenses are further reduced and simplified through the all-inclusive managed service fees.

The Fiserv team of experts stand ready to ensure proper qualifications for this payment model to avoid legal issues or complications. Fiserv will work closely with the card brands to manage the registration process for the State and simplify its qualification to avoid any errors or delays in implementation.

Since the managed convenience fee model from Fiserv offers all-inclusive pricing, the State avoids overseeing the funds from convenience fees. This solution is managed by Fiserv directly and offers one rate that covers Interchange, per transaction and other expenses included in merchant processing. Devices are also available to provide the convenience of one dip of the

EMV chip and/or one swipe of the magnetic stripe on the card. This all occurs in house without the need to involve third-party vendors.

Receive First-Class Support from a Team of Experts

Not only will the State be equipped with the latest payment technology solutions, but the team fosters and maintains a strong, holistic relationship throughout the lifecycle of the relationship. The State gains the support of a team of financial experts and account management professionals with a vested interest in the success of the program.

With extensive experience in government programs, the team commits to the success of this program through consistent communication at every phase of the relationship. The government payment and program experts will provide the consultative guidance the State needs to extract optimal value from the proposed solution and innovate for the future.

Why Choose Fiserv
- ✓ Experience supporting hundreds of Government Agencies
- ✓ Tenured team supporting Government for over 30 years
- ✓ Scalable, secure and reliable platform

Even as the program's requirements grow and evolve, the breadth of Fiserv solutions enables the team to fully meet the proposed requirements today and expand to meet the greater necessities of the State in the future. Fiserv earns the trust of clients every day and provides service that exceeds expectations.

Additionally, Fiserv employs more than 4,000 associates in the State, which makes Fiserv the fifth largest employer in Nebraska. This presence ensures that Fiserv has a vested interest in this project to create an optimal and successful payment environment for the State of Nebraska, your agencies and your customers.

Secure Every Transaction

Fiserv provides a full suite of security solutions to protect personal data, reduce PCI compliance questions and provide one consistent token for each transaction. Fiserv sets the industry standard with tokenization and encryption solutions, consistent innovation and solutions that reduce risk and defend against criminals.

Through the proposed tokenization and encryption solutions, the State protects each customer transaction by completely removing payment card data from its payment environment and replaces it with randomly generated tokens. However, the issued tokens can still be used for other business and sales functions such as returns, sales reports, and analysis.

Fiserv security experience

✓ 14 billion transactions secured annually
✓ Used by 1.9 million merchants
✓ 62+ billion secured transactions over the past 10 years

The tokenization and encryption solution from Fiserv combines both end-to-end and point-to-point encryption and tokenization for total payment security, and it is a validated P2PE solution by the PCI Security Standards Council. Only few solutions on the market today have been audited and validated to conform to the rigorous scrutiny of the PCI standards. This means that in addition to protecting State agencies and their customers, the State also significantly simplifies the path to PCI compliance.

Why Pinnacle Bank chose Fiserv?

As customers' preferences change and agencies' goals evolve, the experts at Fiserv have the knowledge to help the State's program succeed. Fiserv continues to invest in and rollout services to support new trends in the marketplace. As a leader in payments, Fiserv provides a full range of solutions that meet the needs of each agency.

Fiserv continues to invest in their solutions to improve the way organizations serve their customers and simplify the payment acceptance. Their experience managing large and complex programs across the public and private sector provides a consistent, reliable and secure experience across all core and optional services as described in this RFP. As you continue to extend these services to other Nebraska agencies, we will collaborate and strategize on optimal strategies to ensure successful programs.

Key benefits to the State of Nebraska are:

- Pinnacle Bank has approximately 73 branch locations in Nebraska which is more than any other bank in the state
- Security and power of Fiserv behind all the payments and fraud defense technologies protecting the State

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM

By signing this Request for Proposal for Contractual Services form, the bidder guarantees compliance with the procedures stated in this Solicitation, and agrees to the terms and conditions unless otherwise indicated in writing and certifies that contractor maintains a drug free work place.

Per Nebraska's Transparency in Government Procurement Act, Neb. Rev Stat § 73-603 DAS is required to collect statistical information regarding the number of contracts awarded to Nebraska Contractors. This information is for statistical purposes only and will not be considered for contract award purposes.

    X   NEBRASKA CONTRACTOR AFFIDAVIT: Bidder hereby attests that bidder is a Nebraska Contractor. "Nebraska Contractor" shall mean any bidder who has maintained a bona fide place of business and at least one employee within this state for at least the six (6) months immediately preceding the posting date of this Solicitation.

_____ I hereby certify that I am a Resident disabled veteran or business located in a designated enterprise zone in accordance with Neb. Rev. Stat. § 73-107 and wish to have preference, if applicable, considered in the award of this contract.

_____ I hereby certify that I am a blind person licensed by the Commission for the Blind & Visually Impaired in accordance with Neb. Rev. Stat. §71-8611 and wish to have preference considered in the award of this contract.

FORM MUST BE SIGNED USING AN INDELIBLE METHOD OR DOCUSIGN

FIRM:	Pinnacle Bank
COMPLETE ADDRESS:	20544 Hwy 370, Gretna, NE 68028
TELEPHONE NUMBER:	402-262-0172
DATE:	08-09-2021
SIGNATURE:	*C. Caulkins*
TYPED NAME & TITLE OF SIGNER:	Carolyn Caulkins, Cashier / Director of Operations

FORM A – Point of Contact

Form A should be completed and submitted with each response to this solicitation. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	Pinnacle Bank
Bidder Address:	1401 N Street, Lincoln, Nebraska 68508
Contact Person & Title:	Carolyn Caulkins, Cashier / Director of Operations
E-mail Address:	ccaulkins@pinnbank.com
Telephone Number (Office):	(402) 262-0172
Telephone Number (Cellular):	(402) 262-0172

Each bidder should also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	Pinnacle Bank
Bidder Address:	1401 N Street, Lincoln, Nebraska 68508
Contact Person & Title:	Carolyn Caulkins, Cashier / Director of Operations
E-mail Address:	ccaulkins@pinnbank.com
Telephone Number (Office):	(402) 262-0172
Telephone Number (Cellular):	(402) 262-0172

CORPORATE OVERVIEW

The Corporate Overview section of the Technical Proposal should consist of the following subdivisions:

a. **BIDDER IDENTIFICATION AND INFORMATION**
The bidder should provide the full company or corporate name, address of the company's headquarters, entity organization (corporation, partnership, proprietorship), state in which the bidder is incorporated or otherwise organized to do business, year in which the bidder first organized to do business and whether the name and form of organization has changed since first organized.

Bank Response:

Founded more than 75 years ago in Palmer, Nebraska., Pinnacle Bancorp is a privately owned multibank holding company that provides a full slate of financial services for customers in Nebraska, Colorado, Kansas, Missouri, New Mexico, Texas and Wyoming. Pinnacle Bank has more branch locations in Nebraska than any other bank in the state.

Contact Information

Pinnacle Bancorp, Inc.
1401 N Street
Lincoln, Nebraska 68508

Date Established

January 1, 1880

Date Organized to do business

1938

State of Incorporation

Nebraska

b. **FINANCIAL STATEMENTS**
The bidder should provide financial statements applicable to the firm. If publicly held, the bidder should provide a copy of the corporation's most recent audited financial reports and statements, and the name, address, and telephone number of the fiscally responsible representative of the bidder's financial or banking organization.

If the bidder is not a publicly held corporation, either the reports and statements required of a publicly held corporation, or a description of the organization, including size, longevity, client base, areas of specialization and expertise, and any other pertinent information, should be submitted in such a manner that proposal evaluators may reasonably formulate a determination about the stability and financial strength of the organization. Additionally, a non-publicly held firm should provide a banking reference.

The bidder must disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals, which might materially affect the viability or stability of the organization, or state that no such condition is known to exist.

The State may elect to use a third party to conduct credit checks as part of the corporate overview evaluation.

Bank Response:

Pinnacle Bancorp, Inc. ("the Company") is a multi-bank financial holding company whose principal activity is ownership and management of its majority-owned subsidiaries.

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries: Pinnacle Bank, Lincoln, Nebraska; Pinnacle Bank – Wyoming, Cody, Wyoming; Bank of Colorado, Fort Collins, Colorado; Pinnacle Bank, Fort Worth, Texas; PFS Insurance Group, LLC, a company which provides various insurance services to its customers and Skybank, LLC, a company which provides flight services.

The Company is engaged in banking and insurance services primarily in the Midwestern United States, primarily in the states of Nebraska, Colorado, Texas, Wyoming, Missouri, New Mexico, Kansas and Arizona. The Banks are subject to competition from other financial institutions. The Banks are subject to the regulation of certain federal and state agencies and undergo periodic examinations by those regulatory authorities.

Pinnacle Bank financial statements are located in the Appendix Section as Appendix 1.

c. **CHANGE OF OWNERSHIP**
If any change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date, the bidder should describe the circumstances of such change and indicate when the change will likely occur. Any change of ownership to an awarded bidder(s) will require notification to the State.

Bank Response:

We do not anticipate any change in ownership or control of the company during the twelve months following the proposal due date,

d. **OFFICE LOCATION**
The bidder's office location responsible for performance pursuant to an award of a contract with the State of Nebraska should be identified.

Bank Response:

The office location responsible for performance pursuant to an award of a contract with the State of Nebraska is identified as:

1401 N Street, Lincoln, NE 68508

e. **RELATIONSHIPS WITH THE STATE**
The bidder should describe any dealings with the State over the previous five (5) years. If the organization, its predecessor, or any Party named in the bidder's proposal response has contracted with the State, the bidder should identify the contract number(s) and/or any other information available to identify such contract(s). If no such contracts exist, so declare.

Bank Response:

Aside from numerous account relationships, we have had no current contracts with the State over the previous five years.

Subcontractor (Fiserv) Response:

Per RFP requirements, a listing of State relationships are noted below.

Nebraska Department of Health and Human Services (NDHHS) is currently replacing its data warehouse and decision support system with an updated data warehouse and business intelligence technology platform. The State's new Data Management and Analytics (DMA) services and system, which will also incorporate Program Integrity Case Management and Encounter Processing, has been in development since 2016. Fiserv has been providing Independent Verification and Validation (IV&V) for this project since the beginning. Our team of industry experts provide a completely independent assessment of the work products and project's progress. Our mission is to verify and validate that a system will comply with its stated requirements and organizational standards and meet its users' needs.

PROJECT INFORMATION		
Project Name	**NE HHS IV&V Services - DMA**	
Project Code	NENEHHS 00010002	
Project Type	FPC	
Project Dates	12/01/16	11/30/21
Project Status	Active	

Fiserv provides on demand security audits for the state since 2016. For example, the Fiserv security team recently completed a security assessment report on the Nebraska Family On-line Client User System (N-FOCUS). Our experts scanned this eligibility and enrollment system for vulnerabilities, analyzed system access data, and documented our findings in an official report for the Center for Medicaid Services.

PROJECT INFORMATION		
Project Name	**NE HHS Security Audit**	
Project Code	NENEHHS 00010009	
Project Type	FPC	
Project Dates	12/01/16	11/30/21
Project Status	Active	

Fiserv is currently providing Independent Verification and Validation for the State of Nebraska's integration to the Federal Data Services Hub. Our team is responsible for observing all file exchange tests comply with the State's original scope of work and when these tests are complete, we will attest to our observations with Center for Medicaid Services.

PROJECT INFORMATION		
Project Name	**OSR/2 FED Data Services Hub**	
Project Code	NENEHHS 00010010	
Project Type	T&M	
Project Dates	06/23/21	09/30/21
Project Status	Active	

f.   BIDDER'S EMPLOYEE RELATIONS TO STATE

If any Party named in the bidder's proposal response is or was an employee of the State within the past twelve (12) months, identify the individual(s) by name, State agency with whom employed, job title or position held with the State, and separation date. If no such relationship exists or has existed, so declare.

If any employee of any agency of the State of Nebraska is employed by the bidder or is a Subcontractor to the bidder, as of the due date for proposal submission, identify all such persons by name, position held with the bidder, and position held with the State (including job title and agency). Describe the responsibilities of such persons within the proposing organization. If, after review of this information by the State, it is determined that a conflict of interest exists or may exist, the contractor may be disqualified from further consideration in this proposal. If no such relationship exists, so declare.

Bank Response:

We declare that no such relationship exists or has existed.

g.   CONTRACT PERFORMANCE

If the bidder or any proposed Subcontractor has had a contract terminated for default during the past five (5) years, all such instances must be described as required below. Termination for default is defined as a notice to stop performance delivery due to the bidder's non-performance or poor performance, and the issue was either not litigated due to inaction on the part of the contractor or litigated and such litigation determined the contractor to be in default.

It is mandatory that the bidder submit full details of all termination for default experienced during the past five (5) years, including the other Party's name, address, and telephone number. The response to this section must present the bidder's position on the matter. The State will evaluate the facts and will score the bidder's proposal accordingly. If no such termination for default has been experienced by the bidder in the past five (5) years, so declare.

If at any time during the past five (5) years, the bidder has had a contract terminated for convenience, non-performance, non-allocation of funds, or any other reason, describe fully all circumstances surrounding such termination, including the name and address of the other contracting Party.

Bank Response:

Pinnacle has had no contract terminated for default during the past five years.

Subcontractor – (Fiserv) Response:

The Fiserv Government Sector Team is unaware of any FDMS public sector contracts terminated for convenience or for cause within the past five years. However, FDMS provides services to millions of merchants through several other partner channels where this information is not tracked, and we do not have information available as to whether any contract in those channels was terminated for cause or convenience and the undersigned is not aware of any.

h. **SUMMARY OF BIDDER'S CORPORATE EXPERIENCE**
The bidder should provide a summary matrix listing the bidder's previous projects similar to this solicitation in size, scope, and complexity. The State will use no more than three (3) narrative project descriptions submitted by the bidder during its evaluation of the proposal.

The bidder should address the following:

i. Provide narrative descriptions to highlight the similarities between the bidder's experience and this solicitation. These descriptions should include:

a) The time period of the project.
b) The scheduled and actual completion dates.
c) The Bidder's responsibilities.
d) For reference purposes, a customer name (including the name of a contact
   person, a current telephone number, a facsimile number, and e-mail address); and
e) Each project description should identify whether the work was performed as the prime Contractor or as a Subcontractor. If a contractor performed as the prime Contractor, the description should provide the originally scheduled completion date and budget, as well as the actual (or currently planned) completion date and actual (or currently planned) budget.

ii. Bidder and Subcontractor(s) experience should be listed separately. Narrative descriptions submitted for Subcontractors should be specifically identified as Subcontractor projects.

iii. If the work was performed as a Subcontractor, the narrative description should identify the same information as requested for the Bidder above. In addition, Subcontractors should identify what share of contract costs, project responsibilities, and time period were performed as a Subcontractor.

Bank Response: Pinnacle Bank Experience

Pinnacle Bank began providing merchant services for clients back in 2003 and currently has a portfolio of 1735 merchants.   Current volume of the portfolio averages 400M annually.

Subcontractor Response – (Fiserv) Experience

Summary of Overall Relevant Experience
From the moment you select Fiserv, the State of Nebraska will partner with the most trusted and largest payment processor in the world, processing over 30 billion digital payments a year and moving more than $175 trillion annually at over 6 million merchant locations worldwide. With over 35 years of serving the needs of federal, state, and local governments and payments experience, you can feel confident you are partnering with a global leader in payments innovation.

Helping our clients achieve success drives us forward each and every day. When the State of Texas chose us as their partner, we immediately began deploying a solution to meet their objectives to lower the rates and fees associated with their credit card processing and encrypt and tokenize every transaction. This allowed us to provide significantly increased security, with a P2PE platform in 350 devices at 69 locations. The result was a quantum leap in security within an enhanced environment with multiple layers of defense to protect cardholder data both in transit and at rest. Ultimately, the State of Texas realized a reduction in costs allowing for reallocation of finances to other areas of need. P2PE and E2EE with tokenization made cardholder data significantly more secure and reduced PCI compliance requirements and PCI DSS scope.

Large scale projects such as the State of California DMV is another example that highlights our innovation and experience. With the objective to provide better service to CA constituents, we deployed our expertise in POS systems throughout the 179 DMV field offices within the state encompassing over 4000 Clover devices. Developing a unique front-end integration into multiple mainframe systems for both the vehicle and driver license registrations for all credit and debit card transactions collected, combined with incorporating a managed convenience fee model, DMV's e-Payment Solution was successfully accomplished on time. The 2020 Pandemic forced businesses to find alternative business models; state government was no exception. Our payment solution options and capabilities, industry expertise, and expanded features allowed CA DMV to shift their brick-and-mortar service into a virtual field office to continue to serve their customers while protecting everyone's health without a significant loss in vital government revenue. Since the pilot go live in September 2019 – just 10 weeks after contract signing, our solution has met the goal of the State of California, increased the state's customer satisfaction, improved service availability, and significantly reduced PCI risk.

The Illinois State Toll Highway Authority (IL Tollway) also chose Fiserv to meet its objective of driving motorists to the most reliable payment methods with the lowest cost per transaction. Fiserv designed and developed test effective, fault tolerant systems with rigorous certifications. These designs and development programs ensured that APIs, systems and code from various teams and consulting partners smoothly integrated into a complex cashless open-road, state-wide tolling system. Our solutioning was completely validated as of March 2021, when the IL Tollway became completely cashless on its roadways. IL tollway has the ability to assess fees from motorists without an I-Pass transponder based upon the solutions we provided when photographed passing their toll booths. Later, the motorists have 14 days to make a payment online or IVR via card credit. They may mail in checks or money orders as well.

The decision is very evident. Fiserv, the leader in delivering actionable solutions to the federal, state and local government sectors and payment processing clients, is the clear choice to provide the State of Nebraska the future-proof solution you seek to streamline payment processes, reduce your customer costs and enable your state agencies and their customers to easily make payments through all the various points of sale now and into the future.

Chart 1. Project Experience - FISERV	
California Department of Motor Vehicles	
FISERV	
Narrative Description of Project	California DMV Credit Card Field Office (CCFO)
	Objective: To provide better service to CA constituents, FDGS assessed, tailor designed, deployed, and continues to support a Statewide credit card

Chart 1. Project Experience - FISERV	
	and eCheck POS system for 179 DMV field offices in the State of California. This initiative involved the development of a front-end integration to DMV systems for both vehicle and driver license registrations. The number of POS devices deployed exceeds 4000+ terminals. The program integrates to multiple mainframe systems payments for all credit and debit transactions collected in office locations. $65M+ PCI/NACHA compliant systems integration between the DMV and Fiserv Systems. This new system provided needed relief from interchange fees due to selection of a managed convenience fee model. This led to a sharp increase in CA constituent satisfaction and significantly reduced PCI risk to the State. FDGS provides all back-office reconciliation and reporting capability to support finance and accounting functions for the California DMV.
Time Period of Project	September 2019 to Present
Bidder Performed as Prime or Subcontractor?	Fiserv was the Prime in this Project
Original Scheduled Completion Date & Original Planned Budget	This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.
Actual Scheduled Completion Date & Actual Planned Budget	This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.
Customer Info	**Name:** Leandra Kruger **Telephone:** 916-657-8752 **Email Address**: Leandra.kruger@DMV.ca.gov
Illinois State Toll Highway Authority	
FISERV	
Narrative Description of Project	**Merchant Processing Online/IVR/POS** The Illinois State Toll Highway Authority (IL Tollway) chose Fiserv/First Data Government Solutions to assist with its objective to drive motorists to the most reliable payment methods with the lowest cost per transaction. We designed and developed a test effective, fault tolerant systems with rigorous certifications. These design and development programs ensured that APIs, systems and code from various teams and consulting partners smoothly integrated into a complex cashless open-road tolling system. As of March 2021, the IL Tollway is completely cashless on its roadways. Motorists/license plates of vehicles without an I-Pass transponder are photographed. Later, they have 14 days to make payment Online or IVR via card. They may mail in checks or money orders as well. All customer service centers and manned toll booths have been closed for a year resulting in lowering the State's overall labor costs.

Chart 1. Project Experience - FISERV	
Time Period of Project	February 2019 through Present
Bidder Performed as Prime or Subcontractor?	Fiserv was Prime on this project.
Original Scheduled Completion Date & Original Planned Budget	This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.
Actual Scheduled Completion Date & Actual Planned Budget	This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.
Customer Info	**Name:** Tara Martin/Senior Manager of Financial Operations **Telephone:** (630) 241-6800 Ext 4405 **Email Address:** tmartin@getipass.com
State of Texas	
FISERV	
Narrative Description of Project	State of Texas POS Solution Fiserv assessed, deployed, integrated, and continues to support a POS solution for the State of Texas. The objective for the State of Texas was to lower the rates and fees associated with their credit card processing and encrypt and tokenize every transaction providing significantly increased security. By providing a P2PE platform in 350 devices at all 69 locations, resulted in a significantly enhanced environment with multiple layers of defense to protect cardholder data both in transit and at rest. By initiating these measures, the State of Texas realized a reduction in costs allowing for reallocation of finances to other areas of need. P2PE and E2EE with tokenization made cardholder data significantly more secure. This also reduced PCI compliance requirements and PCI DSS scope. Fiserv provides back office reconciliation and reporting capability to support finance and accounting functions for the State of Texas.
Time Period of Project	March 2020 - Present
Bidder Performed as Prime or Subcontractor?	Fiserv was Prime for this project.
Original Scheduled Completion Date & Original Planned Budget	This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.

Chart 1. Project Experience - FISERV	
Actual Scheduled Completion Date & Actual Planned Budget	This This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.
Customer Info	**Name:** Brian Haught
	Telephone: 512-512-305-3106
	Email Address: brain.haught@cpa.texas.gov

i.   SUMMARY OF BIDDER'S PROPOSED PERSONNEL/MANAGEMENT APPROACH

The bidder should present a detailed description of its proposed approach to the management of the project.

The bidder should identify the specific professionals who will work on the State's project if their company is awarded the contract resulting from this solicitation. The names and titles of the team proposed for assignment to the State project should be identified in full, with a description of the team leadership, interface and support functions, and reporting relationships. The primary work assigned to each person should also be identified.

The bidder should provide resumes for all personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the contractor's understanding of the skill mixes required to carry out the requirements of the solicitation in addition to assessing the experience of specific individuals.

Resumes should not be longer than three (3) pages. Resumes should include, at a minimum, academic background and degrees, professional certifications, understanding of the process, and at least three (3) references (name, address, and telephone number) who can attest to the competence and skill level of the individual. Any changes in proposed personnel shall only be implemented after written approval from the State.

Bank Response:

To ensure a seamless, efficient, low-risk transition that is fiscally responsible at the highest level of quality across the entire program, Pinnacle Bank includes FinTech thought leaders with deep-rooted government sector-specific experience.

Approach

The implementation will occur in this order:

1. **Initiation**: During Initiation, request are reviewed, consult the implementation team, and introduce any appropriate partners required for project execution.

2. **Requirements**: At the Requirements phase, we evaluate the current set up, compare functionalities, define scope and review implementation options identified for the State.

3. **Planning**: The Planning phase involves defining the approach in detail; reviewing and analyzing the State portfolio; defining mappings; and determining what equipment, software

providers and third-party support will be required.

4. **Set up**: At project set up, mapping tasks are completed and systematically upload to the account demographic/pricing.

5. **Testing**: During the testing phase, we run quality check programs and confirm production readiness.

6. **Implement**: In the Implement phase, we redirect, deploy/activate, and update software.

Closure: Once implementation is complete the closure phase begins. This includes monitoring, validating and transitioning to normal business support activities.

Our proposed approach to the implementation and management of the project will take place with the members working together joining from Pinnacle Bank and Fiserv.

Pinnacle Bank's, Carolyn Caulkins will provide executive oversight for this project and her primary responsibility will be to ensure all project requirements are met. Pinnacle Bank's, Dawn Nelson will be the primary point of contact for bank specific customer service escalations, serving as the client care manager. From the merchant side with Fiserv, serving as program director, Cayle Cox will be act as liaison between the State, Pinnacle Bank and Fiserv throughout the implementation process and will transition to an Account Executive role after go-live to ensure support continuity. As solution architect, Michael Slavin will oversee all technical aspects of this deployment. As account manager, Julie Boyer will provide post go-live support for the State. All other personnel will be assigned upon award.
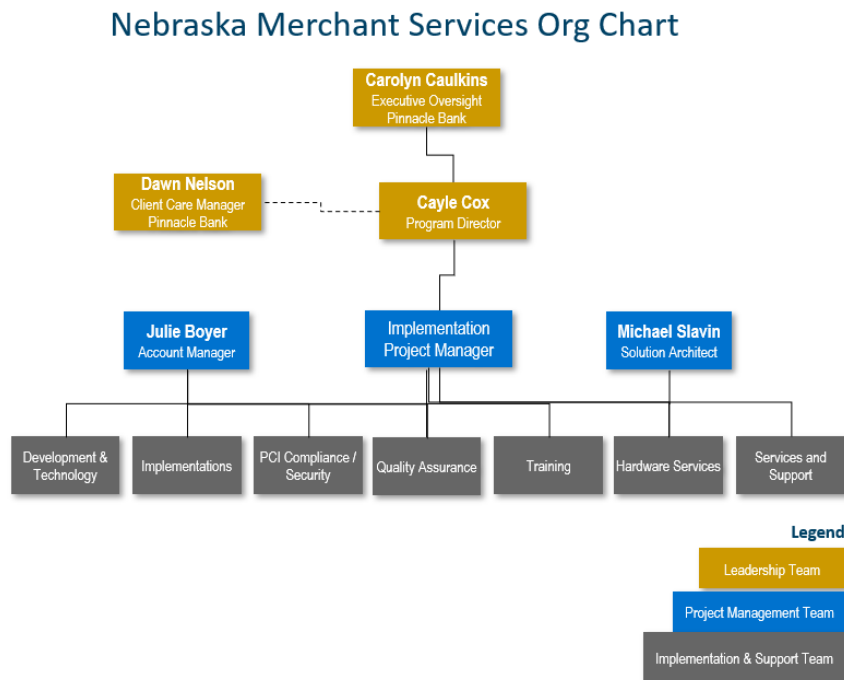
Organizational Chart

Figure 1 – Team Organizational Chart with Pinnacle Bank and Fiserv

Resumes
Resumes for the team are noted on the preceding pages.

j.   SUBCONTRACTORS

If the bidder intends to Subcontract any part of its performance hereunder, the bidder should

provide:

i.	**name, address, and telephone number of the Subcontractor(s);**
ii.	**specific tasks for each Subcontractor(s);**
iii.	**percentage of performance hours intended for each Subcontract; and**
iv.	**total percentage of Subcontractor(s) performance hours.**

Name, address, and telephone number of the Subcontractor(s);

First Data Merchant Services, LLC
255 Fiserv Drive
Brookfield, WI 53045

ii. specific tasks for each Subcontractor(s);

Subcontractor (Fiserv) Response:

Fiserv will serve as the lead in the management of the project, partnering with the State to ensure that a seamless conversion is achieved.

iii. percentage of performance hours intended for each Subcontract;

Subcontractor (Fiserv) Response:

Fiserv will be the only subcontractor on this project and therefore they will complete 100 percent of subcontracted tasks.

iv. total percentage of Subcontractor(s) performance hours.

Bank and Subcontractor (Fiserv) Response:

Fiserv and Pinnacle will perform in a true partnership with this project so each party will perform 50 percent.

FINANCIAL STATEMENTS

Refer to Appendix 1 located in Appendix Section of our RFP response.

II. TERMS AND CONDITIONS

Bidders should complete Sections II through VI as part of the proposal. Bidder should read the Terms and Conditions and should initial either accept, reject, or reject and provide alternative language for each clause. The bidder should also provide an explanation of why the bidder rejected the clause or rejected the clause and provided alternate language. By signing the solicitation, bidder is agreeing to be legally bound by all the accepted terms and conditions, and any proposed alternative terms and conditions submitted with the proposal. The State reserves the right to negotiate rejected or proposed alternative language. If the State and bidder fail to agree on the final Terms and Conditions, the State reserves the right to reject the proposal. The State of Nebraska is soliciting proposals in response to this solicitation. The State of Nebraska reserves the right to reject proposals that attempt to substitute the bidder's commercial contracts and/or documents for this solicitation.

The bidder should submit with their proposal any license, user agreement, service level agreement, or similar documents that the bidder wants incorporated in the Contract. The State will not consider incorporation of any document not submitted with the bidder's proposal as the document will not have been included in the evaluation process. These documents shall be subject to negotiation and will be incorporated as addendums if agreed to by the Parties.

If a conflict or ambiguity arises after the Addendum to Contract Award have been negotiated and agreed to, the Addendum to Contract Award shall be interpreted as follows:

1. If only one Party has a particular clause then that clause shall control;
2. If both Parties have a similar clause, but the clauses do not conflict, the clauses shall be read together.
3. If both Parties have a similar clause, but the clauses conflict, the State's clause shall control.

A. GENERAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			Per requirements above, "The bidder should submit with their proposal any license, user agreement, service level agreement, or similar documents that the bidder wants incorporated in the Contract." Please see Appendix 2 – Fiserv PSA.

The contract resulting from this solicitation shall incorporate the following documents:

1. Request for Proposal and Addenda;
2. Amendments to the solicitation;
3. Questions and Answers;
4. Contractor's proposal (Solicitation and properly submitted documents);
5. The executed Contract and Addendum One to Contract, if applicable; and,
6. Amendments/Addendums to the Contract.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a future contract amendment or addenda, in case of any conflict between the incorporated documents, the documents shall govern in the following

order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document:

1) Amendment to the executed Contract with the most recent dated amendment having the highest priority, 2) executed Contract and any attached Addenda, 3) Amendments to solicitation and any Questions and Answers, 4) the original solicitation document and any Addenda, and 5) the Contractor's submitted Proposal.

Any ambiguity or conflict in the contract discovered after its execution, not otherwise addressed herein, shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

B. **NOTIFICATION**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Contractor and State shall identify the contract manager who shall serve as the point of contact for the executed contract.

Communications regarding the executed contract shall be in writing and shall be deemed to have been given if delivered personally, electronically or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth below, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or five (5) calendar days following deposit in the mail.

Either party may change its address for notification purposes by giving notice of the change and setting forth the new address and an effective date.

C. **BUYER'S REPRESENTATIVE**
The State reserves the right to appoint a Buyer's Representative to manage [or assist the Buyer in managing] the contract on behalf of the State. The Buyer's Representative will be appointed in writing, and the appointment document will specify the extent of the Buyer's Representative authority and responsibilities. If a Buyer's Representative is appointed, the Contractor will be provided a copy of the appointment document and is expected to cooperate accordingly with the Buyer's Representative. The Buyer's Representative has no authority to bind the State to a contract, amendment, addendum, or other change or addition to the contract.

D. **GOVERNING LAW (Statutory)**
Notwithstanding any other provision of this contract, or any amendment or addendum(s) entered into contemporaneously or at a later time, the parties understand and agree that, (1) the State of Nebraska is a sovereign state and its authority to contract is therefore subject to limitation by the State's Constitution, statutes, common law, and regulation; (2) this contract will be interpreted and enforced under the laws of the State of Nebraska; (3) any action to enforce the provisions of this agreement must be brought in the State of Nebraska per state law; (4) the person signing this contract on behalf of the State of Nebraska does not have the authority to waive the State's sovereign immunity, statutes, common law, or regulations; (5) the indemnity, limitation of liability, remedy, and other similar provisions of the final contract, if any, are entered into subject to the State's Constitution, statutes, common law, regulations,

and sovereign immunity; and, (6) all terms and conditions of the final contract, including but not limited to the clauses concerning third party use, licenses, warranties, limitations of liability, governing law and venue, usage verification, indemnity, liability, remedy or other similar provisions of the final contract are entered into specifically subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity.

The Parties must comply with all applicable local, state and federal laws, ordinances, rules, orders, and regulations.

E.   BEGINNING OF WORK

The awarded bidder shall not commence any billable work until a valid contract has been fully executed by the State. The awarded bidder will be notified in writing when work may begin.

F.   AMENDMENT

This Contract may be amended only in writing, within scope, upon the agreement of both parties.

G.   CHANGE ORDERS OR SUBSTITUTIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The State and the Contractor, upon the written agreement, may make changes to the contract within the general scope of the solicitation. Changes may involve specifications, the quantity of work, or such other items as the State may find necessary or desirable. Corrections of any deliverable, service, or work required pursuant to the contract shall not be deemed a change. The Contractor may not claim forfeiture of the contract by reasons of such changes.

The Contractor shall prepare a written description of the work required due to the change and an itemized cost sheet for the change. Changes in work and the amount of compensation to be paid to the Contractor shall be determined in accordance with applicable unit prices if any, a pro-rated value, or through negotiations. The State shall not incur a price increase for changes that should have been included in the Contractor's proposal, were foreseeable, or result from difficulties with or failure of the Contractor's proposal or performance.

No change shall be implemented by the Contractor until approved by the State, and the Contract is amended to reflect the change and associated costs, if any. If there is a dispute regarding the cost, but both parties agree that immediate implementation is necessary, the change may be implemented, and cost negotiations may continue with both Parties retaining all remedies under the contract and law.

In the event any product is discontinued or replaced upon mutual consent during the contract period or prior to delivery, the State reserves the right to amend the contract or purchase order to include the alternate product at the same price.

Contractor will not substitute any item that has been awarded without prior written approval of SPB

H.   **VENDOR PERFORMANCE REPORT(S)**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

The State may document any instance(s) of products or services delivered or performed which exceed or fail to meet the terms of the purchase order, contract, and/or solicitation specifications. The State Purchasing Bureau may contact the Vendor regarding any such report. Vendor performance report(s) will become a part of the permanent record of the Vendor.

I.   **NOTICE OF POTENTIAL CONTRACTOR BREACH**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

If Contractor breaches the contract or anticipates breaching the contract, the Contractor shall immediately give written notice to the State. The notice shall explain the breach or potential breach, a proposed cure, and may include a request for a waiver of the breach if so desired. The State may, in its discretion, temporarily or permanently waive the breach. By granting a waiver, the State does not forfeit any rights or remedies to which the State is entitled by law or equity, or pursuant to the provisions of the contract. Failure to give immediate notice, however, may be grounds for denial of any request for a waiver of a breach.

J.   **BREACH**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

Either Party may terminate the contract, in whole or in part, if the other Party breaches its duty to perform its obligations under the contract in a timely and proper manner. Termination requires written notice of default and a thirty (30) calendar day (or longer at the non-breaching Party's discretion considering the gravity and nature of the default) cure period. Said notice shall be delivered by Certified Mail, Return Receipt Requested, or in person with proof of delivery. In case of default of the Contractor, the State may contract the service from other sources and hold the Contractor responsible for any excess cost occasioned thereby. OR In case of breach by the Contractor, the State may, without unreasonable delay, make a good faith effort to make a reasonable purchase or contract to purchased goods in substitution of those due from the contractor. The State may recover from the Contractor as damages the difference between the costs of covering the breach. Notwithstanding any

clause to the contrary, the State may also recover the contract price together with any incidental or consequential damages defined in UCC Section 2-715, but less expenses saved in consequence of Contractor's breach.

The State's failure to make payment shall not be a breach, and the Contractor shall retain all available statutory remedies and protections.

K. NON-WAIVER OF BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

Allowing time to cure or the acceptance of late performance with or without objection or reservation by a Party shall not waive any rights of the Party, including, but not limited to the right to immediately terminate the contract for the same or a different breach, or constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

L. SEVERABILITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the provision held to be invalid or illegal.

M. INDEMNIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

1. **GENERAL**
    The Contractor agrees to defend, indemnify, and hold harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all third party claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State for personal injury, death, or property loss or damage, arising out of, resulting from, or

attributable to the willful misconduct, negligence, error, or omission of the Contractor, its employees, subcontractors, consultants, representatives, and agents, resulting from this contract, except to the extent such Contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

2.   **INTELLECTUAL PROPERTY (Optional)**
The Contractor agrees it will, at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to, the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the Contractor or its employees, subcontractors, consultants, representatives, and agents; provided, however, the State gives the Contractor prompt notice in writing of the claim. The Contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the Contractor has indemnified the State, the Contractor shall, at the Contractor's sole cost and expense, promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the Contractor, and the State may receive the remedies provided under this solicitation.

3.   **PERSONNEL**
The Contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel, including subcontractor's and employees, provided by the Contractor.

4.   **SELF-INSURANCE**
The State of Nebraska is self-insured for any loss and purchases excess insurance coverage pursuant to Neb. Rev. Stat. § 81-8,239.01 (Reissue 2008). If there is a presumed loss under the provisions of this agreement, Contractor may file a claim with the Office of Risk Management pursuant to Neb. Rev. Stat. §§ 81-8,829 – 81-8,306 for review by the State Claims Board. The State retains all rights and immunities under the State Miscellaneous (§81-8,294), Tort (§81-8,209), and Contract Claim Acts (§81-8,302), as outlined in Neb. Rev. Stat. § 81-8,209 et seq. and under any other provisions of law and accepts liability under this agreement to the extent provided by law.

5.   The Parties acknowledge that Attorney General for the State of Nebraska is required by statute to represent the legal interests of the State, and that any provision of this indemnity clause is subject to the statutory authority of the Attorney General.

N.   ATTORNEY'S FEES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

In the event of any litigation, appeal, or other legal action to enforce any provision of the contract, the Parties agree to pay all expenses of such action, as permitted by law and if ordered by the court, including attorney's fees and costs, if the other Party prevails.

N.   PERFORMANCE BOND

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
	Q		We are providing full pledging.

The Contractor will be required to supply a bond executed by a corporation authorized to contract surety in the State of Nebraska, payable to the State of Nebraska, which shall be valid for the life of the contract to include any renewal and/or extension periods. The amount of the bond must be $500,000. The bond will guarantee that the Contractor will faithfully perform all requirements, terms and conditions of the contract. Failure to comply shall be grounds for forfeiture of the bond as liquidated damages. Amount of forfeiture will be determined by the agency based on loss to the State. The bond will be returned when the contract has been satisfactorily completed as solely determined by the State, after termination or expiration of the contract.

O.   LIQUIDATED DAMAGES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

The State and the contractor agree that actual damages from a failure to perform certain requirements in any contract executed pursuant to this RFP are difficult to accurately estimate, that there has been a reasonable effort by parties to fix the amount of compensation that is due under the contract, and that it is possible to identify an amount of liquidated damages for the failure to perform those requirements that is proportionate to the actual damages that the State would anticipate as a result of the failure.

In lieu of actual damages, the State and the contractor shall agree to a schedule of fees for failure to perform certain requirements in any contract executed pursuant to this RFP.

The following is the required schedule of liquated damages in the form of fees for failure to perform certain requirements.

These fees are categorized as follows:

Standard	$ 2,000.00 per 24 hours
High	$ 5,000.00 per 24 hours
Critical	$10,000.00 per 24 hours

Liquidated damages may be charged by the State under this paragraph for each day or partial day the contractor fails to perform or comply with certain requirements in the contract, other than failures caused by the State or circumstances beyond the control of the contractor or their agents (natural disasters, etc.)

1. **ACCEPTANCE OF CREDIT CARD BATCHES**
    Upon being notified by a State Agency that Contractor was not able to accept credit card transaction batches/files (by any method used by State Agencies to transmit files/batches), Contractor will either resolve the situation within two (2) hours so the credit card transaction batches/files can be received from the State or pay liquidated damages.
    Category: Critical

2. **ABILITY TO ACCESS DAILY SETTLEMENT REPORT**
    Upon being notified by the State that daily settlement reports are unavailable, Contractor will either resolve the situation within two (2) hours so reconciliation of deposits can be done or pay liquidated damages.
    Category: High

3. **ABILITY TO ACCESS DAILY BANK REPORTING INFORMATION**
    Upon being notified by the State that daily bank information reports prior day balance reports, current day balance reports, and comma-separated value (CSV) exports are unavailable, Contractor will either resolve the situation within four hours and make all required reports available to State staff or pay liquidated damages.
    Category: High

4. **CUSTOMER SERVICE**
    Upon being notified by the State that Contractor's customer service is unable to resolve terminal, authorization or transmission issues, the Contractor will resolve the issue(s) within four (4) hours or pay liquidated damages.
    Category: High

5. **SENDING/RECEIVING OF WIRES**
    Upon being notified by the State that Contractor is unable to send wires/receive wires on behalf of the State, Contractor will either resolve the situation within four hours after being notified or pay liquidated damages.
    Category: Standard

6. **RFP REQUIRED REPORTING**
    Within three (3) business days of Contractor being notified by the State, reports not provided by Contractor will be made available to the State or contractor will pay liquidated damages.
    Category: Standard

    As to any liquidated damages owing hereunder, Contractor will pay liquidated damages to State by the tenth (10th) Business Day of the month following the month that the damages were reported to the Contractor. The State has 60 days after the incident to contact the Contractor to pay liquidated damages.

7. **UNRESOLVED REQUIREMENTS**

All Standard and High category requirements will move to Critical level of liquidated damages if not resolved within 48 hours after notification to the Contractor.

All Critical category requirements will double in liquidated damages payment if not resolved with 24 hours after notification to the Contractor.

Q. **ASSIGNMENT, SALE, OR MERGER**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

Either Party may assign the contract upon mutual written agreement of the other Party. Such agreement shall not be unreasonably withheld.

The Contractor retains the right to enter into a sale, merger, acquisition, internal reorganization, or similar transaction involving Contractor's business. Contractor agrees to cooperate with the State in executing amendments to the contract to allow for the transaction. If a third party or entity is involved in the transaction, the Contractor will remain responsible for performance of the contract until such time as the person or entity involved in the transaction agrees in writing to be contractually bound by this contract and perform all obligations of the contract.

R. **CONTRACTING WITH OTHER NEBRASKA POLITICAL SUB-DIVISIONS OF THE STATE OR ANOTHER STATE**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

The Contractor may, but shall not be required to, allow any state agency, board, commission, the University of Nebraska, the Nebraska State colleges, the courts, the Legislature, or any other office or agency established by the Constitution of Nebraska, to use this contract. The terms and conditions, including price, of the contract may not be amended. The State shall not be contractually obligated or liable for any contract entered into pursuant to this clause. A listing of Nebraska political subdivisions may be found at the website of the Nebraska Auditor of Public Accounts.

The Contractor may, but shall not be required to, allow other states, agencies or divisions of other states, or political subdivisions of other states to use this contract. The terms and conditions, including price, of this contract shall apply to any such contract, but may be amended upon mutual consent of the Parties. The State of Nebraska shall not be contractually or otherwise obligated or liable under any contract entered into pursuant to this clause. The State shall be notified if a contract is executed based upon this contract.

S.   **FORCE MAJEURE**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
g			

Neither Party shall be liable for any costs or damages, or for default resulting from its inability to perform any of its obligations under the contract due to a natural or manmade event outside the control and not the fault of the affected Party ("Force Majeure Event"). The Party so affected shall immediately make a written request for relief to the other Party and shall have the burden of proof to justify the request. The other Party may grant the relief requested; relief may not be unreasonably withheld. Labor disputes with the impacted Party's own employees will not be considered a Force Majeure Event.

T.   **CONFIDENTIALITY**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
g			

All materials and information provided by the Parties or acquired by a Party on behalf of the other Party shall be regarded as confidential information. All materials and information provided or acquired shall be handled in accordance with federal and state law, and ethical standards. Should said confidentiality be breached by a Party, the Party shall notify the other Party immediately of said breach and take immediate corrective action.

It is incumbent upon the Parties to inform their officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable by 5 U.S.C. 552a (m)(1), provides that any officer or employee, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

U.   **EARLY TERMINATION**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
g			

The contract may be terminated as follows:

1. The State and the Contractor, by mutual written agreement, may terminate the contract at any time.
2. The State, in its sole discretion, may terminate the contract for any reason upon 30 calendar day's written notice to the Contractor. Such termination shall not relieve the Contractor of warranty or other service obligations incurred under the terms of the contract. In the event of termination the Contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.

3. The State may terminate the contract immediately for the following reasons:
    a. if directed to do so by statute;
    b. Contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
    c. a trustee or receiver of the Contractor or of any substantial part of the Contractor's assets has been appointed by a court;
    d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its Contractor, its employees, officers, directors, or shareholders;
    e. an involuntary proceeding has been commenced by any Party against the Contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) calendar days; or (ii) the Contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the Contractor has been decreed or adjudged a debtor;
    f. a voluntary petition has been filed by the Contractor under any of the chapters of Title 11 of the United States Code;
    g. Contractor intentionally discloses confidential information;
    h. Contractor has or announces it will discontinue support of the deliverable; and,
    i. In the event funding is no longer available.

V.   CONTRACT CLOSEOUT

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Upon contract closeout for any reason the Contractor shall within 30 days, unless stated otherwise herein:

1. Transfer all completed or partially completed deliverables to the State;

2. Transfer ownership and title to all completed or partially completed deliverables to the State;

3. Return to the State all information and data, unless the Contractor is permitted to keep the information or data by contract or rule of law. Contractor may retain one copy of any information or data as required to comply with applicable work product

documentation standards or as are automatically retained in the course of Contractor's routine back up procedures;

4. Cooperate with any successor Contactor, person or entity in the assumption of any or all of the obligations of this contract;

5. Cooperate with any successor Contactor, person or entity with the transfer of information or data related to this contract;

6. Return or vacate any state owned real or personal property; and,

7. Return all data in a mutually acceptable format and manner.

Nothing in this Section should be construed to require the Contractor to surrender intellectual property, real or personal property, or information or data owned by the Contractor for which the State has no legal claim.

III. CONTRACTOR DUTIES

A.   INDEPENDENT CONTRACTOR / OBLIGATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

It is agreed that the Contractor is an independent contractor and that nothing contained herein is intended or should be construed as creating or establishing a relationship of employment, agency, or a partnership.

The Contractor is solely responsible for fulfilling the contract. The Contractor or the Contractor's representative shall be the sole point of contact regarding all contractual matters.

The Contractor shall secure, at its own expense, all personnel required to perform the services under the contract. The personnel the Contractor uses to fulfill the contract shall have no contractual or other legal relationship with the State; they shall not be considered employees of the State and shall not be entitled to any compensation, rights or benefits from the State, including but not limited to, tenure rights, medical and hospital care, sick and vacation leave, severance pay, or retirement benefits.

By-name personnel commitments made in the Contractor's proposal shall not be changed without the prior written approval of the State. Replacement of these personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

All personnel assigned by the Contractor to the contract shall be employees of the Contractor or a subcontractor and shall be fully qualified to perform the work required herein. Personnel employed by the Contractor or a subcontractor to fulfill the terms of the contract shall remain under the sole direction and control of the Contractor or the subcontractor respectively.

With respect to its employees, the Contractor agrees to be solely responsible for the following:

1.   Any and all pay, benefits, and employment taxes and/or other payroll withholding;
2.   Any and all vehicles used by the Contractor's employees, including all insurance required by state law;
3.   Damages incurred by Contractor's employees within the scope of duties under the contract;
4.   Maintaining Workers' Compensation and health insurance that complies with state and federal law and submitting any reports on such insurance to the extent required by governing law;
5.   Determining the hours to be worked and the duties to be performed by the Contractor's employees; and,
6.   All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination alleged against the Contractor, its officers, agents, or subcontractors or subcontractor's employees)

If the Contractor intends to utilize any subcontractor, the subcontractor's level of effort, tasks, and time allocation should be clearly defined in the bidder's proposal. The Contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal in the performance of the contract without the prior written authorization of the State.
The State reserves the right to require the Contractor to reassign or remove from the project any Contractor or subcontractor's employees.

Contractor shall insure that the terms and conditions contained in any contract with a subcontractor does not conflict with the terms and conditions of this contract.
The Contractor shall include a similar provision, for the protection of the State, in the contract with any subcontractor engaged to perform work on this contract.

B.   EMPLOYEE WORK ELIGIBILITY STATUS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of an employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1.   The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at http://das.nebraska.gov/materiel/purchasing.html

2.   The completed United States Attestation Form should be submitted with the solicitation response.

3.   If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.

4.   The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

C.   COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION (Statutory)
The Contractor shall comply with all applicable local, state, and federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits Contractors of the State of Nebraska, and their subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions, compensation, or privileges of employment because of race, color, religion, sex, disability, marital status, or national origin (Neb. Rev.

Stat. §§48-1101 to 48-1125). The Contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The Contractor shall insert a similar provision in all Subcontracts for goods and services to be covered by any contract resulting from this solicitation.

D.   COOPERATION WITH OTHER CONTRACTORS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

Contractor may be required to work with or in close proximity to other contractors or individuals that may be working on same or different projects. The Contractor shall agree to cooperate with such other contractors or individuals and shall not commit or permit any act which may interfere with the performance of work by any other contractor or individual. Contractor is not required to compromise Contractor's intellectual property or proprietary information unless expressly required to do so by this contract.

E.   PERMITS, REGULATIONS, LAWS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

The contract price shall include the cost of all royalties, licenses, permits, and approvals, whether arising from patents, trademarks, copyrights or otherwise, that are in any way involved in the contract. The Contractor shall obtain and pay for all royalties, licenses, and permits, and approvals necessary for the execution of the contract. The Contractor must guarantee that it has the full legal right to the materials, supplies, equipment, software, and other items used to execute this contract.

F.   OWNERSHIP OF INFORMATION AND DATA / DELIVERABLES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
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The State shall have the unlimited right to publish, duplicate, use, and disclose all information and data developed or obtained by the Contractor on behalf of the State pursuant to this contract.

The State shall own and hold exclusive title to any deliverable developed as a result of this contract. Contractor shall have no ownership interest or title, and shall not patent, license, or copyright, duplicate, transfer, sell, or exchange, the design, specifications, concept, or deliverable.

G. INSURANCE REQUIREMENTS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

The Contractor shall throughout the term of the contract maintain insurance as specified herein and provide the State a current Certificate of Insurance/Acord Form (COI) verifying the coverage. The Contractor shall not commence work on the contract until the insurance is in place. If Contractor subcontracts any portion of the Contract the Contractor must, throughout the term of the contract, either:

1. Provide equivalent insurance for each subcontractor and provide a COI verifying the coverage for the subcontractor;
2. Require each subcontractor to have equivalent insurance and provide written notice to the State that the Contractor has verified that each subcontractor has the required coverage; or,
3. Provide the State with copies of each subcontractor's Certificate of Insurance evidencing the required coverage.

The Contractor shall not allow any Subcontractor to commence work until the Subcontractor has equivalent insurance. The failure of the State to require a COI, or the failure of the Contractor to provide a COI or require subcontractor insurance shall not limit, relieve, or decrease the liability of the Contractor hereunder.

In the event that any policy written on a claims-made basis terminates or is canceled during the term of the contract or within ninety (90) days of termination or expiration of the contract, the contractor shall obtain an extended discovery or reporting period, or a new insurance policy, providing coverage required by this contract for the term of the contract and ninety (90) days following termination or expiration of the contract.

If by the terms of any insurance a mandatory deductible is required, or if the Contractor elects to increase the mandatory deductible amount, the Contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

Notwithstanding any other clause in this Contract, the State may recover up to the liability limits of the insurance policies required herein.

1. **WORKERS' COMPENSATION INSURANCE**
    The Contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contactors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the Contractor shall require the Subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the Subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. **The policy shall include a waiver of subrogation in favor of the State. The COI shall contain the mandatory COI subrogation waiver language found hereinafter**. The amounts of such insurance shall not be less than the limits stated hereinafter. For employees working in the State of Nebraska, the policy must be written by an entity authorized by the State of Nebraska

Department of Insurance to write Workers' Compensation and Employer's Liability Insurance for Nebraska employees.

2. **COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE**

The Contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect Contractor and any Subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the Contractor or by any Subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an **occurrence basis**, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury, and Contractual Liability coverage. **The policy shall include the State, and others as required by the contract documents, as Additional Insured(s). This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory**. **The COI shall contain the mandatory COI liability waiver language found hereinafter.** The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned, and Hired vehicles.

REQUIRED INSURANCE COVERAGE	
COMMERCIAL GENERAL LIABILITY	
General Aggregate	$2,000,000
Products/Completed Operations	$2,000,000
Personal/Advertising Injury	$1,000,000 per occurrence
Bodily Injury/Property Damage	$1,000,000 per occurrence
Damage to Rented Premises (Fire)	$300,000 each occurrence
Contractual	Included
Independent Contractors	Included
If higher limits are required, the Umbrella/Excess Liability limits are allowed to satisfy the higher limit.	
WORKER'S COMPENSATION	
Employers Liability Limits	$500K/$500K/$500K
Statutory Limits- All States	Statutory - State of Nebraska
Voluntary Compensation	Statutory
COMMERCIAL AUTOMOBILE LIABILITY	
Bodily Injury/Property Damage	$1,000,000 combined single limit
Include All Owned, Hired & Non-Owned Automobile liability	Included
UMBRELLA/EXCESS LIABILITY	
Over Primary Insurance	$5,000,000 per occurrence
PROFESSIONAL LIABILITY	
All Other Professional Liability (Errors & Omissions)	$1,000,000 Per Claim / Aggregate
COMMERCIAL CRIME	
Crime/Employee Dishonesty Including 3rd Party Fidelity	$1,000,000 Aggregate
CYBER LIABILITY	
Breach of Privacy, Security Breach, Denial of Service, Remediation, Fines and	$10,000,000 Aggregate
MANDATORY COI SUBROGATION WAIVER LANGUAGE	

REQUIRED INSURANCE COVERAGE
"Workers' Compensation policy shall include a waiver of subrogation in favor of the State of Nebraska."

MANDATORY COI LIABILITY WAIVER LANGUAGE
"Commercial General Liability & Commercial Automobile Liability policies shall name the State of Nebraska as an Additional Insured and the policies shall be primary and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory as additionally insured."

3. **EVIDENCE OF COVERAGE**

The Contractor shall furnish the Contract Manager, with a certificate of insurance coverage complying with the above requirements prior to beginning work at:

Agency Nebraska State Purchasing Bureau
Attn: Annette Walton
Solicitation Number: 6556 Z1 / Contract # XXXXX O4
Email address: annette.walton@nebraska.gov

These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration, and amounts and types of coverage afforded. If the State is damaged by the failure of the Contractor to maintain such insurance, then the Contractor shall be responsible for all reasonable costs properly attributable thereto.

Reasonable notice of cancellation of any required insurance policy must be submitted to the contract manager as listed above when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

4. **DEVIATIONS**

The insurance requirements are subject to limited negotiation. Negotiation typically includes, but is not necessarily limited to, the correct type of coverage, necessity for Workers' Compensation, and the type of automobile coverage carried by the Contractor.

H. **ANTITRUST**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

The Contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

I. **CONFLICT OF INTEREST**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

45

By submitting a proposal, bidder certifies that no relationship exists between the bidder and any person or entity which either is, or gives the appearance of, a conflict of interest related to this RFP or project.

Bidder further certifies that bidder will not employ any individual known by bidder to have a conflict of interest nor shall bidder take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its contractual obligations hereunder or which creates an actual or appearance of conflict of interest.

If there is an actual or perceived conflict of interest, bidder shall provide with its proposal a full disclosure of the facts describing such actual or perceived conflict of interest and a proposed mitigation plan for consideration. The State will then consider such disclosure and proposed mitigation plan and either approve or reject as part of the overall bid evaluation.

J.   ADVERTISING

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The Contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its goods or services are endorsed or preferred by the State. Any publicity releases pertaining to the project shall not be issued without prior written approval from the State.

K.   NEBRASKA TECHNOLOGY ACCESS STANDARDS (Statutory)
Contractor shall review the Nebraska Technology Access Standards, found at http://nitc.nebraska.gov/standards/2-201.html and ensure that products and/or services provided under the contract are in compliance or will comply with the applicable standards to the greatest degree possible. In the event such standards change during the Contractor's performance, the State may create an amendment to the contract to request the contract comply with the changed standard at a cost mutually acceptable to the parties.

Bank Response:

Pinnacle Bank acknowledges the review of the Nebraska Technology Access Standards.

L.   DISASTER RECOVERY/BACK UP PLAN

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The Contractor shall have a disaster recovery and back-up plan, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue delivery of goods and services as specified under the specifications in the contract in the event of a

disaster. The Contractor shall provide an ISO 22301 providing additional disaster recovery information.

M. DRUG POLICY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

Contractor certifies it maintains a drug free work place environment to ensure worker safety and workplace integrity.

Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

N. WARRANTY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

Despite any clause to the contrary, the Contractor represents and warrants that its services hereunder shall be performed by competent personnel and shall be of professional quality consistent with generally accepted industry standards for the performance of such services and shall comply in all respects with the requirements of this Agreement. For any breach of this warranty, the Contractor shall, for a period of ninety (90) days from performance of the service, perform the services again, at no cost to Customer, or if Contractor is unable to perform the services as warranted, Contractor shall reimburse Customer the fees paid to Contractor for the unsatisfactory services. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or equity, including, without limitation actual damages, and, as applicable and awarded under the law, to a prevailing party, reasonable attorneys' fees and costs.

IV. PAYMENT

A.   PROHIBITION AGAINST ADVANCE PAYMENT (Statutory)
Neb. Rev. Stat. §§81-2403 states, "[n]o goods or services shall be deemed to be received by an agency until all such goods or services are completely delivered and finally accepted by the agency."

B.   TAXES (Statutory)
The State is not required to pay taxes and assumes no such liability as a result of this solicitation. The Contractor may request a copy of the Nebraska Department of Revenue, Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13 for their records. Any property tax payable on the Contractor's equipment which may be installed in a state-owned facility is the responsibility of the Contractor

C.   INVOICES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Invoices for payments must be submitted by the Contractor to the agency requesting the services with sufficient detail to support payment. The terms and conditions included in the Contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

The State Treasurer's Office will work with the contractor and the State agencies to set up the payment process for merchant fees. The State Treasurer will require that most State agencies' merchant fees be debited from the State bank account. A few State agencies require an invoice instead of being debited.

Bidder may not, under any circumstances, propose the netting of merchant fees or the withholding of revenue out of daily batch settlements for any services.

D.   INSPECTION AND APPROVAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation	NOTES/COMMENTS:
q			

Final inspection and approval of all work required under the contract shall be performed by the designated State officials.

E.   **PAYMENT (Statutory)**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2403). The State may require the Contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any goods and services provided by the Contractor prior to the Effective Date of the contract, and the Contractor hereby waives any claim or cause of action for any such services.

F.   **LATE PAYMENT (Statutory)**
The Contractor may charge the responsible agency interest for late payment in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §§81-2401 through 81-2408).

Bank Response:

Pinnacle Bank acknowledges the Late Payment statement noted above.

G.   **SUBJECT TO FUNDING / FUNDING OUT CLAUSE FOR LOSS OF APPROPRIATIONS (Statutory)**
The State's obligation to pay amounts due on the Contract for a fiscal year following the current fiscal year is contingent upon legislative appropriation of funds. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal year(s) for which such funds are not appropriated. The State will give the Contractor written notice 30 calendar days prior to the effective date of termination. All obligations of the State to make payments after the termination date will cease. The Contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the Contractor be paid for a loss of anticipated profit.

Bank Response:

Pinnacle Bank acknowledges the Subject to Funding / Funding Out Clause for Loss of Appropriations statement noted above.

H.   **RIGHT TO AUDIT (Statutory)**
The State shall have the right to audit the Contractor's performance of this contract upon a 30 days' written notice. Contractor shall utilize generally accepted accounting principles, and shall maintain the accounting records, and other records and information relevant to the contract (Information) to enable the State to audit the contract. (Neb. Rev. Stat. §84-304 et seq.) The State may audit and the Contractor shall maintain, the Information during the term of the contract and for a period of five (5) years after the completion of this contract or until all issues or litigation are resolved, whichever is later. The Contractor shall make the Information available to the State at Contractor's place of business or a location acceptable to both Parties during normal business hours. If this is not practical or the Contractor so elects, the Contractor may provide electronic or paper copies of the Information.

The State reserves the right to examine, make copies of, and take notes on any Information relevant to this contract, regardless of the form or the Information, how it is stored, or who possesses the Information. Under no circumstance will the Contractor be required to create or maintain documents not kept in the ordinary course of contractor's business operations, nor will contractor be required to disclose any information, including but not limited to product cost data, which is confidential or proprietary to contractor.

Bank Response:

Pinnacle Bank acknowledges the Right to Audit statement noted above.

Attachment A

Forms

Form A.1

Statutory Project RequirementsRequest for Proposal 6556 Z1

Bidder name: **Pinnacle Bank**

Part 1: Bidders are responsible to research Nebraska Revised Statues for legal responsibilities when doing business with the State. References to certain State statues and the Nebraska Constitution are listed below but are not all inclusive to the legal requirements of the contractor.

a.	Neb. Rev. Stat § 48-1122—Prohibition of Discrimination
b.	Neb. Rev. Stat § 73-205(3)—Technology Access Standards
c.	Neb. Rev. Stat § 73-506(2)—Service contracts with unspecified or unlimitedduration
d.	Neb. Rev. Stat § 73-506(1)—The State cannot pay for deliverables not received
e.	Neb. Rev. Stat § 77-2301—The bank must be a state or national bank licensed todo business in the State and will cash State warrants free of charge
f.	Neb. Rev. Stat § 77-2387 to 77-2398—Collateral Requirements
g.	Neb. Rev. Stat § 81-2401 to 81-2408—Prompt Payment Act
h.	Neb. Rev. Stat § 81-118.01-Electronic Payment; acceptance; conditions
i.	Nebraska State Constitution, Article XIII, § 3—Prohibits indemnification andlimitations of liability

Please answer the following questions with a check mark after the appropriate response. Any "No"answer may eliminate the bidder from further evaluations.

Part 2: If the bidder does not agree to provide collateralization of State deposits, the bidder will be eliminated from further evaluations.

Yes X__No____ Does the bidder agree, without exceptions, to meet State statute requirements forcollateralization of State deposits, currently estimated at $3 million?

Part 3: One of the next three questions, must be a yes answer to continue evaluations.

Yes____No____ Does the bidder agree to provide a Letter of Credit;

Yes____No____ Or does the bidder agree to the Pooled Method for Collateral with Nebraska BankersInsurance and Services Company (NBISCO);

Yes X__No____Or does the bidder agree to pledge securities?

Part 4: Any no answer to the questions below will eliminate the bidder from further evaluations.

NA _____   **If the bidder agrees to a Letter of Credit or the Pooled Method for collateral the next two question do not apply**

Yes X__No_____ If the bidder is providing pledged securities do they agree, without exceptions, to provide a statement of collateral every month?

Yes X__No_____ Does the bidder agree, without exceptions, that collateral arrangements must require a signature of an authorized Treasury Management representative before release of collateral?

Part 5: Any no answer to the questions below will eliminate the bidder from further evaluations.

Yes X__No_____ Is the bidder a state or national bank licensed to do business in the State of Nebraska and of approved standing and responsibility pursuant to Neb. Rev. Stat. § 77-2387(2)?

Yes X__No_____ Does the bidder agree to cash Nebraska State Treasury warrants and warrants issued by the NCSPC free of charge and without requiring a fingerprint as required in Neb. Rev. Stat. § 77-2301(2)(a)?

Form A.2

Baseline Functional Requirements

Request for Proposal 6556 Z1

Each bidder must respond in a detailed manner how the bidder **will comply** with the following statements.This form will be part of the bidder proposal.

FR 1 – Equipment			
a.	Describe the ability to allow agencies to retain current credit card terminals. Bidder must review each terminal listed below and determine if the terminal can be used, reprogrammed or will need to be replacedat no cost to the State.		
Terminal	Can be used	Needs reprogramming	If terminal cannot be used, what is therecommended replacement terminal?
iCMP	yes	yes	
IDTech ISKD-534833TEB-B1	yes	yes	
Ingencio (Gas Pumps)	yes	yes	
Ingenico Desk 3500	yes	yes	
Ingencio Desk 5000	yes	yes	
Ingenico ICT 250	yes	yes	
Ingenico IPP 320	yes	yes	
Ingenico IPP 350	yes	yes	
Ingenico ISC 250	yes	yes	
Ingenico IWL 250	yes	yes	
Ingenico Move 5000	yes	yes	
Lane 3000	yes	yes	
Poynt 3G	yes	yes	Poynt solutions are currently certified with Fiserv via Credit Call Gateway.
Poynt P3303 (wireless & internet)	yes	yes	Poynt solutions are currently certified with Fiserv via Credit Call Gateway

FR 1 – Equipment			
Poynt P3303-B (cellular)	yes	yes	Poynt solutions are currently certified with Fiserv via Credit Call Gateway
Verifone VX520	yes	yes	
Verifone VX680	yes	yes	

Additional comments:

If at any time the State wishes to make changes to their processing environment, Fiserv will work closely with the department to help make the best decision on what devices to utilize going forward. Fiserv Hardware Services offers a full range of Point-of-Sale ("POS") terminals, peripherals and supplies designed to accept a variety of secure payment types. Fiserv Hardware Services is one of the largest providers of POS solutions in North America. Fiserv Hardware Services provides equipment procurement, deployment, inventory management, customer support and repair and replacement. Customers range from the nation's premier financial institutions to entrepreneurial Independent Sales Organizations ("ISO"). If P2PE validation is desired, Fiserv can provide new devices via the SnapPay solution.

Fiserv Hardware Services' high-quality POS solutions and progressive end-to-end service offerings are an industry differentiator, enabling Fiserv to provide the State of Nebraska with all the equipment, support and service necessary to be successful. Customers get a broad portfolio of best-in-class solutions from top-name manufacturers, and end-to-end service offerings that span many technologies, including countertop terminals, peripherals, multilane, mobile, wireless, remote deposit capture (RDC), and printers. Regardless of the size or scope of service that a merchant may need, Fiserv Hardware Services has the scale and capacity to seamlessly handle their fulfillment requirements.

b.	Describe the method in which programming updates will be provided to agencies using existing terminalsat no cost. (Free programming could include truncating card numbers, accommodating any Visa/MasterCard required changes or programming for automatic or manual batch closure at predeterminedtimes).
	Response:

FR 1 – Equipment
Fiserv provides automatic updates to Fiserv terminals with little or no intervention from the State. Gateways are typically responsible for pushing updates to devices with which they transact. Fiserv would be happy to discuss a unified solution once selected. During the implementation phase, any terminal that requires reprogramming will be updated. Implementations will work with the State to ensure all encryption and injection information is provided and equipment is updated to industry standards. Typically updated injections are completed by the equipment vendor. The State will have the option to ship the equipment to Fiserv Hardware Services for injection updates.

c.	Describe any product(s) that can be added to a terminal that would provide PCI alleviation, for exampleencryption and tokenization.
	Response: Fiserv offers solutions that allow the State to alleviate their PCI burden to the maximum amount possible. The solutions allow payment card processing while preventing systems from ever seeing a raw credit card number. Fiserv provides a REST Application Program Interface ("API") that can be called by any application that can make a secure web services call. The tokenize, authorize and charge endpoints can be used to provide Fiserv with a PAN and retrieve a token as part of the response. Rather than tokenize directly, generally recommend that tokenization calls be made through the hosted payment pages, iframes and/or PCI Validated P2PE devices to keep the source system from seeing the raw card number. This helps to minimize exposure to the PAN as well as reduce PCI scope. Once a Fiserv token is returned, the calling application can store it for future uses or archival purposes. All offered solution payment endpoints (authorize, refund, etc.) can work with the same tokens. In short, Fiserv's API offers a single way to call for tokens and reuse those same tokens as needed. Fiserv's TransArmor solution can also provide a validated Point to Point encryption with certain POS systems and hardware types which adds another layer to the multiple layers of protection that TransArmor End to End already provides making cardholder data significantly more secure and safeguards against cybercrime, both in transit and at rest. TransArmor® supports end-to-end encryption and tokenization with multi-pay tokens. With TransArmor® the State data is protected inflight and at rest, providing protection for State customers and significantly reducing the State of Nebraska PCI scope. It combines Point to Point and End to End encryption with tokenization, rather than relying solely on encryption alone making cardholder data significantly more secure. It simplifies the compliance process with fewer applicable PCI DSS requirements and SAQ (Security Assessment Questionnaires) resulting in potential reduction with costs maintaining PCI compliance. This point-to-point validated solution will further reduce the State PCI scope and SAQ to only thirty- three (33) questions.

d.	Describe the process to exchange a defective or damaged credit card terminal purchased or provided bythe contractor.
	Response: For all merchants who have elected to enter into a maintenance agreement with Fiserv, will swap/replace all POS equipment in an expeditious manner. The decision to overnight a replacement unit is made while helping the State problem-solve to see if the issue can be resolved locally. The

FR 1 – Equipment
assigned account manager can also be called to facilitate if needed.
e. Describe the availability of terminals that allow contactless payments. If any terminal listed above does not have the ability to accept contactless payments, explain how each terminal could be adapted to accept contactless payments.
Response: If a terminal does not have the NFC technology, updated equipment will be deployed to the location specified by the State. Fiserv Hardware Services offers a full range of point-of-sale (POS) terminals, peripherals and supplies designed to accept a variety of secure payment types.

FR 2 – Vendors or Gateways		
a. Agencies use several third-party vendors for services related to credit card acceptance, most are listedbelow. This list is subject to change. Indicate which vendors are certified with you and provide recommendations to replace vendors not certified with the bidder.		
Vendor	Certified with bidder	Vendor Recommendations
Active Network (Integrated with Cybersource)	yes	
Aspira	yes	
Authorize.net	yes	
Braintree	yes	
Bridgepay	yes	
Brown Paper Ticket	yes	
CardConnect	yes	CardConnect is owned by Fiserv.
CashNet	yes	
Converge (Contractor Hosted Payment Page)	no	It is recommended replacing the Converge Hosted Payment Page with the SnapPay Hosted Payment Page, embedded iframes or Virtual Terminals, depending up the needs of the given agency.
Cybersource	yes	
Cybersource (Integrated with Paciolan)	yes	
Fusebox (Contractor Solution to integrate with Micros)	yes	

FR 2 – Vendors or Gateways		
Heartland Payment Systems	yes	
Official Payments	yes	
Payflow Link	yes	
Payment Express	yes	
PayPal	yes	
POYNT payment solution	yes	Poynt solutions are currently certified with Fiserv via Credit Call Gateway
Salesforce/Authorize.net	yes	
SimpleCirc (integrated with contractor hosted payment page)	no	SimpleCirc has the ability to integrate with the suggested hosted payment page.
Vantive (integrated with Tessitura)	yes	

Additional Comments:

The proposed SnapPay Gateway is designed to integrate all of the State's existing payment methods, from terminals, mobile readers, the hosted iFrame credit card data tokenizer and gateways, offer one centralized, secure point of access via JSON REST APIs. Additionally, merchants who have their own Point of Sale ("POS") Software, eCommerce payment portal or the ability to completely adjust the code in an already existing application can take advantage of the security and processing savings with the Universal SnapPay API.

This comprehensive omni-channel enterprise platform can help the State simplify the payment acceptance process, minimize PCI compliance requirements and lower transaction costs. The SnapPay API solution can also be integrated with many popular Enterprise Resource Planning ("ERP") solutions, which does not require any modifications to the ERP standard code or standard order process flow.

b.	Describe the process and timeline for a third-party vendor to certify with the bidder.

Response:

The list of vendors currently provided by the State, have existing certification and would not be subjected to the certification process. Any new Vendors, not specified, that require new certifications would have a timeline established during the implementation process.

Fiserv is certified with an array of vendors which allows for a streamlined implementation process. Currently, over 300 vendor systems certified to a variety of processing host platforms and have existing relationships with industry-leading direct certified vendors, including multiple vendors currently being utilized by the State.

The internal client certifications team that manages testing and certification of Class 'B' POS Solutions. These certifications are completed for merchants, vendors, service providers, aggregators, gateways and payment facilitators to ensure they are adeptly able to process payments to ensure compliance with all applicable regulatory requirements. To ensure successful implementation of this

FR 2 – Vendors or Gateways
project, Conduent will be provided with any specifications needed to connect to the Fiserv platform via dialup or web/internet connection.

FR 3 – Merchant Identification Number Set Up

a.	Describe the process to request a new MID. Provide an example of the set-up form or a checklist of allrequirements. How often does this form change? Describe how the State is notified once the form has changed, and how.

Response:

To request a new MID setup, the State would reach out to their assigned Account Manager to have a new MID created. Standardized account boarding templates and merchant "profile constraints" are used to expedite the implementation process, the complexity can vary and impact projected timeline(s). The Assigned Account Manager will communicate any impact to the schedule.

Exhibit FR 3 -1 MID Checklist

The assigned account manager will assist the client with completing the form and have standard information pre-populated. The State will be responsible for supplying account specific information such as: Business Name, Address, Banking information. Below, Exhibit RF 3-1 includes an example of the MID checklist to show all requirements necessary for Merchant Identification Setup.

In the event this checklist requires updating, the State will be notified by their Account Manager who will discuss any new features or updated changes. If/When process improvements are needed to meet the State's needs/objectives, this form can be altered based on the needs specified by the State of

FR 3 – Merchant Identification Number Set Up

	Nebraska.
b.	Describe the average time from when the request is received to the time the MID is ready for use.
	Response: Typically, the setup process for new Merchant IDs uploaded to the system is within 7-10 business days. If an expedited turnaround is needed, the Account Manager can escalate a new MID setup request on behalf of the State and its agencies.
c.	Describe the process to make changes on a MID. Include changing signers on the MID, address changesand adding card brands.
	Response: Any changes needed to an existing account should be communicated to the State assigned Account Manager. Depending upon the requested changes, an outline will be drafted and presented to the State for review and sign-off prior to submission. The request is then processed by the Account Management team and the MID is updated. This process is generally completed within 7-10 business days depending upon the request type.
d.	Describe the ability to set up merchant ID at no cost to the State.
	Response: If at any time the State requires a new MID setup, the merchant ID would be created at no additional cost to the State.

FR 4 – Online access for Merchant Activity

a.	Describe the secure online solution to view merchant activity.
	Response: The Business Track reporting portal, provides key information across the State of Nebraska payment streams, including, but not limited to: credit, debit, prepaid/gift card and check, in a single, consolidated web tool. The newly designed, secure, user interface has key applications organized by popular use so frequently accessed applications are prominently located. The easy-to-read charts visually depict daily sales and deposit data by payment type, along with new SpendTrend® excerpts to help you quickly understand monthly consumer spending.

FR 4 – Online access for Merchant Activity

Business Track® Web Portal

- Consolidated web tool tracks, monitors, and analyzes transaction information across all 31 Ohio toll plazas
- Embedded reporting and analytics capabilities detects and monitors trends for informed decision-making
- Embedded complementary ClientLine and Data File Manager reporting tools provide interactive data visualization with drill down capabilities for customized reporting across all 31 Ohio toll plazas
- Embedded Dispute Manager Service tool provides a streamlined disputes management process

CLIENTLINE REPORTING
A web-based reporting tool to view payment processing information with access to online queries and scheduled reports.

DATA FILE MANAGER
Self-service tool to create, test, manage and generate raw data files daily or on-demand as needed.

DISPUTE MANAGER
Receive, view and respond to chargeback and retrieval disputes online.

ALERTS
Notifications by email or text for events related to Reconciliation and Dispute activities.
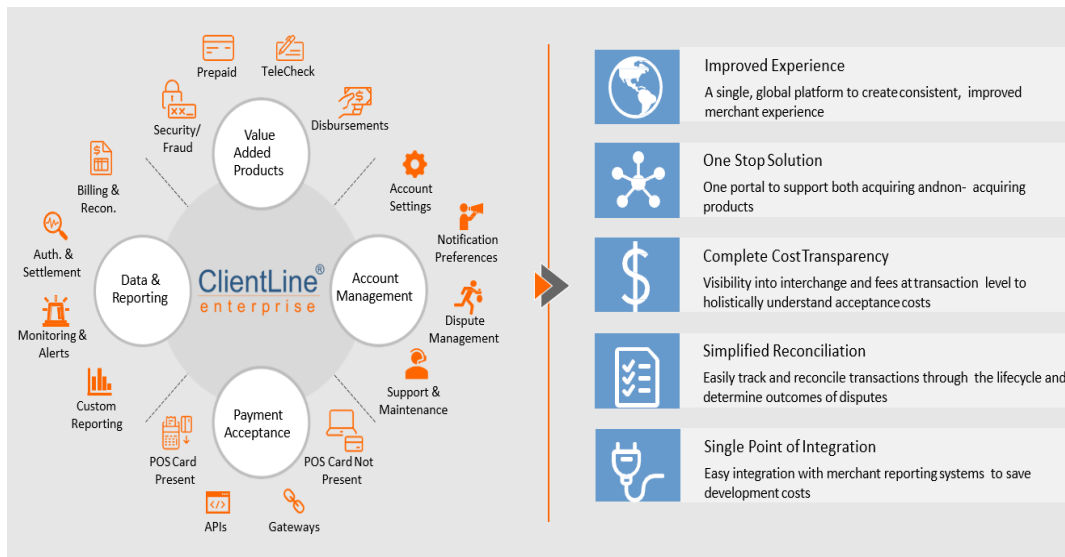
The Business Track Web Portal provides users with convenient links to multiple applications (ClientLine® online reporting, Dispute Manager, and Data File Manager) and features (Account Maintenance, Resources, What's New, Contacts). Access is driven by profile data the merchants set up for their individual users.

b.	Describe hardware requirements to access the online solution for merchant services.

FR 4 – Online access for Merchant Activity
Response: The ClientLine® Online Reporting tool provides access to centralized and comprehensive payment processing information which allows you the ability to access and analyze transaction detail by card type from any PC, tablet, or smart phone connected to the Internet. Reports are easily generated and used by data availability across multiple locations or selected groups. You can access information virtually anywhere for greater flexibility and effectiveness in managing State needs.

c.	Describe the process to allow users to view merchant accounts online. Detail how the bidder sets up useraccess or how the State Treasurer's staff can manage users.

Response: • Users have the ability to view merchant accounts online once enrollment is complete. There are two (2) ways users are enrolled into the Business Track portal: 1). Self- enrollment; and 2). via the Account Manager. For self-enrollment, the State and its State agencies will be provided with a Business Track Enrollment Guide that provides step-by-step instruction, although the Business Track portal is extremely user friendly.   also have the option to reach out to the Account Manager to complete the enrollment process on your behalf. The Account Manager also has the ability to add products, or update client access levels (location, card level truncation and DDA level truncation) via the Approvals System.

d.	Describe how user levels can be set. Example, one user can view one or two MIDs and other users canview all MIDs under the State.

Response: To help you report at different hierarchies, ClientLine® can provide reporting at a varying levels depending on business need. ClientLine® also allows user-defined group reporting; the user picks from the location he/she owns to create custom groups that may be permanent or temporary. Access is granted at any of the mentioned levels to allow users to view only their locations, or particular departments within a corporate office to view only certain regions. This hierarchy is defined up front, so the appropriate chaining convention can be used.

FR 4 – Online access for Merchant Activity

Level Name: State of Nebraska, NSPC
Hierarchy ID: 123456789999
Date Type: Transaction Date
Sort By: Merchant ID, Processed Currency Code, Transaction Date

Location ID	Processed Currency Code	Transaction Date	External MID	DBA Name	Terminal ID	Batch Number	Batch Sequence Number	Invoice Number	Submit Date	Funded Date	Card Type	Cardholder Number
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	127559	09/23/2021	09/24/2021	MASTERCARD	513651******8620
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	4760703	09/23/2021	09/24/2021	MASTERCARD	556920******0082
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	6085547400	09/23/2021	09/24/2021	VISA	453704******8042
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	3387107269	09/23/2021	09/24/2021	VISA	451407******2988
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	3031354608	09/23/2021	09/24/2021	VISA	451993******1574
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	6370678217	09/23/2021	09/24/2021	VISA	440393******5667
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	9409107515	09/23/2021	09/24/2021	VISA	431539******6584
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	0880345785	09/23/2021	09/24/2021	VISA	445256******8609
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	4487235587	09/23/2021	09/24/2021	VISA	423568******8934
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	5856432095	09/23/2021	09/24/2021	VISA	408104******6211
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	2467264343	09/23/2021	09/24/2021	VISA	460108******7087
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	2043473934	09/23/2021	09/24/2021	VISA	441420******6609
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	9337255054	09/23/2021	09/24/2021	DISCOVER	601100******4627
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	1161408769	09/23/2021	09/24/2021	DISCOVER	601100******1583
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	1543960995	09/23/2021	09/24/2021	DISCOVER	601100******5602
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	8374519959	09/23/2021	09/24/2021	VISA	476744******8831
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	0387443543	09/23/2021	09/24/2021	VISA	415417******5620
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	0066537724	09/23/2021	09/24/2021	MASTERCARD	517805******5259
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	5093970946	09/23/2021	09/24/2021	MASTERCARD	537993******6396
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	7426101842	09/23/2021	09/24/2021	MASTERCARD	524936******0016
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	6919900859	09/23/2021	09/24/2021	VISA	479827******7885
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	1159056904	09/23/2021	09/24/2021	VISA	468101******6821
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	7750030949	09/23/2021	09/24/2021	VISA	438482******3596
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	8070727653	09/23/2021	09/24/2021	VISA	405428******9951
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	8113387605	09/23/2021	09/24/2021	MASTERCARD	552815******3985
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	5500143181	09/23/2021	09/24/2021	MASTERCARD	551056******3290
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	0930970507	09/23/2021	09/24/2021	MASTERCARD	523694******0447
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	6786884470	09/23/2021	09/24/2021	MASTERCARD	551010******7369
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	2808677094	09/23/2021	09/24/2021	MASTERCARD	542418******4764
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	127556	09/23/2021	09/24/2021	VISA	443120******3375
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	247470	09/23/2021	09/24/2021	VISA	426938******6108
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	549031	09/23/2021	09/24/2021	VISA	426938******6108
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	4772974047	09/23/2021	09/24/2021	VISA	452088******8735
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	2748621708	09/23/2021	09/24/2021	AMERICAN EXPRESS	373969******1004
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	1259578184	09/23/2021	09/24/2021	AMERICAN EXPRESS	372261******5007
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	1702002397	09/23/2021	09/24/2021	AMERICAN EXPRESS	371332******4009

Transaction Listing North 1

e.	Describe how chains/groups can be set up for all MIDs under one agency.
	Response: The ClientLine® reporting tool has the ability to provide reports on refunds, transactions, authorizations, declines (with reason) and chargebacks. ClientLine® online reporting can be setup by location, merchant identification (MID) prefix, chain and master chains. The group builder module allows user-defined group reporting. In this module, the User picks from the location he/she owns, to create custom groups that may be permanent or temporary. •
f.	Describe how each agency can have one chain/group that will show on reports.
	Response: The ClientLine® reporting tool allows each Agency to have one chain and/or group to display on reports. Reports can easily be generated using data available by location, selected groups and/or across multiple locations. This allows Agencies to access information virtually anywhere for greater flexibility and effectiveness in managing the State affairs. ClientLine® also allow users to build custom reports based on Agency needs.
g.	Describe how to view and download monthly merchant statements and the formats available from theonline solution.
	Response:

FR 4 – Online access for Merchant Activity

The Monthly Statement option allows you the ability to view and download monthly statements via PDF. These statements are available days prior to receiving statements via US postal mail. The proposed online solution offering has a repository that can store reports for a maximum of seven (7) years.

When viewing and downloading reports, the User will enter the ID, select corresponding levels specific to a location or hierarchy level outside of the Users standard view. This ID field is required depending on the level of hierarchy. Users will have the ability to search by:

- Year – Enter the year you wish to view available statements for (up to 7 years);
- Statement Type -Recap or Location

h.	Merchant statements must be provided for each MID monthly, they should include, but not limited to thefollowing information:

  i. Merchant number;
  ii. Deposit details (processing date, transaction number, batch amount, adjustments, charge backsand net amount.);
  iii. Adjustment detail: processing date, batch amount, reason, deposit correction, amount;
  iv. Authorization detail: number of transactions, amount and authorization fees per card type;
  v. Other detail: description of item, number, rate/fee and total fee due.

Bidder should include a sample merchant statement and include a description of any information regarding fields of data on the merchant statement that are not easily identifiable. Describe options available to receive merchant statements.

Response:

Electronic email, as well as paper statements can be viewed and generated using the ClientLine® reporting tool. Statements are provided for each MID monthly, which includes all of the options described above. The Merchant Card Processing Statement page below, was generated for the State of Nebraska as an example of how the statement paper copy will appear. Attachment FR 4-01, Merchant Card Processing Statement, includes the full statement referencing: Summary by Card Type, Summary by Batch, Third Party Transactions, Chargebacks/Reversals, Adjustments and Fees (Transaction/Interchange).

BANK LOGO HERE

4000 Coral Ridge Dr
Coral Springs, FL 33065

YOUR CARD PROCESSING STATEMENT

ABC SERVICES INC.
JOHN SMITH
123 MAIN STREET
ANYTOWN NY 12345-6789

Page 1 of 7	THIS IS NOT A BILL
Statement Period	04/01/21 - 04/30/21
Merchant Number	123456789995
Customer Service	Website - www.businesstrack.com
	Phone - 1-877-274-7915

SUMMARY An overview of account activity for the statement period.

Page			
Page	2	Total Amount Submitted	$108,747.99
Page	4	Third Party Transactions	-$9,777.52
Page	4	Chargebacks/Reversals	0.00
Page	4	Adjustments	0.00
Page	5	Fees	-$338.89
Page	6	Interchange	-$1,041.48
		Total Amount Processed	**$97,590.10**

FR 4 – Online access for Merchant Activity

Refer to Appendix 3 – Full Sample of Processing Statement to include Chargeback activity.

i.	Describe how adjustments are reflected on the Merchant statement and provide an example.

Response:

Adjustments are reflected within the ClientLine® reporting tool featured under the Adjustments section of the monthly statements tab. The Adjustments section includes: amounts credited to/or deducted from the State and/or its Agencies account to resolve processing and billing discrepancies. Also, if applicable, the statements section will show the date the adjustment was completed and a description of the adjusted amount. Below is an example of what the User will see when viewing the Adjustments.

ADJUSTMENTS	The amounts credited to, or deducted from, your account to resolve processing and billing discrepancies.	
Date	Description	Amount
	No Adjustments for this Statement Period	
Total		0.00

j.	Describe the ability to email or mail invoices for merchant fees at the request of the merchant.

Response:

Clients may request to set up "Remit Billing" which is a process whereby Client fees are not systemically debited from their account each day or at the end of each month. Clients who are set up on Remit Billing are sent an invoice at the appropriate intervals and are required to provide a separate form of payment within 30 days of receipt. Invoices can be mailed and emailed to the client for payment. Remit billing setup is finalized for each agency during deployment.

k.	Describe the ability to run daily or monthly reports and export reports in an excel format.

Response:

Through the ClientLine® Reporting application, the State and its Agencies have the ability to generate a variety of reports on demand or reports scheduled. These reports can be generated daily, weekly, monthly, quarterly, and annually in a variety of formats, including, but not limited to: Microsoft® Excel, PDF, HTML, and comma separated values (CSV). The State and its Agencies have the ability to augment standard print or email of monthly statements via the user-friendly online tool when determining the level of granularity you require on major transaction types such as:

- Credit
- Debit (PIN and PINless)
- EBT (Electronic Benefits transfer)Check
- Alternative Methods of Payment (AliPay, China Union Pay, etc.)

In addition to reports, ClientLine® Reporting offers search capabilities that allows you to perform specific queries using reference numbers, card numbers, dollar amounts, date ranges, etc.

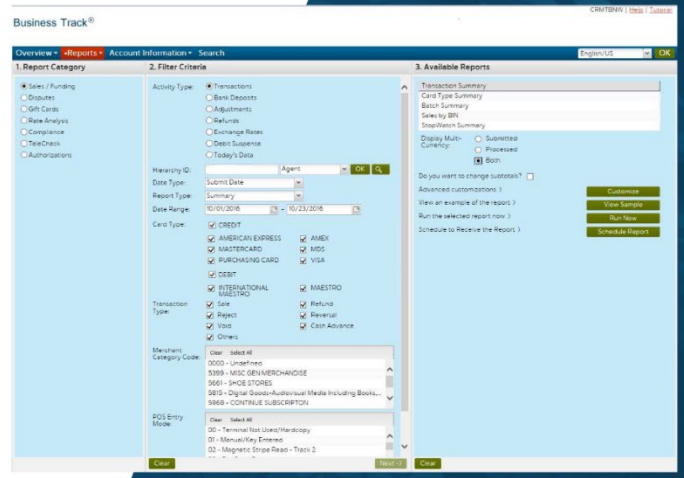The Reporting Wizard shown below includes the various search options available when running

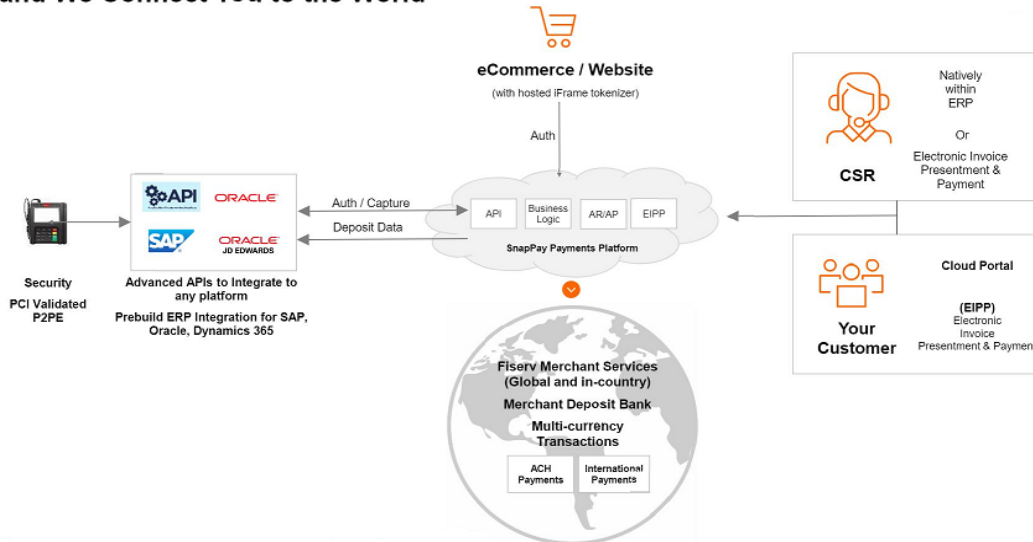**FR 4 – Online access for Merchant Activity**

reports.

I.	Describe the process to retrieve individual transaction details. for integration into NGPC softwaresystems via web service.

Response:

The SnapPay API offers a single front end entry to the Automatic Clearing House ("ACH") and credit/debit card payments using multi-channel integrations such as: E-commerce, Mail Order Telephone Order (MOTO), Card Present and more. SnapPay provides access to PCI P2PE validated devices. These devices enable the most secure payments and the most extensive PCI Compliance scope reduction. Hosted iframe tools are also available to enhance ecommerce applications with secure tokens to keep web servers from ever encountering an account number. The SnapPay API includes pre-built hosted payment pages designed for Managed Service (Convenience) Fees, as well as an Electronic Invoice Payment Portal ("EIPP") as well as offers access to the dedicated development team of experts to assist the State and the State Agencies.

FR 4 – Online access for Merchant Activity

m.	Describe the ability to access reports and integrate into the NGPC software systems via a web service.

Response:

The proposed solution provides access to one of the most robust and merchant-friendly reporting solutions in the payment processing industry. Reports are easily integrated into the State's software systems. This web-based reporting tool contains over 80 prebuilt reports. The State or State Agencies will have the ability to generate a variety of reports on demand daily, weekly, monthly, annually, etc., by card number, date, location, and Merchant ID in a variety of formats including, but not limited to: Microsoft® formats (Excel, Word), PDF, and comma separated values (CSV). You will have virtual access to an unlimited number of customized reporting options.

The proposed reporting tool has the capabilities to deliver daily raw data transaction files via a dial-up connection, VPN, or mainframe-to-mainframe connection to merchants upon request (i.e., FTP). The raw data file allows Agencies to import transaction level detail into their Agency system. This provides the freedom and flexibility to warehouse data and develop reports based on specific needs. In addition to the reporting feature, ClientLine® offers "action queries" which allows specific searches online to be performed such as: Interchange Qualification, Bank Deposit and Card Usage History.

The combination of these reports and action queries within ClientLine® allows for a robust reporting package that merges the need for standardized ad hoc reporting capabilities. Once custom report requirements are defined, a project request is submitted through the Account Manager.

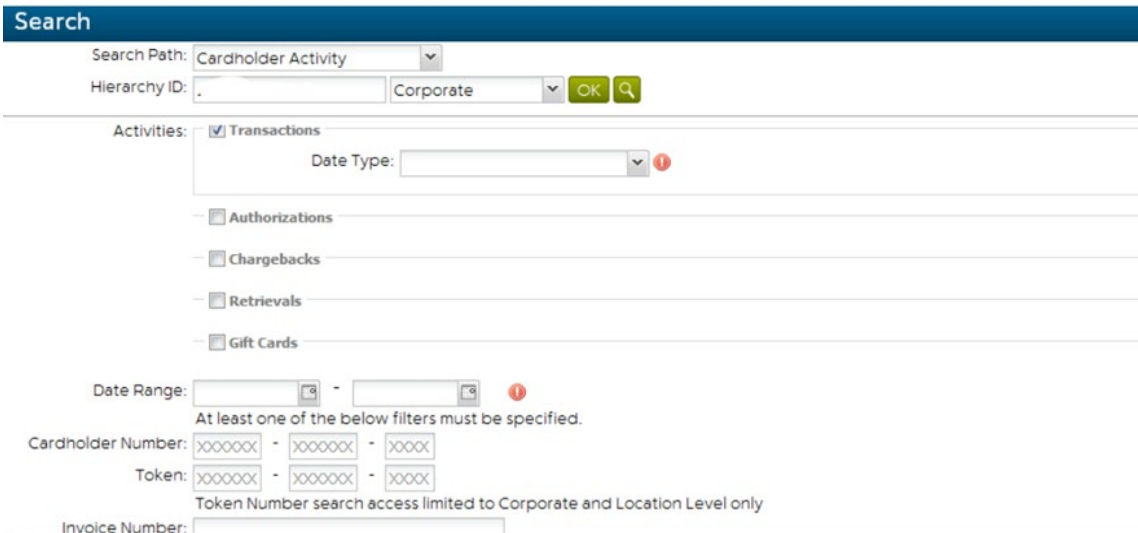| n.	Describe the ability to search for credit card transaction(s) or refunds by merchant number, credit card number (using a portion of the credit card number {example: first 6 and last 4 or first 4 and last 6}, dollaramount or date range. Search results must include transaction date and authorization number.

FR 4 – Online access for Merchant Activity

Response:

To search credit card transactions or refund by merchant, the User will use the selected Search feature to assist with any research activities. Whether it's researching cardholder activity or looking up information on one of the State outlets, designed to assist with researching needs.

Enter ID and select corresponding level if you would like to search for a specific location or hierarchy level outside of the standard view. Additional transaction features to search by include:

- Card Number/ Invoice Number/Token
- Date Range/Date Type (Submit Date, Transaction Date)
- Amount Range

- Card Type (Both, Credit, Debit)

When searching by the cardholder number either the full card number or just the last four digits needs to be entered (ex. 1234567891234567 or *1234).

Click on Cardholder Number hyperlink to view Credit Transaction Detail. This will include the date and authorization information for the transaction. When the End-User logs onto the ClientLine® online reporting
portal, the search option is selected and the following screen appears:

There are two ways to perform a Card Search:
1. Cardholder Activity
2. Card Issuer Information

The search feature details each occurrence based on credit or debit card numbers over time, the card number entered, and the specific time period selected. Once the selection is completed, the End-User can generate a report to assist with researching needs. There are five (5) card search options when generating reports:
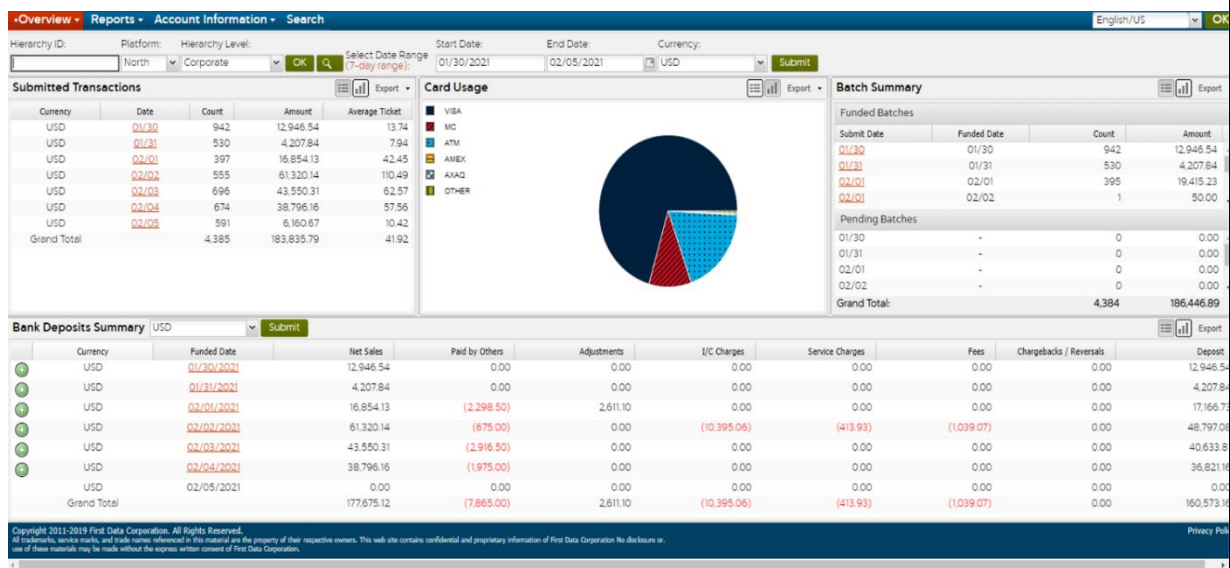1. Transactions
2. Authorizations
3. Chargebacks
4. Retrievals
5. Gift Cards

FR 4 – Online access for Merchant Activity

o.	Describe how to search by card number, batch number or batch total.

Response:

The search by card feature for, card, batch and batch total numbers for the State and its Agencies can be achieved via the ClientLine® online reporting portal as described in answer N above. Similar to credit card transactions, which includes searching by refunds by merchant number, credit card number (using a portion of the credit card number. dollar   amount, or date range), the same search rules would apply.

The Batch Summary feature can be found under the Business Track section of ClientLine®. The reporting dashboard displayed below includes the count and amount breakdown by batch for transactions processed over a seven (7) day period. The breakdown shown includes funded batches vs. batches pending funding to the Merchant's bank account. The State and its Agencies can adjust the date range to view previous batches.
The State has the ability to export the data into a searchable spreadsheet where they can search by batch total and batch number.

p.	Describe the transaction retention period. The State requires a minimum of 13 months.

Response:

Most historical ClientLine® online reporting data is readily available to merchants for summary data for a period of twenty-five (25) months, archive data for a period of twenty-four (24) months. Additional transaction data is kept off-site for a period of one year per Fiserv or as long as the Visa/Mastercard brands require. Upon request, the Account Manager can retrieve up to seven (7) years of transaction data.

FR 4 – Online access for Merchant Activity

q.	Describe the capability to search on a date range. The range must include specific criteria such as beginning date, ending date and by a specific month. The minimum search criteria must include the time,account number, order ID, MID, transaction date, authorization number, amount, card type approvals anddeclines.

Response:
The reporting tool has the capability to search criteria based on the time, account number, order ID, MID, transaction date, authorization number, amount, card type approvals and declines as well as much more:

The search criteria(s) highlighted below details the following results:

Date Range -Reports can be generated and filtered by time/date range configurable down to the minute.

Fiserv Takes Reporting to the Next Level

- Normalize domain models and access hierarchies across various platforms

- Self-service experience through a single API entry point

- Enhanced reporting exists within the already established ClientLine platform

  – Unifies multiple hierarchies, outlets, and terminals into a single access point

  – Capability to drill down, slice and dice the data, in a clean, easily viewable format

- Reconcile authorizations versus settlement, settlement versus batch, chargebacks and more, are not at the fingertips of the user (coming soon)

- Download options conducive to the client's environment

  – S3 bucket, Dropbox, Single File Transfer and more

Selected Locations – The State or it's Agencies will have the ability to generate and use data available by location, selected group type or across multiple locations.
Drill Down Capabilities – ClientLine® offers "action queries" that allow you to perform specific searches online, review information such as downgrades, Interchange qualifications, bank deposit and card usage history.

The combination of reports and action queries within ClientLine® online reporting tool allows for a robust reporting package merging the need for standardized reporting with ad hoc request capabilities.

r.	Describe the ability and the process to initiate manual authorizations and manual credits.

Response:

Fiserv supports the ability for Agencies to perform manual authorizations, transactions and credit. The process of completing manual authorizations and manual credits is dependent on the gateway and device being used.

Additionally, Fiserv provides a voice authorization transaction processing system in which the cashier

FR 4 – Online access for Merchant Activity

calls an 800 number and manually keys the transaction data into a Voice Response Unit system. Stand-alone, cellular-enabled POS terminals can be used as a backup solution.

s.	Describe the process to return or refund all or part of an order.

Response:

The proposed solution supports a variety of ways to refund a transaction, both through an API and Administration portal. Once an authorization is executed, a transaction ID is assigned. Prior to the daily settlement, if a merchant wishes to return the money, they can issue a void against that transaction ID, which immediately cancels the authorization and the corresponding hold on the customer's account. Note: that not all issuing financial institutions support voids. Once a settlement occurs (or if a merchant doesn't wish to immediately release funds), a refund can be issued against the transaction ID, which will return the funds back to the customer's account, following the standard settlement times.

If a partial refund is desired, a refund can be issued against a transaction ID for an amount less than the original amount. Fiserv will keep track of the total amount refunded and will prevent a refund greater than the amount that's part of the transaction ID.

The process of completing a refund depends on the gateway and device currently in use.

t.	Describe the ability and procedure used to void an order.

Response:

When an authorization is executed, a transaction ID is assigned. Prior to the daily settlement, if a merchant wishes to give back the money, they can issue a void against that transaction ID, which immediately cancels the authorization and the corresponding hold on the customer's account. Note: Not all issuing banks support voids. The process of completing a void is dependent on the gateway and device currently in use.

u.	Describe how the agency can review user access to the online solution. Allowing agency managers to view employee access and terminate access with role or staff changes.

Response:

The assigned Account Manager manages User access via the Business Track reporting tool. The State would work with the Account Manager to update or terminate access. If using the SnapPay solution, user access is role-based and can limit or enable permissions to both users and groups. If using a third party gateway, user access would be dependent on the gateway and the State would work with their Vendor contact to make any necessary changes.

FR 5 – Transaction Batching, Authorizations, and Processing

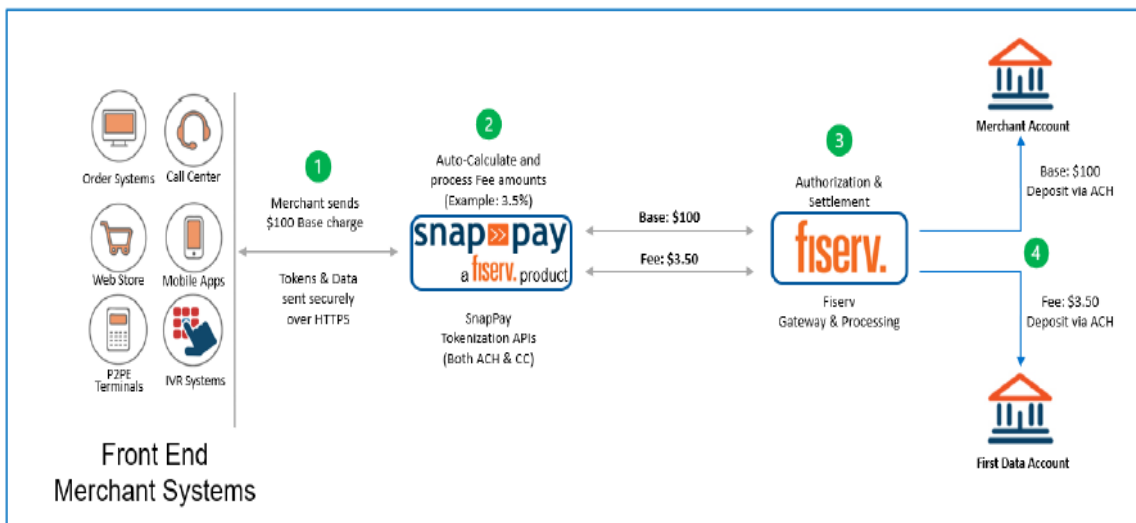| a.	Provide a diagram reflecting the processing of a credit card transaction beginning with the point of sale (either internet or terminal) to the deposit of funds. The diagram must indicate the functions performed by the contractor and those performed by others including subcontractors along with dates when each function occurred.

For Managed Service Fees (MSF): The above flow represents functions performed when the State utilizes the suggested SnapPay Gateway.

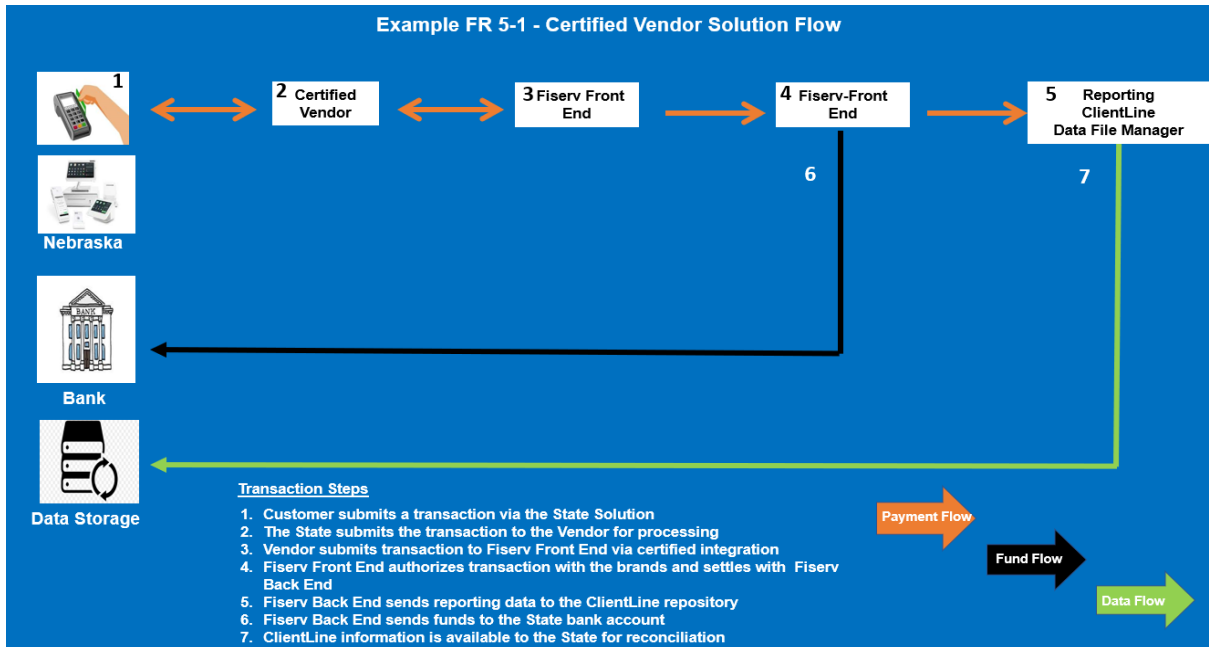| FR 4 – Online access for Merchant Activity |
| --- |
| **Example FR 5-1- SnapPay Solution Flow.** The Certified Vendor Flow, as seen below, represents processing utilizing a certified vendor terminal or gateway.

• The terminal/gateway sends a request to the contractor's front-end authorization platform;
• Fiserv sends the request to the appropriate authorizer;
• The authorizer searches its records to determine if it is approved or declined;
• The authorizer sends the approval or decline code and the response or reply, back to contractor;
• Fiserv records the code and other data then sends the response to the terminal/gateway; and
• Lastly, the terminal/gateway prints the receipt and sends the end of transmission to Fiserv; this process takes as few as 4 seconds.

Example FR 5-1- SnapPay Solution Flow

Throughout the day, all transactions are logged and stored until the settlement time established by the client. The files are forwarded to the contractor's backend processing platform. The backend processor sends the files via ACH to the Federal Reserve. The Federal Reserve distributes funds to the bank. The bank distributes funds to the merchant's account. |

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Example FR 5-1- Certified Vendor Solution Flow. The Certified Vendor Flow, seen below, when utilizing one of the many certified vendors.

b.	Describe available government discount rates are available and explain how the State can qualify.

Response:

Comprehensive guidance is provided to government agencies in support of discount rates and ongoing support of compliant procedures for the assessing and processing of Managed Service fees. If implemented, the State nor its Agencies will not incur any gateway, transaction, or Interchange and assessment fees charged by the card brands.

Fiserv has a Managed Service Fee model (convenience fee), that adheres to the rules and regulations of card brands. The specialized team dedicated to support the State of Nebraska will handle all aspects of servicing, processing, setup, and the collection and administration of the convenience fee account(s) for the State and its Agencies.

Managed Model:
- The State never has to deal with the service/convenience fee funds.
- The only funds the department will see; will be the transaction of the payment.
- The State or its Agencies will not incur gateway fees, transaction fees, or Interchange and assessment fees charged by the card brands.
- The managed service (convenience) fee for the transaction will go into a DDA account owned by Fiserv.
- All of the payment card processing fees will be withdrawn from the DDA account owned by Fiserv.

The Visa Partner Program ("VPP") and the MasterCard Participating Program ("MPP") are programs unique to each Merchant. Merchants can only be set up for one program per card brand. Below is a list of additional program availability:

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- Visa Utility Program
- Visa Debt Repayment Program
- Visa Performance-based Fee Structure (Retail and Supermarket Tiers)
- Visa Government and Educational Payment Program
- Visa Government to Government (G2G) Program
- Visa Member Supplied Fee Program (MSI)
- Visa Co-Brand Interchange Programs
- Visa SIGIS IIAS Certification
- Visa VPP Interchange Program
- MasterCard Tier Threshold Programs
- MasterCard Charity Interchange Programs
- MasterCard MPP Interchange Program

The Visa Government and Education Payment Program allows participating merchants to assess cardholder fees on approved transaction types. The program allows a variable or a flat/fixed service fee on Visa consumer debit, Visa consumer credit, and Visa commercial products. This fee is called a Service Fee. This is not a Convenience Fee as the rules differ for a Service Fee. Only merchants enrolled in the Visa Government & Education Payment Program may implement this Service Fee model.

Eligible Merchant Category Codes are defined below:
- 8211 – Elementary and Secondary Schools
- 8220 – College Tuition
- 8244 – Business Schools
- 8249 – Trade Schools
- 9211 – Court Costs
- 9222 – Fines
- 9311 – Tax Payment
- 9399 – Miscellaneous Government Services

c.	Describe any program(s) that would assist agencies to use best processing practices to avoid downgraded transactions.

Response:

To assist Agencies with best processing practices when avoiding downgraded transactions, Fiserv hosts webinars to review new information with Merchants directly. Typically these webinars are scheduled to be released during Spring and Fall. However, special initiatives may warrant additional webinars. Webinars allow Merchants to learn about upcoming changes and ask questions in real-time.

Internal Interchange Monitoring. Recognizes and addressed the needs for a system capable of merchant-level monitoring of Interchange by creating a patent-pending, web-based analysis tool called Interchange Management System ("IMS").

IMS. Is a powerful web-based application that offers users the ability to quickly and easily monitor Interchange performance. IMS is capable of generating a series of alerts based on historical trend comparisons that identify analysis of qualification shifts resulting in increased Interchange costs. The alert reporting functionality of IMS displays the origin of adverse shifts in Interchange performance down to the merchant location level.

IMS also allows for the review of Visa/Mastercard reclassification advices. The IMS reclass report details critical reclass information such as sales and transaction totals that reclassed to and from

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Interchange categories, including incremental Interchange cost. IMS allows for Interchange analysts to quickly view daily qualification statistics and recognize abnormalities that may exist.

Relationship Support. In addition to the technological tools used to manage Interchange, Fiserv Customer Relations Support personnel have the knowledge and capabilities to not only provide ad-hoc reports focusing on Interchange Management but truly serve as a consultant offering you recommendations for expense reduction related to Interchange.

As part of Fiserv daily Interchange Management or Quarterly Review process, any and all recommendations to reduce the costs associated with Interchange, rather its downgraded transactions or opportunities to improve qualification, the Agencies are notified immediately. Additionally, Level 2/3 discount interchange rates are available when using the SnapPay API.

Fiserv will provide you with monthly/quarterly and annually Interchange Analysis Reports. These reports are extremely useful because they show Visa®/MasterCard® transactions by the specific Interchange category.

The effective Interchange rate and average ticket are shown for each category. The report also details the downgraded transactions. Finally, the report produces an overall Best Qualification Rate which shows the percentage of all transactions that qualified for the best possible Interchange rate. Typically, Fiserv customers qualify over 99% of their Visa/MasterCard transactions for the best possible rate(s).

d.	Describe the ability to identify and eliminate duplicate transaction and batches, how is the notification provided? Detail how duplicate batches are handled and how notification is provided.

Response:

Fiserv detects duplicate transactions based on order number. If a duplicate order is placed, the gateway will detect and reject duplicates. A separate API will be provided to show the original order status.
The State or its Agencies will determine the applicable duplication lockout time window.
Duplication is detected at the settlement layer which automatically checks for duplicate transactions. As part of the duplicate detection, a repository of transactions is maintained of each settled transaction, which is then matched against a prior transaction to ensure the same transaction criteria has not been processed. If a match is detected the transactions are rejected from the settlement.
The same procedure is followed to eliminate duplicate transactions regardless of the card brand (i.e. Mastercard, Visa, American Express, Discover and PIN-debit card types).

Once a reject is detected in the system, a notification is sent to the email address on file. Additionally, a Root Cause Analysis is completed if the settlement issue occurred at the settlement layer.

e.	Provide a list of all card brands supported and any details regarding those card brands.

Response:

Fiserv supports the following forms of electronic payment: Visa®, Mastercard®, Diners Club®, American Express®, Discover®, JCB®, Internet Payments, Payroll, Debit, Electronic Benefits Transactions (EBT), Private Label, Stored Value (Gift), Loyalty Programs and more.

f.	Describe the batch transaction process. Detail any limitations on the number of transactions in a batch or the number of batches submitted in a day per Merchant ID Number or Merchant Chain.

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	Response:
	The Fiserv batch interface allows the State to integrate payment functionality via an off-line mode. This interface can be used by any integrator which does not require a real- time response to an authorization request. In order to transmit batch files, the State or its Agencies must first contact customer service and request a File Transmission Protocol ("FTP") Account designated to send and receive files to a Secure FTP (SFTP) site. There are no limitations on the number of transactions processed daily. Depending upon how authorizations are obtained. EDC Batch file has a limit of 999 and PTS has a limit of 999,999. Automatic batch closures will be determined by the State and configured on a MID by MID basis.
g.	Describe the ability to offer both real time and batch processing. Provide details for both options.

	Response:
	Fiserv supports real-time authorizations that can be originated from terminals, websites, and many other systems. Most gateways support automatic closure of batch also referred to as auto settlement. If manual batch closing is required, Fiserv supports this feature by API and Web Portal.
	The services detailed below utilizes information to shape up retry logic in real-time or deferred mode:
	• Issuer Behavior and Profiling
	• Payload Optimization to confer to technical specs as issued by network
	• Account Updater services
	• Customer Spending Pattern to formulate Deferred Retry
	Premium Authorization Optimization (Dynamic Retry, Deferred Retry, Real Time Account Updater)
	Fiserv works on behalf of the State and its Agencies to formulate the best retry logic for a declined transaction. New PAN\expiry or account closure statuses are promptly provided back to the State and its Agencies to use for their subsequent transactions. The State and its Agencies will decide which transactions should go through Authorization Optimization and which transactions should not. Thus, providing the State and its Agencies with absolute control over the services at the transaction level. With Premium Authorization Optimization, the State and its Agencies will benefit from the ability to leverage the largest segment of acquiring data, formulated into actionable rules. Fiserv has successfully recouped approximately ten (10%) percent of all credentials of all on-file declines.
	Batch Account Updater – This service enables the State and its Agencies the opportunity to inquire on all their customer PAN, in addition to receiving the latest information about new PAN, new expiry or changes in account status (Closed\Contact Customer). In partnership with the State and its Agencies industry best practices will be shared in order to take advantage of this service. Batch Account Updater can provide excellent benefits to merchant-initiated transactions. Fiserv supports Visa, Mastercard, Discover and American Express account updater services.
h.	Describe in detail what transmission methods are available. Describe what monitoring and notification processes exist if a transmission fails.
	Response:
	Fiserv supports a 24/7 Network Operations Center ("NOC") which is responsible for monitoring network availability and performance. Since Fiserv networks are designed for redundancy, customers will not experience degradation in service. The redundant network paths is designed for load balancing

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and hot failover. Although performance may be impacted if one path fails, the systems will continue processing. Authorization systems include hot backup to allow instantaneous recovery into separate physical locations.

In the event the client elects not to have a redundant or backup network solution and a failure were to occur, the Fiserv NOC would notify the customer's designated network operations of the network failure. Fiserv utilizes a client notification system to communicate global-impacting issues to the State. These notifications will be delivered via SMS text or email depending on the preference of the State.

Authorizations are processed simultaneously at the primary and disaster recovery locations. In the event of the loss of either authentication site, customers transparently fail over to the alternate.

Fiserv supports all major data connection methods, individual locations or a centralized corporate location by way of Dial, MPLS, Internet, Gateway and Satellite. For authorizations, an MPLS circuit is recommended for optimal transaction processing performance. For settlement or any other files, Fiserv recommends a leased line using SFTP.

i.	Describe the average time for terminal authorizations for both peak and non-peak hours.

Response:

The Fiserv network response time shown below includes the communication method in addition to peak vs. normal response times recorded per second.

Fiserv average response time is 2.1 seconds. Fiserv achieves this time or better 99.5% on all of the transactions processed. This interval response time is monitored and defined from the time the inquiry is received to the network until the time a response message is issued to the network. However, it does not include any latency to and from the originating POS terminal or register.

Average System Response Times (seconds)

Communication Method	Peak	Normal
MPLS	1.5 - 3.83	1.5 - 2.81
Dial	10.83	8.81

Fiserv does not guarantee a minimum response time when external parties are engaged outside of our control, who transmits transactions to the Fiserv network. The response time is dependent on four (4) key factors:

1. Fiserv processing/switching
2. Propagation delay inherent to telecommunications
3. Card Brand/Issuer processing/switching and its' related telecommunications
4. The State and its Agencies equipment and related telecommunications.

The first two factors: The Fiserv processing/switching and Propagation delay inherent to telecommunications are relatively static, show very small deviation, and are within Fiserv control.

The remaining two factors: Card Brand/Issuer processing/switching and its' related telecommunications and the State and its Agencies equipment and related telecommunications, are outside the Fiserv parameters and we cannot effectively measure these factors because we have no control over them.

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j. Describe the average time for internet authorizations for both peak and non-peak hours.
Response: Fiserv has one (1) of the best network availability statistics in the industry, maintaining a 99.95% or better uptime monthly. Fiserv maintains multiple-site, geographically diverse data centers with each center having the capability to handle 100% of its peak volume. All production systems are maintained in a secure data facility which is monitored 24/7 to ensure continuous processing capability to give the State and its Agencies confidence in Fiserv's ability to process all transactions with speed, accuracy and efficiency. Fiserv data centers are fully redundant processing platforms offering dual-site, continuous processing capability. The authorization platform consists of numerous platforms installed in geographically-diverse data centers in Omaha, Nebraska and Phoenix, Arizona. These platforms are scalable for ensuring overall transaction processing capacity. With the merger of Fiserv and First Data there will be an additional add of three (3) data centers for a total of five (5) by the end of 2021. Capacity is maintained well above what is needed within each redundant online environment (terminal-driving and switching). Each online environment runs in multiple data centers. The authorization system is capable of performing, even at peak periods, with the loss of one (1) data center.
k. Describe in detail the procedures to reverse an incorrect authorization.
Response: The procedures to reverse an incorrect authorization/same-day reversals, once detected, can be reversed and/or returned through the Merchant's POS terminal, if permitted by the POS application. These reversals/returns are transparent to the cardholder. After an authorization, the cardholder will see reversals or return/adjustments on statements if the transaction was not performed on the same day. Each issuer varies in time period until reversals are adjusted and credited back to the cardholder's account. If the POS system used does not allow for authorization reversal, then the cardholder's issuing bank must be contacted immediately. Once an authorization is run, a transaction ID is assigned. Prior to the daily settlement, if a merchant decides to return money, they can issue a void against that transaction ID, which immediately cancels the authorization and the corresponding hold on the customer's account. Note: not all issuing banks support voids. Once the settlement occurs (or if a merchant doesn't wish to immediately release funds), a refund can be issued against that transaction ID, which will return the funds back to the customer's account, following the standard settlement timing. If utilizing the SnapPay API solution, the same process hold true. If a partial refund is desired, a refund can be issued against a transaction ID for an amount less than the original amount. The total amount refunded will be tracked to prevent a refund greater than the amount of the transaction ID. While not recommended, for the average merchant, refunds without a transaction ID (sometimes called refund without reference) will be issued. Typically, only a few specialists within a Merchant organization will have this capability. This prevents a malicious user from issuing themselves credits to their own personal cards or other unauthorized behavior specific to transactions.
l. Describe how to authorize international credit card transactions.
Response:

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Since all transactions are identified as US Dollars, credit cards issued internationally will run through the same rails as domestic cards and settled in US Dollars.

m.	Describe the ability to handle seasonal merchant activity. Do seasonal merchants receive a break inmerchant fees during months there is no activity?

Response:
The account management team is able set the account to an inactive status after the final batch has been submitted and funded to State's bank account. To activate a seasonal account that have been deactivated, it is recommended reaching out to the Account Manager 2-3 business days, prior to the start of business to ensure activation is complete.

The proposed fee structure is either interchange plus or managed fee for each agency or merchant. In both of those fee structure, costs to agencies are only incurred when charges are processed, so limited or no activity would reduce or eliminate costs to merchant. |

n.	Describe what is needed for an agency to set up a seasonal MID. Can a MID be changed to seasonalafter it is already set up? If so, describe what is needed to change a MID to seasonal.

Response:
For an agency to set up a seasonal/non-seasonal MID, a request for set up will be required and completed. The below requirements must be met to for an account to qualify as seasonal:

- Activity must be consecutive, not sporadic;
- Closed at least one or more months per year; and

Lastly, an account can be updated to reflect a seasonal status by sending a request to the assigned Account Manager if the MID has already been created. |

o.	Provide the system availability statistics for the last 12 months. Provide the longest period that you were unable to authorize transactions in the last year, including the source of the problem and how long it took to resolve the issue.

Response:
Fiserv standard Service Level Agreement ("SLA") for system uptime is 99.95% and measured monthly. Fiserv top of the line systems have a 100% system availability record for both current and past years. Successfully, there has not been any period experienced where authorized transactions were unable to be processed on processing platform.

p.	Describe the communication options available to advise of system outages.

Response:
Fiserv supports a 24/7 Network Operations Center ("NOC") which is responsible for monitoring network availability and performance. Since Fiserv networks are designed for redundancy, customers will not experience degradation in service. In the event a client declines a redundant or backup network solution and a failure were to occur, the Fiserv NOC would notify the customer's designated network operations of the network failure. Fiserv utilizes a client notification system to communicate global-impacting issues to the State of Nebraska. These notifications will be delivered via SMS text or email depending on the preference of the State.

Unless a specific path of communication has been established within the written agreement between |

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	Fiserv and the customer, notification would be made through the customer's normal relationship management channels with Fiserv.
q.	Describe when and how often updates are made to the credit card system. What is the average downtime caused by the updates?
	Response: There are scheduled maintenance windows for application updates and code changes. The State and its Agencies will be notified of this downtime via bulletins, in addition to the monthly statements generated, Fiserv includes account changes via a newsletter. There are no scheduled network downtimes. System updates can vary in frequency based card acceptance changes issued by the Credit Card Associations and system improvements
r.	Describe the methodology to process fuel payments and detail how fuel transaction acceptance varies compared to a regular credit card transaction.
	Response: Fuel payments require processing on specific platforms, gateways and devices. Not all solutions have the ability to accept fuel cards. Fiserv has the capability to support full service processing of fuel cards and is currently integrated with the State's existing fuel service Vendor. The State will have the option to allow Fiserv to offer full service entitlement for Wright Express and Voyager cards. Full Service Entitlement includes: Disputes, reconciliation and funding research. Fiserv also offers the State the option for a direct agreement with these established partners. If the State choses the direct agreement, then the fuel cards will be settled and funded by Wright Express and Voyager.
s.	Describe the methodology to simultaneously process routine credit card transactions.
	Response: Authorizations are processed simultaneously at the primary and data recovery locations. In the event of a loss of either authentication site, the State fail over would default to the alternate data recovery location. Authorization systems include hot backup to allow instantaneous recovery into separate physical locations. Fiserv supports a redundant network path for load balancing and hot fail over. In case one path fails, this configuration allows the systems to continue processing.
t.	Describe the ability and the methodology to provide a hosted payment page that is secure and can be redirected from the agency website and is PCI compliant.
	Response: The proposed SnapPay API solution, which is PCI compliant provides a hosted payment page that is secure and can be redirected from the Agencies website. This solution offers multiple variants of hosted payment pages. All hosted payment pages are PCI compliant and returns secure tokens along with the payment data to the merchant. Additionally, each page can be configured to support the name, address data, and up to ten (10) custom data fields. These data fields will be stored as part of the transactional data at the gateway and SnapPay SaaS application levels. Managed Service Fees are also available as part of the solution. SnapPay offers a redirect page, a JavaScript Modal window, as well as an embedded iframe option.

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u.	Describe what payment types can be processed on the hosted payment page.

Response:
Credit, Debit and ACH are available via the SnapPay hosted payment pages. Managed Service Fees are also available as part of the solution.

v.	Describe bidder's ability to process NCSPC credit card transactions as described, including any additional process improvement opportunities. Receipt information made on the website is entered by the payor and redirected to the contractor's website and transmitted to the contractor. A report of the previous day's payments is retrieved from the contractor's website and contains an excel spreadsheet with the totals and payors' information (name, phone number, and Agency Related Person(ARP) ID) and a text file is retrieved from their website in a NACHA CIE format that populates database tables withinKidCare.

Response:
The Fiserv gateway allows the State the ability to process standard and custom data fields with each transaction processed. These custom data fields are available for use via a user-friendly web portal. The State authorized user can create and download a custom file at will, with as many or as few of the desired data fields necessary, including a file to include the name, phone number, and ARP ID. This data is also available via API, if direct integration is desired.

Describe bidder's ability to process NCSPC credit card transactions as described, including any additional process improvement opportunities. The automated phone system processes payments in a similar manner. The payor is assigned a unique bank card ID which identifies his/her payor information. Once the phone system has identified the payor, the payor can proceed to enter their credit card information NCSPC employees log into their website to retrieve credit card payment information for credit card transactions made by phone. Kiosk bank card payments are retrieved on their website and the CIE file is downloaded in the same manner as web and IVR payments.

Response:
The Fiserv gateway allows the State the ability to process standard and custom data fields with each transaction processed. These custom data fields are available for use via a user-friendly web portal. The State authorized user can create and download a custom file at will, with as many or as few of the desired data fields necessary, including a file to include the name, phone number, and bank card ID/secure token. This data is also available via API, if direct integration is desired.

Describe bidder's ability to process NCSPC credit card transactions as described, including any additional process improvement opportunities. The day the funds are received from the bank and the data is gathered from the terminal and E-Payment website, the payments are posted through KidCare Queue Manager and given the proper effective date. A cut off time of 11 PM CT was established, and funds received at the bank are carried over to the next business day if received between 11 PM CT and 12 AM CT. The amounts per the bank information reporting system are compared with the data downloaded into KidCare and statements from the merchant processor and the settlement reports generated by the lone terminal.

Response:
The Fiserv gateway allows the State the ability to process standard and custom data fields with each transaction processed. Data can be sorted and combined on a MID by MID basis, as desired. These custom data fields are available for use via a user-friendly web portal, along with all the standard processing data fields.

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The State authorized user can create and download a custom file at will, with as many or as few of the desired data fields necessary, including a file to include the name, phone number, and bank card ID/secure token.

Fiserv is excited to discuss additional options that can improve and/or streamline processes and functionality, as this data is also available via API, should direct integration be desired. This would help automate the reconciliation and data import process. The SnapPay API offers a single front end entry for ACH and credit/debit card payments servicing multi- channel integrations: ecommerce, MOTO, card present and more. SnapPay offers access to PCI P2PE Validated devices, enabling the most secure payments and the deepest PCI Compliance scope reduction. There are also hosted iframe tools available to enhance ecommerce applications with secure tokens and keep web servers from ever seeing an account number. |
| Describe bidder's ability to process NCSPC credit card transactions as described, including any additional process improvement opportunities. NCSPC also receives receipts from payments taken by acollection representative. The recovery staff member uses a credit card terminal to get immediate approval on the payment. These amounts are later compared to the settlement report credited the following day from the terminal the card was processed on and the merchant's previous day's bank statement. The NCSPC also uses web portal for bank card items that will be applied towards bad debt. NCSPC employees retrieve an .xml file containing all recovery payments made via the web portal. |
| Response:

The Fiserv gateway allows the State the ability to process standard and custom data fields with each transaction processed. Data can be sorted and combined on a MID by MID basis, as desired. These custom data fields are available for use via a user-friendly web portal, along with all the standard processing data fields.

The State authorized user can create and download a custom file at will, with as many or as few of the desired data fields necessary, including a file to include the name, phone number, and other custom fields.

Fiserv is excited to discuss additional options that can improve and/or streamline processes and functionality, as this data is also available via API, should direct integration be desired. This would help automate the reconciliation and data import process. |
| Describe bidder's ability to process NCSPC credit card transactions as described, including any additional process improvement opportunities. NCSPC charges a 2.49% surcharge for web, phone and Kiosk credit card transactions; however, the surcharge does not apply on debit card transactions and thesurcharge is waived when payments are made via the terminal and recovery web portal. |
| Response:

The SnapPay solution offering will include registration into the Visa Government and Higher Education program. This will allow the State to offer a Managed Service Fee on all forms of payment types, which can exclude debit at a competitive price point. The SnapPay Managed Service Fee program works in ecommerce, over the phone, and in card present transactions. SnapPay offers PCI Validated P2PE devices for maximum PCI scope reduction, cyber-attack prevention, and enhanced security. |

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Describe bidder's ability to allow DOR to continue using current contractors, Official Payments and Brown Paper Tickets, including any additional process improvement opportunities. If keeping current contractors is not an option, bidder must provide DOR with a product description, system capabilities, a sample application or website if available for consideration. DOR does not absorb any merchant fees associated with card payments. Bidder must disclose all the potential user fees associated with the transaction processing reporting or file creation for this type of program in the cost proposal of the RFP, including any fees charged to the taxpayer. DOR and the State Treasurer's Office will give final approval prior to solution implementation.
Response: Fiserv offers two primary options that meet or exceed the State's requirements: • The ability to support DOR's current environment with new Merchant IDs, keeping the process as it is currently. • Official Payments are already certified with Fiserv and Brown Paper Tickets are supported as part of the integration. The recommendation is to transition the DOR to the SnapPay solution. The SnapPay solution offering will include registration into the Visa Government and Higher Education program. This will allow you to offer a Managed Service Fee on all forms of payment desired at a competitive price point. The SnapPay Managed Service Fee program works in ecommerce, over the phone, and in card present transactions. SnapPay offers PCI Validated P2PE devices for maximum PCI scope reduction, cyber-attack prevention, and enhanced security.
Describe bidder's ability to provide DOR the information required, including any additional process improvement opportunities. The card payment origination services transmit payments to the merchant contractor for authorization and processing with funds settling to an account at the direction of the State Treasurer. Additionally, electronic files containing payment card transactions are transmitted to DOR in the NACHA standard CCD+ or PPD+ formats. These files will not include any reversal transactions. The vendors also provide a daily report of detailed payment transaction information by Merchant ID with the settlement date. File and reports must be made available for DOR to pick up through FTP via Secure Socket Layer by 5:00 AM CT on the day following the effective settlement time.
Response: **Bank Response:** Yes, reports can be pushed to the State using SFTP by the required time in addition to being available through Business Banking Online. **Subcontractor (Fiserv) Response:** The Fiserv gateway allows the State the ability to process standard and custom data fields with each transaction processed. Data can be sorted and combined on a MID by MID basis, as desired. These custom data fields are available for use via a user-friendly web portal, along with all the standard processing data fields. The State authorized user can create and download a custom file at will, with as many or as few of the desired data fields necessary, including a file to include the name, phone number, and other custom fields. Fiserv is excited to discuss additional options that can improve and/or streamline processes and functionality, as this data is also available via API, should direct integration be desired. This would help automate the reconciliation and data import process.

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ac. Describe bidder's ability to provide NGPC with the following requirements, including any additional process improvement opportunities. NGPC uses POYNT.net to review all locations via an HTML dashboard. Configurable settings ensure the use of virtual terminals, reports, and electronic receipts. Each location is unique and may have 20 or more users logging into a MID, each with unique user ID's and passcodes. Refunds through the POYNT device are possible via the dashboard or the device that processed the original transaction. Refunds may be less than the original transaction but may not be more than the original transaction. Refunds may be processed through the dashboard by management.
Response: Poynt solutions is currently integrated with Fiserv using the Credit Call Gateway and the ability to support this environment if the connection is presently in use. It is recommended to move from the NGPC environment to the SnapPay Gateway with corresponding PCI validated P2PE Devices for ease of use functionality.
Describe bidder's ability to provide NGPC with the following requirements, including any additional process improvement opportunities. NGPC uses POYNT.net to review all locations via an HTML dashboard. Configurable settings ensure the use of virtual terminals, reports, and electronic receipts. Each location is unique and may have 20 or more users logging into a MID, each with unique user ID's and passcodes. Refunds through the POYNT device are possible via the dashboard or the device that processed the original transaction. Refunds may be less than the original transaction but may not be more than the original transaction. Refunds may be processed through the dashboard by management.
Response: Poynt solutions are currently integrated with Fiserv using the Credit Call Gateway and the ability to support this environment if the connection is presently in use. It is recommended to move from the NGPC environment to the SnapPay Gateway with corresponding PCI validated P2PE Devices for ease of use functionality.
ad. Describe the process used to assist the University of Nebraska to connect the POS system.
Fiserv currently has certifications with the gateways and POS systems being utilized by the University of Nebraska. During the implementation phase the assigned Implementation Manager will work with the State to ensure all gateways connections are complete and POS devices are programmed accordingly. It is suggested that the University consider the universal SnapPay API to take advantage of additional features that will support the Managed Service Fee program, which eliminates the University's costs for interchange and other processing fees.
ae. Describe the options available to accept mobile transactions.
Response: Fiserv supports the use of mobile payment methods as a way for merchants to increase sales volume and market share while minimizing PCI scope and additional expenses. Today, Fiserv can provide access to a suite of various alternative payment solutions through a single integration point. The Fiserv card present and card-not-present environments and platforms support digital wallets, PayPal, Alipay, Apple Pay, Google Pay, Samsung Pay and ACH on file.

FR 4 – Online access for Merchant Activity
If the State wishes mobile application development, the Universal SnapPay API works across all modern devices, including cell phones, tablets, laptops and other devices.

FR 6 – Daily Settlement Report	
a.	Describe what time the settlement reporting is available in a method which is easy to use and not requireState staff to look up each individual MID.
Response:	

Debit transactions are processed seven days a week. The cut-off time for end-of-day processing is 3:00 pm ET. A daily reconciliation file (user file) is sent to The State and its Agencies each day by 6:00 p.m. ET for debit transactions and is used to do a compare against the posted transactions by the cardholder's host authorization system. Any differences identified are adjusted by you to the cardholders' accounts or charged back.

All of the networks in which the State is connected to and provide settlement reports, as well as files to assist with this process will be supported by Fiserv. Reporting includes break downs by network including volume, fees and Interchange revenue. Additionally, the settlement system provides an accounting function for the exchange of transactions between The State or State Agencies and other financial institutions (ATM activity) and/or merchants POS activity. All of the monetary information that the State receives or sends each day is balanced and reconciled. The end result of this accounting function is a net settlement dollar amount to the State or State Agencies. In addition, all reports and data files are also produced as a result of this process. The net settlement can be positive or negative. A negative net settlement amount means you have a higher outgoing amount than incoming for the processing day. A positive net settlement amount means you have a higher incoming amount than outgoing ticket exchange. The actual transfer of money for debit transactions occurs through an automated clearinghouse (ACH) transfer.

Daily settlement of funds flow via ACH from the account you designate. You have the option of moving funds into a General Ledger ("GLs") for daily transactions, Global/Signature debit funding, adjustments, surcharges, Interchange and billing. Participant Accounting Summary report, which summarizes both issued and acquired total activity by service class (ATM, POS, etc.), also separating out any adjustments by total debit and total credit by service class for reporting purposes will be provided.

b.	The settlement report must include the following information: transaction processed date, MID name and number, merchant chain number, and the batch total for each MID. (no bank account numbers should belisted on the reports). Describe the ability and methodology used to comply with the requirements and provide a sample of this report.
Response:	

The State and its Agencies will have access to one of the most robust and merchant-friendly reporting solutions in the payment processing industry. The Web-based ClientLine® online reporting tool contains over 80 prebuilt reports and gives you the ability to generate a variety of reports on demand. You can create reports on a daily, weekly, monthly, and annual basis by card number, date and location, and in a variety of formats – Microsoft® Excel®, Word®, PDF and comma separated values CSV.

For reconciliation, ClientLine® provides access to centralized and comprehensive payment processing information. Reports are easy to generate and use with data available by location, selected groups or across multiple locations. Users can access information virtually anywhere for greater flexibility and effectiveness in managing the State of Nebraska needs. With ClientLine®, you will have the ability to

FR 6 – Daily Settlement Report

efficiently conduct sales audits, manage processing fees, investigate chargebacks, and reconcile The State of Nebraska checking account.

To help you report at different hierarchies, ClientLine® can provide reporting at a location, merchant identification (MID) prefix, chain and master chain level. The group builder module within ClientLine® allows user-defined group reporting; the user picks from the location he/she owns to create custom groups that may be permanent or temporary. Access is granted at any of the mentioned levels to allow users to view only their locations, or particular departments within a corporate office to view only certain regions. This hierarchy is defined up front, so the appropriate chaining convention can be used.

Report Availability
The ClientLine® Graphical User Interface ("GUI") provides access to over 80 prebuilt standard reports. Listed below is a small sample of the standard reports that are available:

- Transaction Summary
- Batch Summary
- Transaction Listing
- Chargeback Summary
- Retrieval Listing
- Funding Reconciliation
- Bank Deposit Adjustment Detail
- Qualification Analysis Summary

Data File Manager
If the State or State Agencies prefers to download raw data files directly to the State of Nebraska systems. The Fiserv Data File Manager, product provides the user-friendly, web-accessible tools to automate this critical process. Data File Manager brings a best practice approach to this often time-consuming process, with a focus on flexible, self-service capabilities so you get just the data you need, right when you need it.

This self-service, automated toolset allows you to receive raw data files with just the records and data

FR 6 – Daily Settlement Report

elements you specify, delivered daily or on demand with historical data. Record options include:

- Transaction detail
- Interchange
- Funding
- Dispute and chargeback records
- Summary records by location or for the entire file

Chargebacks with Dispute Manager

Fiserv's Dispute Manager service is a highly secure Web-enabled front-end interface to help merchants and/or customers effectively manage sales disputes (chargebacks and retrievals) with greater efficiency in a real-time environment. This Web-based tool was created to assist merchants simplify back office processing and expedite response time on retrieval requests, as well as improve response times that can result in reduced non-response chargebacks. Dispute Manager can also provide information to merchants to help them gain control of their sales dispute expense management.

Dispute Manager is easy for the State or State Agencies to use and provides the following key features:

- Sends merchants confirmation and acknowledgement that response has been received
- Alerts merchants if all required documentation has not been submitted (can reduce chargebacks for non-response)
- Provides work queues of all outstanding chargebacks and retrievals in need of a response
- Provides the ability to query or sort chargeback or retrieval requests online for prioritization and management of disputes (by cardholder, sale amount, etc.)
- Offers imaged cardholder, bank and other supporting documentation, as well as provides the merchant the ability to scan in documentation to support fulfillment
- Provides the ability to manipulate images, e.g., magnify, rotate, flip, scroll, for optimal viewing capability
- Assists merchant with navigating the Dispute Manager program, and provides educational information that can be updated with new release information through Online Help

Custom reports can be made available according to the State of Nebraska needs. Once custom reporting requirements are defined, the State and/or Agency will submit a project request, and a project manager will subsequently be assigned to assist with the request.

Ad Hoc Reporting

Along with custom reporting development, ad hoc reporting is available via ClientLine®, allowing you to report on virtually any data point or element captured in the database. Many of the States Fiserv serves uses raw data files to download merchant processing activities into the State internal and/or proprietary reconciliation tools. The combination of reports and action queries within ClientLine® online reporting allows for a robust reporting package merging the need for standardized reporting with ad hoc request capabilities.

In addition, the Data File Manager application brings a best practice approach to this often time-consuming process, with a focus on flexible, self-service capabilities so you get just the data you need, right when you need it. Fiserv does not white-label reporting options.

Pinnacle Bank

FR 6 – Daily Settlement Report	
c.	Describe the ability and methodology used to download the settlement report in an excel format as well asany other available formats.
Response: Reports can be exported to a number of formats, including Microsoft Excel where filters can be used to sort information. Within ClientLine®, users can choose from a wide range of standard data fields to personalize, filter and sort transaction information, ad hoc and scheduled reports. Other downloadable reporting formats include PDF, HTML and CSV files. Through the online merchant portal, the State and its State Agencies can run a myriad of on-demand reports that will allow you to filter through authorizations, transactions and settlements. The authorization detail report provides the authorization decline reason codes so the State can understand why transactions were declined.	
d.	Describe the ability and methodology used to view all transactions that make up a batch settlement total.Please provide an example.
Response: The ClientLine® dashboard offers an easy solution to view all transactions within a batch settlement total. You simply click on the batch date under the Batch Summary. You will be taken to a breakdown of the batch detail. There is an option in the righthand corner to export to PDF/CSV/EXCEL. Please see the Batch File Transactions View.	

Pinnacle Bank

FR 6 – Daily Settlement Report

The State can also set-up a report to be generated via email or ClientLine® mailbox daily, weekly, monthly.

Please see Reporting Frequency Options.

Batch File Transactions View

Reporting Frequency View

Specify Report TYPES/Desired REQUENCY

FR 6 – Daily Settlement Report

e.	Describe the methodology used to create a customized report showing settlement data.

Response:

Fiserv supports multiple reporting systems based on Agency needs. Depending on the software and gateways being utilized the solution(s) the data may appear various formats. Below are two examples of the Cardpointe reporting tool, representing gateway reporting and ClientLine® representing processing reporting.

ClientLine® reporting:

Once the State has selected the type of report needed, the data will appear. There are a variety of options available when viewing or generating reports.

Cardpointe Reporting:

Click on Advanced Customization Button Result: The customize report screen will appear. The fields available in the report selected will appear. The fields can be reordered by dragging the fields above or below in the Columns Present in Report box. Fields can also be removed if they are not needed by clicking on the field name and using the << button.

FR 6 – Daily Settlement Report

Customize Report

Available Columns		
Column Name		

Columns Present in Report		
Column Name	Group By	Options
Merchant ID	☐	
External MID	☐	
DBA Name	☐	
Transaction Date		
Submit Date	☐	
Funded Date		
Currency Code	☐	
Sales Count		
Sales Amount		
Refund Count		
Refund Amount		
Rejected Count		
Rejected Amount		
Average Ticket		
Processed Amount		

Back

Clear

FR 7 – Settlement and Availability of Funds

a.	Describe the transaction processing/transmission cutoff times for the Central Time Zone. Describe the process to adjust the nightly settlement time to ensure the settlement report exactly matches daily fundsdeposited into the Treasurer's bank account.

Response:

Transactions are processed based on processing platforms, alliance relationship and products or features used by the State and its Agencies. Once an implementation plan is determined, the State and its Agencies is provided a settlement cut-off time to ensure transactions are processed within the daily funding cycle. The State has the ability to change its settlement time to match the bank's nightly settlement time, but funding may be delayed by one business day.

FR7-01. Funds Availability Schedule. Below includes a payment schedule for debit transactions.

FR7-01. Funds Availability Schedule				
The following table outlines when the Agency customers should expect to receive funds following transaction settlement.				
Agency Transaction Day	Settlement File sent to Fiserv (Cut-off time before 12:30 p.m. CT)	Interchange Processing	Fiserv Initiates ACH	ACH Posted by Agency Bank to DDA
• Monday	• Tuesday a.m.	• Tuesday	• Tuesday	• Tuesday
• Tuesday	• Wednesday a.m.	• Wednesday	• Wednesday	• Wednesday
• Wednesday	• Thursday a.m.	• Thursday	• Thursday	• Thursday
• Thursday	• Friday a.m.	• Friday	• Friday	• Friday
• Friday	• Saturday a.m.	• Saturday	• Monday	• Monday
• Saturday	• Sunday a.m.	• Sunday	• Monday	• Monday
• Sunday	• Monday a.m.	• Monday	• Monday	• Monday

.
Payment for Visa®, Mastercard®, Discover®, American Express®, Diners Club® and JCB® transactions can occur the next business day if you elect a wire transfer option or you maintain a DDA account with one of Fiserv's partner banks and the batch is submitted to us for processing by 10 p.m. CT.

In this Funds Availability Schedule, funding for Fridays, Saturdays and Sundays would be funded on Mondays. Please keep in mind that bank holidays might delay funding.

b.	Describe how MIDs can have different settlement times and how those various settlement times can besupported.

Response:

Fiserv supports different batch settlement times down to the terminal level. For example, if a location has two terminals, batches are able to be closed at different times throughout the day. However, they will need adhere to the settlement cut-off time that will be provided to the State during implementation.

c.	Describe the process used to have transactions settle automatically or manually as selected by theagency and how you support the best settlement time for the agency.

Response:

The State has the option to settle their own transactions automatically or manually. The process for settlement will be dependent on the device or gateway being used at each location. During

	implementation all MIDs will be set up properly to support the Agencies and ensure settlements are received without issue.
d.	Bidders answering questions i. – vi. should assume there are no banking holidays included and Saturday/Sunday are the only non-business days. Bidders should also assume that State Agencies haveeither closed the batches manually in time for bidder's processing cutoff's or are having batches auto- close in time for the bidder's cutoff. Bidders should use this sample calendar dates to provide their answers: • Thursday, October 29 • Friday, October 30 • Saturday, October 31 • Sunday, November 1 • Monday, November 2 • Tuesday, November 3 • Wednesday, November 4
i.	If the transaction is processed and batched on Thursday, October 29, what day and time will funds settle into the State's bank account?

Response:

Funds processed and batch on Thursday, October 29, would be delivered to the bank Friday, October 30, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

FR7.02. Funds Settlement Schedule

Date Payment Processed	Payment Method	Number of Transactions	Amount	Date Settled to S Account
Thursday 29-Oct.				
	American Express	27	32,568.05	Oct 30th
	VISA	370	130,099.82	Oct 30th
	MasterCard	176	69,977.37	Oct 30th
	Discover	22	12,844.61	Oct 30th
	E-check	2405	11,893,528.65	Oct 30th
	Other payment types offered			

ii.	If the transaction is processed and batched on Friday, October 30, what day and when will funds settle into the State's bank account?

Response:

Funds processed and batch on Friday, October 30, would be delivered to the bank Monday, November 2, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

iii.	If the transaction is processed and batched on Saturday, October 31, what day and time will funds settle into the State's bank account?

Response:

Funds processed and batch on Saturday, October 31, would be delivered to the bank Monday, November 2, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

| iv. | If the transaction is processed and batched on Sunday, November 1, what day and time willfunds settle into the State's bank account? |

Response:

Funds processed and batch on Sunday, November 1, would be delivered to the bank Monday, November 2, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

| v. | If the transaction is processed and batched on Monday, November 2, what day and time will funds settle into the State's bank account? |

Response:

Funds processed and batch on Monday, November 2, would be delivered to the bank Tuesday, November 3, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

| vi. | If the transaction is processed and batched on Tuesday, November 3 what day and time will funds settle into the State's bank account? |

Response:

Funds processed and batch on Tuesday, November 3, would be delivered to the bank Wednesday, November 4, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

| e. | Describe how the State can use multiple settlement bank accounts depending on how the merchantwishes to structure funds settlement. |

Response:

Agencies will be set up for multiple DDAs to drive deposits and withdrawals. Agencies can have up to five (5) DDAs on file regardless of the financial institution. The most common is a dual DDA set up where one (1) account is designated for deposits and one (1) account is designated for withdrawals.

| f. | Describe how settlement amounts will be listed separately on the bank statement either by chain numberor by MID. Bidders should detail how Saturday and Sunday transaction activity will be listed on the bankstatement (will funds be co-mingled with another day's activity or listed individually). Please provide an example. |

Bank Response:

Each deposit will be listed separately by MID batch. Batches submitted for deposit after 6:00 pm central time, will show on the next days business. Batches submitted for deposit after 6:00 pm central time on Friday, will show on Monday's business day. Any Batches submitted for deposit on a Bank holiday will post to the account the following Business day.

Subcontractor (Fiserv) Response:

The State has the option to decide how funding will be sent to their bank account(s). There are three (3) ways in which funds can be transferred by: location MID, Chain MID and Corporate MID. Activity occurring on Saturday and Sunday will be sent to the banks separately and treated individually.

g.	Describe how the settlement of funds will be made to the State's bank account. State will not accept afunds availability schedule or settlement that would net merchant fees from the daily credit card batch settlements for any State Agency.

Response:

Depending on the State preference, settlements or batches can appear on the State of Nebraska bank statement in one of four ways. **As shown in FR7-03 Bank Statement Appearance Options**. The Roll Up Code Indicator drives how these appear on The State of Nebraska account statement and can be manipulated at any time. This type of change comes as no cost from Fiserv but suggest reaching out to the financial institution to ensure the bank does not regulate the number of debits and/or credits that can pass through the State checking account within a specified date range/timeframe.

Fiserv has variable setups for funding ways including lump sum, break down by type/card. Saturday/Sunday funding is sent and will fund on the following business day but will show in reporting as separate days.

FR7-03. Bank Statement Appearance Options Settlements appear on State of Nebraska bank statements in four different ways depending on preference.	
Roll-up Code	**Indicator**
Roll Up 0	The State sees every debit and credit transferred to your bank account. It may also increase bank charges as some banks bill a per transaction fee for each entry to the account. Example: $100.00 deposit and $5.00 statement fee each show up as a separate entry.
Roll up 1	The State receives all credits/deposits generated on the same day as one transfer, and all debits generated to their account on one day as a separate transfer by category (fees/discount/Interchange). Example: The Merchant submits deposit in the amount of $100.00 and another for $50.00 but has the following fees. A $5.00 statement fee and $20.00 Interchange Fee, The Merchant sees three transfers – one transfer for the deposit and two transfers for the fees – one transfer for each category.
Roll up 2	Within this transfer, all debits and credits for one day are combined. Example: A $100.00 deposit and a $5.00 statement fee shows as a net deposit of $95.00.
Roll up 3	The State sees every credit transferred to your bank account. All debits are generated to your account on one day as one transfer.

FR 8 – Credit Card Customer Service and Support

a.	Describe how customer support will be available toll-free 24x7x365 to State Agencies. Customer supportmust be able to help resolve terminal, authorization, and transmission issues at a minimum. Provide detailed information about the services offered by customer support.

Response:

Fiserv strategically aligns our services with the needs of the State to simplify and improve the overall experience. The Fiserv collaborative approach to relationship and service management consists of four primary roles, which include: executive sponsorship, senior account executive, account manager and as-needed services.

Additionally, Fiserv offers a truly interactive customer support help desk 24/7 through our call centers. Representatives have online, real-time access to the transaction database as they are processed. They also have access to merchant and terminal profiles that contain the information necessary to provide

FR 8 – Credit Card Customer Service and Support

technical assistance. The satisfaction of the State, its Agencies, and customers are the primary focus of our representatives, and measurable performance standards are in place to provide high-quality assistance.

FR8-01. State of Nebraska Service Operations Team Responsibilities	
Title	**Functional Responsibilities**
Senior Account Executive	• Manages contract • Conducts rate/fee inquiries • Owns holistic relationship across verticals • Identifies product solution opportunities • Partners with account manager • Develops and leverages strong, collaborative relationships • Conducts business reviews
Account Manager	• Serves as operational point of contact across all State of Nebraska products • Manages daily State of Nebraska needs • Facilitates operational escalations • Conducts strategic servicing with State of Nebraska communic (Association Release) • Trains customers with new tools/product offerings • Manages projects for strategic initiatives • Updates the State of Nebraska profile information • Focuses on the State of Nebraska satisfaction at the transactio level • Retains expert-level knowledge of systems/tools • Maintains product level expertise • Delivers high-quality service

The Account Executive will manage communications at the State level. The Account Manager will work with States individual departments on a day-to-day operational basis. All assigned individuals are committed to providing a solid solution with excellent delivery and service to the State and they are ready to partner with you to harness the technologies needed to meet your goals. State's assigned account manager will be assigned during the contract negotiation phase.

The State of Nebraska Client Service Operations (CSO) support team assignments will be identified later in the selection process and will consist of the support referenced below. FR8-01. State of Nebraska Service Operations Team Responsibilities.

The CSO support team has additional resources available to assist with product development, front-end authorization network, telecom, network planning/engineering, activations and conversions, settlement, interchange, compliance, retrievals and chargebacks as described in **FR7-05.** The State of Nebraska Additional Help Desk and Call Center Support.

FR 8 – Credit Card Customer Service and Support

FR8-02. State of Nebraska Additional Help Desk and Call Center Support	
Support Teams	**Functional Responsibilities**
Help Desk	Our Customer Services Help Desk will be your first lir contact. A toll-free number allows us route calls throu automatic call distributor (ACD) to Customer Service Help Desk representatives trained to answer question pertaining to your specific account. Our client service: terminal Help Desk teams are staffed 24/7 with knowledgeable and experienced personnel. We strive first call resolution on every call. In the event an issue not resolved on the first merchant contact, most rese and resolution is completed within 72 hours, and the highest priority issues impacting operations are assig resources first. Our customer service team is focused the customer experience by measuring your custome voice through first call resolution and other continuou monitored and analyzed performance measures.
Technical Help Desk	Our Technical Help Desk is truly interactive, operating 24/7. Representatives have online, real-time access t transaction database as transactions are processed. addition, they have access to merchant and terminal profiles that contain the information necessary to prov technical assistance. We can also be the first/front lir contact point for many POS partners. If the problem i determined to be external to us, our representatives r the caller to the next level or outside contact.
Call Centers	We support primary call centers in Omaha, Nebraska Hagerstown, Maryland; Marietta, Georgia and Coral Springs, Florida. In addition, we have a small call cen presence in Toronto, Canada, supporting our Global Gateway. Some functions are outsourced, as needed

b.	Describe the length of time Merchant activity (specify by months, days) is available to customer supportstaff and the ability to view and provide batch detail information to the caller immediately. If research isrequired due to older information, what is the time frame the information will be available?

Response:

Fiserv Customer Service Support centers have access to thirteen (13) months of batch detail readily available to assist the State immediately. Customer Service Support has access to summary data for a period of twenty-five (25) months, archive data for a period of twenty-four (24) months. Additional transaction data is kept off-site in a secure location for a period of one (1) year after contract expiration per Fiserv policy or as long as the Visa/Mastercard brands require.

Upon request, your Account Manager can retrieve up to seven (7) years of transactional data. If research is required, we ask for a time frame of 2-3 business days in an effort to gather the requested

	FR 8 – Credit Card Customer Service and Support
	information.
c.	Describe service/performance level reports for customer service, technical support, ticket resolution,phone authorizations, and merchant onboarding.

Response:

All SLAs are negotiated and mutually agreed upon during the contract negotiation phase. Below are examples of the Fiserv SLAs stages and measurements of performance.

Help Desk

The response times for selected metrics are as follows:

Help Desk average speed of answer – 45 seconds or less

Help Desk Service Level – 80 percent of calls answered within 45 seconds

Help Desk abandoned rate – Less than 4.9 percent of calls greater than 45 seconds

System Performance Service Levels

The minimum system performance service levels are:

99.95 percent host availability

95 percent of transactions processed at the host in less than 3 seconds

Average time within the host – 3 seconds or less

Notification

Notification is made by the State or State Agencies relationship manager or the business consultant.

Fiserv conducts multiple, on-going satisfaction surveys with all Clients that include major milestones, products, specific transactions and the overall relationship status. Measuring the effectiveness of Fiserv delivery. The Client survey programs focus on Sales, Solution(s), Implementations, Service & Support, and the Overall Relationship.

These survey programs help Fiserv promote a superior Client experience by ensuring the Clients' voices are consistently at the forefront of strategic business decisions, account management strategies, and product and service investments. Executive Leadership, Business Leaders, and their teams monitor results and follow-up with Clients based on the feedback provided.

d.	Describe the process used for notification of scheduled and non-scheduled down time.

Response:

Fiserv supports a formal Issue Management program, administered by the Global Service Desk. Downtime for upgrades and maintenance are scheduled at times with the least potential for negative impact. With Fiserv dual-system redundancy, when one system is brought down for maintenance, the remaining system handles the load with no noticeable impact. Clients are notified of this downtime either through bulletins or Fiserv Documentation.

Fiserv will provide the State with at least ten (10) days' notice of scheduled maintenance window, with the exception of temporary freezes, which are communicated as they are announced. Outages resulting from implementation changes received from third party vendors will be excluded from all SLAs. Fiserv tries to ensure minimal downtime as much as possible when performing scheduled maintenance. Unplanned emergency maintenance is performed when there is a customer or possible customer

FR 8 – Credit Card Customer Service and Support
impacting issue that needs to be remedied or when a government mandate needs to be implemented due to changes in financial laws. Notification times can vary depending on the nature and severity of the issue. In the event of a disruption, clients can expect to be notified by their Client Relationship Manager as soon as reasonably possible following the event assessment conducted as part of the incident management process. Fiserv provides Agencies a view of Fiserv's major systems and their current operational status as well as alerting Agencies of upcoming maintenance. With this tool, Agencies can receive updates via email and/or SMS text notification and allows Fiserv to notify clients much quicker for improved awareness of production impacting issues. All Agencies will be setup to receive status updates. Fiserv Operational Status Board.

e.	Confirm bidder will provide an account representative as a single point of contact responsible for the State and describe how this position handles escalation of contract related processing issues.
	Response: The State and its Agencies will be assigned an Account Manager as the single point of contact. Escalated matters follow the Chain of Command for problem resolution and escalation as outlined below: There is a comprehensive Fiserv Escalation Procedures document that is solidified at the time of implementation, enabling the State and its Agencies to have multiple escalation levels. The Chain of Command for issue resolution is as follows: - Level 1 – Customer Service/Help Desk - Level 2 – Account Manager - Level 3 – CSO Management - Level 4 – Account Executive - Level 5 – Vice President of Relationship Management Issues are logged, managed and escalated using Customer Relationship Management (CRM) tracking solutions. The resource at each level is empowered to engage the resources necessary for a quick and permanent resolution. Issues are assigned priorities with those impacting operations receiving the highest priority. **Service Change Requests:** The State and its Agencies will work with the assigned Account Manager. **Special Project Requests:** The State and its Agencies will work with the assigned Account Manager. **Afterhours and Emergency Support:** Customer Service and Help Desk representatives are available 24/7. Account Managers and account executives are available 8 a.m. – 6 p.m. ET.

f.	Describe how the agencies will be informed of upcoming changes related to terminals, online merchant portal and/or brand regulations.
	Response: Agencies will be informed of upcoming changes related to terminals, online merchant portals and/or

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brand regulations via the Card brand release. These releases happen during the Spring and Fall in addition to monthly compliance notifications.

Terminal notifications are communicated by initiatives at which time alerts are generated and sent to the agencies. Fiserv has a dedicated product team that communicates changes and updates for Fiserv related equipment. These notifications are generated from the product team and coordinated with the State of NE should there be an impact to the State.

FR 9 – Chargebacks, Reversals and Refunds	
a.	Describe how quickly a merchant is notified of a chargeback once the contractor is notified. Describe theprocess of sending all chargeback information directly to the State agency responsible for the MID the chargeback relates to.

Response:

The State will be notified within 24 hours of the intail dispute notification to Fiserv.

Chargeback Management

Fiserv uses an internal process known as the Integrated Dispute System ("IDS") to provide the most accurate and efficient chargeback processing in the industry. There is a 100% review of chargebacks by a proprietary, expert, business rule-based system (over 100 timeframe and rule edits, by reason code) that encompasses all pertinent Visa and Mastercard rules.

In addition, electronic file handling of case images and data speeds resolution. Prior to a chargeback being returned to the merchant, this expert system interrogates the chargeback against a predetermined set of parameters to determine work-flow resolution and output to the merchant. In some cases, this results in automatic resolution of incoming chargebacks. As part of the business rules and internal procedures, Fiserv validate issuer and cardholder requirements as part of the overall dispute investigation.

The State and its Agencies are required to provide all applicable sales transaction documentation by attaching it to the letter received with the request. If additional pages need to be included, you must ensure the case number is written on each page. The information should be faxed to the number provided on the request letter by the due date. Please retain the fax confirmation for your records.

Merchants will have up to twenty (20) calendar days to respond to the Payment Card Company Retrieval Requests. A second notification request/reminder for fax and Dispute Manager as described below is setup on the 18th day for items not previously fulfilled. Currently, several options are available for the State and its Agencies to receive and respond to retrieval notifications, which are all driven by merchant setup. Those options include fax, electronic file, Dispute Manager, or standard and special delivery mail options.

Incoming merchant responses from electronic delivery methods or fax are received through a network of 24/7 high-speed, high-capacity fax gateways that capture:

- The image sent
- The time the item was received
- The incoming fax number
- Date received

All responses received via electronic delivery, fax, or mail are downloaded into the back office systems for processing. These responses are permanently stored in the dispute management system. Also all retrieval requests and responses received are subjected to a full end-to-end audit to safeguard the

process.

Fiserv also provides confirmation on items received for those merchants that are set up for fax and the Dispute Manager service. If the item is not a valid response; i.e., wrong item, missing values, etc., it will be updated to enable the merchant to provide an accurate response. second notification request/reminder for fax and Dispute Manager as described below is setup on the 18th day for Payment Card Brand retrieval requests not been previously fulfilled for fax and Dispute Manager Merchants.

Dispute Manager

Dispute Manager is a highly secure, web-enabled front-end interface to help merchants and/or customers to effectively manage sales disputes, chargebacks and retrievals with greater efficiency in a real-time environment. Fiserv created this tool to help merchants simplify back-office processes and expedite response time on retrieval requests. The improved response time that Fiserv customers experience can result in reduced non-response chargebacks. Dispute Manager can also provide information to the State and its Agencies to help gain control of the sales dispute expense management system.

b.	Describe what options are available and the process for chargeback information notification back toagencies.

Response:

Merchants are informed of disputed chargebacks either by mail, fax, electronic file or Dispute Manager based on available functionality and merchant setup. A Chargeback Notification form is provided for all disputes adjusted to the merchant, and the debit will appear on the merchant's bank statement as well as other reporting tools. The merchant will have access to this process electronically through the Dispute Manager Service. Reversal of a debit will occur when a remedy has been supplied within the required timeframe.

As part of the business rules and internal procedures, we are able to validate select issuer and

Business Track Online Solutions Suite

ClientLine Reporting	**Dispute Manager**	**Data File Manager**
View payment processing information such as sales, bank deposits, and statements.	Receive, view and respond to chargeback and retrieval disputes online.	Create, test, manage, and generate raw data files daily or on demand as needed.
Tax Center	**Alerts**	**Gift Card Reporting**
Access and manage your gross reportable sales reports, and retrieve a copy of your 1099-K.	Receive notifications by email for events related to Reconciliation and Dispute activities.	Access to your prepaid program data.

cardholder requirements as part of the overall dispute investigation. In terms of reporting, the merchant can utilize the ClientLine® reporting tool, accessible within the Business Track online solutions suite to be notified of disputes that Fiserv was able to reverse back to the issuer upfront, thus avoiding merchant impact financially.

c.	Describe what assistance or training the agency will receive to resolve chargebacks.

Response:

The following training will be provided to the State and its agencies to resolve chargebacks:

Initial new merchant training
For each merchant, the assigned Fiserv implementation coordinator organizes and schedules new merchant training. The implementation coordinator works with the merchant team to develop a customized training program to address the different needs of the organization, according to function, group, or whatever configuration is needed.

Ongoing training
On an ongoing basis, courses are provided for the ClientLine® Online Reporting, Fraud Management, and Payment Card Program Management, which includes courses on topics such as: Credit Card 101, Interchange 101, and Retrieval & Chargeback basics. The State and its Agencies will receive comprehensive Payment Card Industry Data Security Standards (PCI DSS) training as well.

Fiserv offers a variety of training options to Agencies for products and services provided by Fiserv, including Train-the-Trainer sessions, onsite instruction and Web-based training.

d.	Describe the percentage of chargebacks, received in 2020, that did not require Merchant intervention/involvement that was successfully resolved (the chargeback was reversed). (These would be cases where a transaction was returned as a duplicate charge, but it was clearly evident there was no duplicate charge to customer.)

Response:

Overall, Fiserv is very effective with representments that are processed. The actual percentage of chargebacks passed on to the merchants may vary by merchant type and category. Approximately 9% in retrieval fulfillment on behalf of the merchants, and 4% in disputes. Fiserv current representment effectiveness rate is approximately 55 % for similar transactions of chargebacks occurring in the face-to-face environment. This number is less significant than in years past because MasterCard and Visa are tightening controls on issuing banks that abuse the chargeback system by sending floods of chargebacks from at-risk card accounts in the hopes of reducing their risk exposure. This is one area where the Fiserv size and dominant presence in the acquiring space to influence rules changes and increased enforcement is a benefit for all state federal and government agencies supported by Fiserv.

Note: Percentages are based on card present transactions for Fiserv overall.

Fiserv uses an internal process known as the Integrated Dispute System (IDS) to provide the most accurate and efficient chargeback processing in the industry. There is a 100% review of chargebacks by a proprietary expert business rule-based system (over 100 timeframe and rule edits, by reason code) that encompasses all pertinent Visa and MasterCard rules. In addition, electronic file handling of case images and data speeds resolution. Before a chargeback is sent to the merchant, this expert system interrogates the chargeback against a predetermined set of parameters to determine workflow, resolution, and output to the merchant. In some cases, this results in automatic resolution of incoming chargebacks. As part of the business rules and internal procedures, Fiserv validates issuer and cardholder requirements as part of the overall dispute investigation.

e.	Describe the methodology used to provide card reversals/chargeback procedures required by DOR. Cardreversals or chargebacks are not to be debited through the banking system. The following steps are to be taken in situations regarding card payment reversals and chargebacks.
	a. The contractor must notify DOR in writing or through a web interface before any action istaken associated with a card payment reversal or chargeback.
	b. The notification from the card service provider must contain the original paymenttransaction information.
	c. DOR will research the payment to determine that the payment has not been refundedand will then send a notice of approval authorizing the card service provider to invoiceDOR for the amount of the payment (net of fees).
	d. DOR will process the invoice and generate a payment to the card service provider.

Response:
Fiserv will work with the State to ensure chargebacks and reversals are invoiced rather than debited from the banking system. Fiserv will work with the State during contract negotiations to ensure that all DOR chargeback and reversal processes and are outlined prior to implementation.

f.	Describe how the State bank account will be debited for chargebacks. Provide an example of how a chargeback will be shown and identified on the bank statement.

Response:
Our subcontractor, Fiserv has the ability to have the chargebacks debited as a separate line item when sent to the bank. Pinnacle Bank will display chargebacks as separate line items in the online banking application and in reports.

g.	NCSPC requires that all returns (refunds, reversals and chargebacks) be debits to their bank accountrather than offsetting daily credits, describe in detail how this requirement can be met.

Response:
Fiserv will ensure that NCSPC is set up with the proper roll up codes to ensure debits to the account are not netted from the daily transaction funding.

h.	Explain the arbitration process and the pass-through fees associated with the process.

Response:
Fiserv has an arbitration process in and adhere to arbitration procedures set forth by the card brands. Fiserv can initiate arbitration to Mastercard. The issuer initiates the pre-arbitration for Visa. . Fiserv supports arbitration and allows the cases to go to ruling when Agencies have provided a valid remedy to their disputes. Fiserv does not charge fees to initiate arbitration.

FR 10 – Contract Management

a.	Describe how State Agencies' credit card transaction information will be reviewed on an annual basis.Provide recommendations on how the State Agencies can reduce merchant processing fees.

Response:
The Fiserv Account Manager will meet annually with each merchant in the State portfolio to evaluate credit card patterns such as average ticket size, card brand choice, channel and other available data and then collaborate on a strategy that may be used to aid in minimizing merchant fees.

b.	Describe how new services will be offered to Merchants.

Response:

FR 10 – Contract Management
The Fiserv Account Manager and Fiserv Account Executive collaborate regularly on the existing production performance and outstanding needs for each merchant in the State of Nebraska portfolio. In this regular cadence, the Account Manager identifies enhancements required or technology gaps to be addressed for each merchant and then formulate a solution roadmap or strategy that makes use of all available Fiserv solutions. The Account Manager and Account Executive then meet with the State and the specific merchant to present Fiserv findings and determine if an additional schedule with a new service offering should be incorporated into the Statewide agreement and made available to all merchants for use.

c.	Discuss what key performance measures are tracked and how this information is relayed to Merchant clients.

Response:

All SLAs are negotiated and mutually agreed upon during the contract negotiation phase. Below are examples of the Fiserv SLAs stages and measurements of performance.

Help Desk

The response times for selected metrics are as follows:

Help Desk average speed of answer – 45 seconds or less

Help Desk Service Level – 80 percent of calls answered within 45 seconds

Help Desk abandoned rate – Less than 4.9 percent of calls greater than 45 seconds

System Performance Service Levels

The minimum system performance service levels are:

99.95 percent host availability

95 percent of transactions processed at the host in less than 3 seconds

Average time within the host – 3 seconds or less

Notification

Notification is made by the State or State Agencies relationship manager or the business consultant.

Fiserv has a dedicated team for our "Voice of the Customer" ("VOC") initiative along with the Customer Experience Strategy. This team manages the design, data collection, analysis and communication of the feedback customers provided. Additionally, a transactional outbound phone survey is conducted within 24 to 48 hours of the State and its Agencies/customers call into any of the Fiserv call centers. There are roughly 2,000 surveys completed monthly, as well as monthly VOC meetings with Senior Leadership, Operations, Training, Quality and other areas of the business to discuss trends and results.

Fiserv is deeply committed to customer feedback regarding implementations and solicit feedback via multiple channels starting with the assigned project management team, which oversees the implementation. The project management team utilizes Key Performance Indicators
to measure implementation progress.

d.	Describe how monthly reports will be sent to the contract manager. Two monthly reports are required. First report must include each MID and the transaction volume and counts, including any credits processed. Second report must include each MID and the types of transactions processed. Reports will be sent by the 10th calendar day of the following month.

Response:

FR 10 – Contract Management
ClientLine® is a web-based tool, where the contract manager will be able to create/modify reports to be automatically generated and sent via email. Monthly statements, summary (MID/Volume/Count) and detail (MID/Transaction detail) are available online to be downloaded or can be sent via email or paper statement. In addition to the statements, reports can be generated to include summary or transaction details in CSV, HTML, TXT or PDF format to be received daily, weekly and monthly.

e.	Describe the notification process to the contract manager in the event of a disaster, including the approximate length of time the contract manager will be notified after a disaster occurs.

Response:

If any issues are detected or reported with the service or a customer account, the appropriate Fiserv personnel are notified and work begins to identify, prioritize and resolve the problem. Incidents are tracked and resolved using an issue tracking (trouble ticket) system with each assigned a unique ticket number that is referenced on all related communications. Regular status updates are communicated to designated client contacts according to a defined escalation/priority status.

Timely communication is a critical element in minimizing adverse effects on Fiserv and our clients during any disruption or disaster. Communication methods are in place for use from initial notification through the recovery effort. These methods are used for managing communications to Fiserv staff, clients, business partners, vendors, service providers, processors and regulatory agencies.

In the event of a disruption, the Fiserv Crisis Management and Communications Teams, as well as their designated backups, will take a proactive approach by providing status updates to our clients that address the current situation including any alternate procedures and estimated time to recover operations. Communication methods may include any or all of the following methods:

- Email
- 800 number voice status line
- Fax
- Telephone
- Web Portal
- Regular mail or courier service

The Account Manager will sign you up for alerts via system related issues known as status page.

FR 11 – Compliance Issue Support

a.	Describe how assistance and support will be provided to State Agencies to interpret Card Associationrules and regulations, how will agencies be informed of new rules and regulations.

Response:

Card brands have Spring and Fall releases. Webinars will be set up to review new information directly with the State and its Agencies. however, special initiatives may warrant additional webinars. Webinars allow Clients to learn about upcoming changes and ask questions in real-time. In addition to the Spring/Fall releases, Fiserv provides monthly compliance notifications as well.

b.	Describe the process to train and inform agencies on changes and updates to Card Association rulesand regulations, fraud-management and compliance mandates.

FR 11 – Compliance Issue Support

	Response: The State and its Agencies will receive a notification to join via email. This affords the State and its Agencies the opportunity to participate in a training webinar sponsored by the Fiserv compliance team regarding Spring and Fall releases at which time, the State is informed of all industry changes.
c.	Describe the process to assist and support State Agencies in maintaining PCI DSS compliance. Participation in meetings and providing support services as necessary with compliance or data security issues is required.
	Response: Fiserv may be a resource for understanding PCI-DSS requirements and can help advocate a merchant's position to the PCI-DSS Council, or the Card Brands, if necessary to assist a merchant. Fiserv has a growing suite of security products which help customers maintain PCI compliance. Fiserv has the TransArmor Solution. The TransArmor Solution is a bundle of the following products that bring a multi layered approach to a merchant payment card environment. - TransArmor Data protection provides encryption and tokenization services to help protect card holder data while in motion as well as at rest. - PCI Rapid Comply is an easy-to-use online tool established to assists level 4 merchants understand, achieve and maintain PCI DSS compliance. The PCI Rapid Comply solution includes a guided, step-by-step SAQ tool help to complete the annual questionnaire with ease, an integrated scanning tool for merchants that are required to pass quarterly scans and comprehensive support available online and via chat, email and phone to ensure questions get answered. - POS Software Monitor is a downloadable agent for POS systems which performs a series of scans, to identify vulnerabilities, areas of concern and over all network health. - POS Hardware Monitor is a terminal inventory management tool, which allows the merchant to identify each terminal with its location and validate that it has not been tempered with. - Liability Wavier is provided up to $100,000 per for an expenses that may be incurred should a breach occur.
d.	Describe requirements needed to add credit card payment options to an agency website.
	Response: After initial implementation, if the State opts to accept the additional payment options, the State will partner with their Account Manager to acquire the necessary addendum/contract as a new payment option which may require a new project/implementation to board within the ecommerce environment.
e.	After a new MID is set up, describe the amount of time to complete PCI requirements before a Non-compliance fee is charged. If there is a time difference per level, detail the time for each level.
	Response: Once a merchant signs up with Fiserv they have ninety (90) days to become compliant before being charged a monthly non-receipt of PCI validation fee. There is not a difference in the time period per level.
f.	Currently the State is grouped into three levels for PCI Compliance. State Agencies are a level 2, the University is a level 3 and the State Colleges are level 4. Describe the ability and methodology that will be used to continue these levels of compliance.

FR 11 – Compliance Issue Support

Response:

The PCI DSS merchant level, Payment Card Industry Data Security Standard Merchant level is a ranking of merchant transactions per year. Ranges are broken down into four (4) levels. The chart below represents the four (4) levels of the merchant criteria.

	Merchant Criteria
Merchant Level: 1	Any merchant, regardless of acceptance channel, processing more than 6,000,000 Visa transactions per year. Any merchant that has had a data breach or attack that resulted in an account data comprom Any merchant identified by any card association as Level 1.
Merchant Level: 2	1 million – 6 million Visa or MasterCard transactions annually (all channels).
Merchant Level: 3	Merchants processing 20,000 to 1 million Visa or MasterCard e-commerce transactions annu
Merchant Level: 4	Less than 20,000 Visa or MasterCard e-commerce transactions annually, and all other merch processing up to 1 million Visa or MasterCard transactions annually.

The Payment Card Industry ("PCI") uses merchant levels to determine risk and ascertain the appropriate level of security for their businesses. Specifically, merchant levels determine the amount of assessment and security validation that is required for the merchant to pass PCI DSS assessment.

PCI Compliance Validation
Clients have two (2) options to achieve their PCI compliance status:

- 1. Complete their PCI requirements through PCI Rapid Comply (Level 4 only)

- 2. Send in PCI Compliance requirements from a Qualified Security Assessor (QSA) to Fiserv.

PCI Compliance will contact the assigned AM to notify them when a client is due or past due for their PCI Compliance validation. The Account Manager is responsible for notifying the client.
Fiserv recommends utilizing a combination of secure payment tokens and PCI Validated P2PE devices to keep payment cards from ever entering into the State of Nebraska's network, storage systems or other electronic payment environments. The SnapPay universal API works with hosted iframes as well as the above mentioned P2PE devices. Most merchants who completely implement the SnapPay solution choose to use SAQ A for their annual assessment.

g.	Currently the University and the State Colleges provide PCI details through an online portal provided bythe current contractor. Describe how level 3 and 4 Merchants are to provide details relating to each MID's compliance. What options are available to report PCI compliance?

Response:

Fiserv has an expansive suite of security products which helps the States and their Agencies maintain PCI compliance. The TransArmor Solution is a bundle of the following products that bring a

FR 11 – Compliance Issue Support

multi-layered approach to the merchant payment card environment:

- **TransArmor Data** - protection provides encryption and tokenization services to help protect card holder data while in motion as well as at rest.
- **PCI Rapid Comply**- is an easy-to-use online tool established to assist level 4 merchants understand, achieve and maintain PCI DSS compliance. The PCI Rapid Comply solution includes a guided, step-by-step SAQ tool help to complete the annual questionnaire with ease, an integrated scanning tool for merchants that are required to pass quarterly scans and comprehensive support available online and via chat, email and phone to ensure questions get answered.
- **POS Software Monitor**- is a downloadable agent for POS systems which performs a series of scans, to identify vulnerabilities, areas of concern and over all network health.
- **POS Hardware Monitor**-is a terminal inventory management tool, which allows the merchant to identify each terminal with its location and validate that it has not been tempered with.
- **Liability Wavier** is provided up to $100,000 per for an expenses that may be incurred should a breach occur.

The TransArmor Support Experts provides assistance when a merchant contacts Fiserv regarding questions about the TransArmor Solution or PCI Compliance questions.

The State and its Agencies Account Manager will work with a Channel Compliance representative on issues related to Credit and Debit PCI-DSS merchant obligations. Which includes:

1) Notification of the merchant's PCI level (based upon previous year transaction counts).
2) Notification of the merchant's PCI compliance obligation (since each level may require difference validation steps).
3) Tracking the merchant's compliance through automatic feeds from the merchant's assessor.
4) Conducting conference calls with the merchants, if requested and desired.
5) Explaining PCI-DSS and PA-DSS compliance requirements, if requested or desired by the merchant.
6) As required, escalating or advocating on the merchant's behalf for matters that should be discussed or addressed with the PCI Council (Visa, MC, etc.).
7) If requested, attending joint conference calls with the Merchant, their Assessor, and if needed, a Visa or MC representative.
8) Monthly and quarterly reporting to VISA, MC, and Discover to help avoid non-compliance fines.
9) Other interventions as requested to help the merchant work towards their compliance obligation.

To assist the Channel Compliance with these efforts or any items that require escalation, Fiserv supports a dedicated PCI Compliance team within its TPO organization.

FR 12 – Disaster Recovery

a.	Describe how often the disaster recovery plan is tested including but not limited to the data replicationprocess including real-time failover between various data centers.
	Response:
	The Fiserv disaster recovery program is formally outlined in the 2020 Enterprise Business Continuity and Disaster Recovery Standard. Business Resiliency Plans are updated, approved, and tested annually. Simulated exercises are conducted to test and validate all business continuity plans and any associated dependencies. A full-scale test includes full functional test with business end-user validation of

FR 12 – Disaster Recovery

	connectivity, application functionality, data integrity (if applicable) and event management involvement.
b.	Describe an incident where the disaster recovery plan was implemented. How long was the disaster recovery solution implemented for? How quickly after the disaster were the credit card transactions processed?
	Response: This information is considered proprietary. Should the Client be impacted by an incident they would be notified by their Account Manager. Fiserv has a 100 %system availability and has not experienced any period where transactions were unable to be authorized on the proposed processing platform designated for the State of Nebraska.
c.	Describe any instance that the **merchant services reporting** has been down. Describe the disaster recovery solution to implement for reporting.
	Response: Fiserv has no instances to report where reporting has been down. In the event of a full outage, Fiserv has a fully redundant disaster recovery environment in which traffic would be routed to ensure reporting is not down or compromised and available to Clients without interruption. In the event of a network issue that affects reporting, Fiserv is committed to correcting all reporting errors as soon as the accurate information is corrected and settled with the appropriate networks. Fiserv will create and send the corrected reports as soon as verified and settled.
d.	Describe any instance that **bank reporting** has been down. Describe the disaster recovery solution toimplement for reporting.
	Response: Our Business Premium site is hosted by a Thrid Party vendor that has hosted sites in Dallas and Austin. So if one site should go down, they can role to the second site to keep the one data center active while the other is down.

FR 13 – Online Bank Reporting

a.	Describe how a secure online solution to view bank activity can be provided.
	Response: We will provide the State of NE access to our secure encrypted Business Premium website. Login access is a multifactor authentication system with a secure access code.
b.	Describe hardware requirements for the online solution for bank transactions related to credit cardactivity.
	Response: NA
c.	Provide a link to demo the online bank solutions. If no demo is available, provide details for standardreports.
	Response: Reports available are: Balance and Activity Statement, Cash Position – Previous Day(s), ACH Activity – Previous Day(s), Checks Paid, Previous Day(s), Wire Activity – Previous Day(s), ZBA Activity – Previous Day(s), Wire Activity – Current Day, Balance and Activity Statement – Current Day, ACH Activity – Current Day, Checks Paid, Current Day, and User Defined Reports for both Current and Previous Day.

FR 13 – Online Bank Reporting
d.	Describe available user security levels and/or user entitlements for the online solution, including whethersecurity levels can be set by user, account, or dollar amount.
Response: Within our Business Premium website the State of NE will be given access to their portal for the Administrator. The Administrator(s) have the ability to set dollar limits for each user. We also have dual control transaction processing for Wires, ACH, and Stop Payments as well as adding non-transaction items like adding or updating user roles. A varity of custom alerts, history alerts, and on-line transaction alerts are available as well as general reminders.
e.	Describe the security measures the State's Treasurer's Office will be responsible for.
Response: The State of NE is responbile for protecting against any unauthorized access to Business Premium. The State of NE shall retain data on file adequate to permit re-creation of Entries for seven (7) days following the date of orginiation by Bank. The State of NE shall keep confidential all personal identification numbers, test codes, security procedures, system programs, documentation, components, accessories, and equipment conprimising the Bank's fund transfer system and all similar material utilized or develop by the Bank. This is outlined in detail in the Bank's Internet Banking Agreement.
f.	Describe the bank firewalls to protect customer information.
Response: Next generation stateful inspection firewall that examins the flow of data in and out of our network using rules to decide if the traffic is allowed.
g.	Describe the additional types of user authentication available besides user ID and password.
Response: We utilize a secure access code (multifactor authentication) as well as soft token or hard token devise. Client can select either Hard Token or Soft Token.
h.	Describe the number of users the State can allow access to the online solution and how many can be onat one time.
Response: The State of NE is not limited to the number of users that can have access to the Bank's website portal at any one time.
j.	Describe how the previous day reporting will be available by 8:00 AM CT.
Response: The State of NE can assign specific users the ability to set reports to run at any time after 1:00 am., from the preceding business day.
k.	Describe when funds are available to transfer after settlement (same day, next day, etc.).
Response: Funds would be available same day.
l.	Describe the deposit information listed on the previous day report and how each deposit can be tied backto the agency and provide an example.
Response: Each Agency will be assigned a MID by Fiserv, and each merchant deposit is identified by MID within the description of that deposit.
m.	Describe all reports available online. Describe how the reports can be customized.
Response: The reports that are available are standard reports. The State of NE can create custom reports based on criteria available within Business Premium.

FR 13 – Online Bank Reporting
n.	Describe information available on current day and previous day reporting. Example: Merchant ID ormerchant name and amount.
Response: State of NE could see any Memo Post activity for the current day. Information available for the current day would be – date, amount, & MID. See Question j. for previous day reporting information.	
o.	Describe the ability to view, print, and download daily reports for previous day and current day activity,include all formats available.
Response: PDF, CSV and BAI2 foramats are available for download.	
p.	The contractor must charge the State for all banking fees, excluding merchant fees, on a monthly analysisstatement. Describe the ability to provide monthly analysis statements online. The account analysis must be made available online no later than the 15 of each month for the previous month's charges. Onlinereporting must be downloadable in an editable file format. List available formats.
Response: The State of NE monthly statements will be available to download by the first business day following the last day of the month. This includes the monthly analysis statements. The format available are PDF.	
q.	Describe the length of time data is retained and how to retrieve it. Explain any options for extending thedata retention time frames.
Respond: Records are retained within Business Premium for 25 months. However, if the State of NE would like records dated longer than 25 months, those are available for seven (7) years by contacting the Bank directly to request those documents.	
r.	Describe how to initiate and complete wires, as well as make book transfers using the online solution.
Response: Our Business Premium website is a self Admin site and the Admin users can set up wire templates or single use wires as well as transfers between accounts, The Admin can control the users that would have access to this function as well as the amounts of the transactions and if any transactions needed approval.	
s.	Describe the method used to accept real-time payments and post them the same day.
Response: We currently accept Same Day ACH both receiving and sending.	
t.	Describe how repetitive wire templates can be set up online and for call in wires. Describe the process toset up and process both options.
Response: Within our Business Premium website, Admin users have the ability to set up wire templates as well as single use wires. Admin's can also set both dollar limits and approval limits for these transactions.	
u.	Describe the notification received by the Treasurer's office for incoming and outgoing wires and how it willbe provided. Please provide a sample notification.
Response: Our Business Premium website offers self administered alerts. Each user can set alerts for both outgoing and incoming wire activity.	
v.	Describe the method used to provide a daily Comma Separated Value (CSV) export of transactions onthe bank account's prior day activity by 8:00 AM CT.
Response: The State of NE can set up a scheduled CSV report to run at specific time, after 2:00 a.m. CT.	

FR 13 – Online Bank Reporting

w.	Describe the layout of the CSV format to be exported.

Response: The column heading are as follows for a user defined previous days report:
Date, routing number, currency, account number, account name, BAI Code, CR Amount, DB Amount, Serial Number (Check Number), Reference Number, Description.

x.	Describe how earning credits are calculated and provide a list of the prior 12 months Earning Credit Rate(ECR) used for bank analysis also include the current rate.

Response: The Earnings Credit is currently at .25% and is calculated on the monthly positive average ledger balance. There is no minimum balance required before the Earnings Credit rate is applied.

FR 14 – Implementation and Post Implementation Support

a.	Provide a detailed example that includes a step by step process of the implementation plan.

Response:

Fiserv will serve as the lead in the management of the project, partnering with the State to ensure that a seamless conversion is achieved. Fiserv will provide a dedicated startup staff to the State and asks that you assign a dedicated startup team for the project as well to ensure resource availability.

The Implementation Team is comprised of a dedicated staff of technical analysts, technical data mappers and business project managers. This is the most experienced team in the industry with senior implementation management possessing over 110 years of combined experience. These individuals are divided into teams to ensure that portfolios are seamlessly implemented onto the Fiserv System. Each team consists of both implementation personnel and project coordinators who perform the specific tasks outlined within the project plan.

The following graphic depicts the phases of the State's implementation process:

State of Nebraska Implementation and Post Implementation Support.

Phase One — Discovery & Planning
- Initiate conversion Planning
- Complete due-diligence
- Define business/technical requirements

Phase Two — Development
- Establish system/portfolio configurations
- Develop data conversion program
- Define software development & functional testing
- Planning for Adequate Systems capacity

Phase Three — (Delivery, Mock, Testing, M Cycle).
- Validate mock conversions
- Complete testing (integration/client acceptance)
- Implement production software
- Execute conversion

Phase Four — Post Implementation
- Implement production support program
- Complete post implementation review

Implementation and conversion projects require the commitment from dedicated resources from the

FR 14 – Implementation and Post Implementation Support

State of Nebraska and Fiserv. The required resources are defined, as the size and scope of the project and development effort are determined. Fiserv will work with the State through the Discovery process to determine the specific resources needed

b.	Provide an implementation timeline giving estimated lengths of time.

Response:

Typically, the timeline for implementation is six (6) to eight (8) weeks. Fiserv implementation team will work with The State and its Agencies to determine the appropriate implementation plan based on the desired rollout schedule, resource availability and business needs. This planning activity will typically happen during project kick-off meeting with all of the key stakeholders are present.

Fiserv has a proven methodology for implementation, refined over the years and improved with advances in technology and time-saving solutions. Fiserv methodology has consistently focused on meeting the following objectives:

- Provide a single point of contact for all stakeholders during the implementation lifecycle;
- Manage the implementation project from initial scope to the final rollout;
- Ensure new customers are properly implemented, fully trained and processing with all elected entitlements.

The State of Nebraska will be assigned an experienced and skilled implementation team to walk you through each step in the process, to ensure a smooth and expeditious transition. This includes an implementation coordinator, who will work closely with the Fiserv relationship management team to ensure that all requirements are properly addressed, and the communication flow is steady throughout the project. **FR14-01. State of Nebraska- Implementation Timeline.**

FR 14 – Implementation and Post Implementation Support

The following steps outline the major components of the implementation methodology:

1. Initiation – During Initiation, request are reviewed, consult the implementation team, and introduce any appropriate partners required for project execution;

2. Requirements – At the Requirements phase, we evaluate the current set up, compare functionality, define scope and review implementation options identified for the State;

3. Planning – The Planning phase involves defining the approach in detail; reviewing and analyzing the State portfolio; defining mappings; and determining what equipment, software providers and third-party support will be required;

4. Set up – At project set up, mapping tasks are completed and systematically upload to the account demographic/pricing;

5. Testing – During the testing phase, we run quality check programs and confirm production readiness;

6. Implement – In the Implement phase, we redirect, deploy/activate, and update software;

7. Closure – Once implementation is complete the closure phase begins. This includes monitoring, validating and transitioning to normal business support activities.

Fiserv develops and customizes each conversion to meet the needs of the State and establishes a set of

FR14-01. State of Nebraska Implementation Timeline	
Defining Business Requirements – The implementation process is initiated during contract execution, followed by internal evaluation and completed initial discovery meeting.	Week 1
Project Scoping – Initiate exchange of technical information for authorization and settlement interface specifications.	Weeks 2 – 4
Store Profiles/Setup – We add the merchant scheme to the host establishing all settlement files and implementing all desired and approved card types.	Weeks 2 – 4
Communications – Installing and testing network connectivity between Fiserv and the State of Nebraska	Weeks 2 – 6
Certification Stage – Although we are proactively supporting the development process, we begin a three-week certification process to certify the application once all development and communication tasks are complete.	Ongoing
Pilot and Beta Testing – Following certification, the State of Nebraska can begin processing transactions	2 Weeks
Full Conversion Begins	Determined Prior to Start of Implementation

FR 14 – Implementation and Post Implementation Support

conversion specifications. Exact timeframes are defined and conversion dates are secured as a result of the due- diligence and conversion mapping processes in place.

A generic project plan is used as a guideline for planning and implementing a projects. It includes all critical milestones and due dates for meeting the final implementation date. Fiserv maintains the project plan and continuously republishes it for review with the State to ensure all parties are aware of project progress and critical timeframes.

An Implementation Analyst will be assigned to oversee the implementation process and work with resources within the necessary Fiserv departments to complete projects with minimal to no impact to the State. Throughout the course of the conversion, the Implementation Analyst serves as a consultant on product and service functionality, technical and operations planning. The Implementation Analyst manages those conversion tasks assigned to the various internal "fulfillment" departments within the Fiserv organization (e.g., training, quality assurance, technical departments, etc.).

This will ensure that each department(s) understands the scope of the conversion; and be prepared to execute its respective assignments within the targeted timeframes prescribed within the master project plan.

Prior to conversion, the Implementation Analyst ensures that the technical environment is certified using established quality assurance processes. Following successful certification, the conversion is staged into the production environment and the State is notified that testing can begin.
At the time of conversion, the Implementation Analyst and the necessary technical resources monitor the conversion, ensuring that each facet of the conversion operates in accordance with the
State's expectations. Following validation, the implementation analyst turns over the successful conversion to support day-to-day activities within Fiserv.

	c.	Describe the resources that will be available during the implementation plan, including but notlimited to technical support, on-site visits and weekly or monthly calls.

Response:

Throughout the onboarding process, Fiserv Implementation team will assign an implementation advisor to ensure the onboarding of your Agencies exceed expectations. This individual will work with you on a daily basis to monitor status and address any onboarding questions. The Fiserv team maintains an action item log to ensure all support activity is tracked and responded to according to the State expectations. Weekly meetings will be held with the State to review the project status. Depending on project needs, meeting frequency may fluctuate.

Fiserv is dedicated to meeting the State objectives at all phases of the project lifecycle. The State project team – senior account executives, Account managers and implementation coordinators – will deliver quality and enforce accountability, capturing Fiserv view of a responsive and collaborative approach to relationship management. A dedicated implementation team is assigned to complete the State conversion. This includes an assigned implementation coordinator or project manager whose contact information is provided later in the selection process. During the discovery phase for the State's , specific personnel can be named that will take responsibility for merchant implementation and training.

A dedicated implementation team is assigned to complete the State of Nebraska conversion.
- Director
- Implementation Manager/Coordinator
- Key personnel representing Account Management, Business Management, IT Systems, Customer

FR 14 – Implementation and Post Implementation Support
Service, Training, Accounting, Settlement, Deployment and any other departments deemed essential to the conversion **Post Implementation/Support also includes:** • Monitoring of initial days of activity to ensure the State's achieves the most cost-effective Interchange qualification. • Review of reconciliation process with the State's through first complete statement cycle • Address and resolve any open issues • Complete turnover to relationship manager and service executive for ongoing maintenance/servicing when applicable When the State account has fully transitioned to Fiserv, you will have an assigned account manager to address your maintenance needs as they arise.

d.	Describe the methods used to communicate industry updates, rules and regulations. How often arethey distributed or published?

Response:

Agencies will be informed of upcoming changes related to terminals, online merchant portals and/or brand regulations via the Card brand releases. These releases happen during the Spring and Fall in addition to monthly compliance notifications.

Terminal notifications are communicated by initiatives at which time alerts are generated and sent to the agencies. Fiserv has a dedicated product team that communicates changes and updates for Fiserv related equipment. These notifications are generated from the product team and coordinated with the State of NE should there be an impact to the State.

e.	Describe any on-going training available as upgrades or system changes occur.

Response:

As upgrades and system changes occur, Fiserv provides "train the trainer" and "end-user training" programs; these are customized training plans. Participants and topics will depend on the solution offering and support options chosen by the State. Training materials are tailored to the services provided so information can be communicated accurately to the State customers.

f.	Describe the warranty on any terminals, including all hardware components Detail how terminals aresupported post implementation to provide uninterrupted service.

Response:

Equipment provided by Fiserv includes a one (1) year warranty. The equipment is deployed, programed, and ready for processing when received by the State. Updates are pushed to devices automatically and the technical support team is available to address any trouble-shooting issues and provide resolution.

g.	Describe how trained maintenance staff will be available and must be capable of diagnosing andisolating issues with the terminals.

Response:

The Technical Help Desk is interactive, operating 24/7. Representatives have online, real-time access to the transaction database as transactions are processed. In addition, they have access to merchant and terminal profiles that contain the information necessary to provide technical assistance. Fiserv can also be the first/front line contact point for many point-of-sale (POS) partners. If the problem is determined to be external to Fiserv, and representatives route the callers to the next level or outside contacts.

FR 14 – Implementation and Post Implementation Support
h.	Describe how credit card terminals that no longer function as designed will be replaced at no cost tothe State.

Response:

For all merchants who have elected to enter into a maintenance agreement with Fiserv, all POS equipment will be swapped/replaced in an expeditious manner. The decision to overnight a replacement unit is initiated while helping the State and its Agencies problem-solve to see if the issue can be resolved locally. If the merchant elects not to pay for a maintenance agreement, the merchant is directed to send damaged equipment or hardware to the Fiserv deployment facility for repair or replacement at a flat rate fee. The Account Manager will assist as needed. The pricing addendum includes for cost details. The State will work with the State Vendor of the third- party equipment for replacement options and pricing (if applicable).

FR 15 – Other

a.	Describe what types of training will be offered on bank processes and procedures during the transition.

5. Response: The Bank will assist the State of NE will training on our Business Premium website and how to add users within the State's banking portal. We can provide training via on site training, or Teams or Zoom calls.

b.	Describe how test cards can be used. Will test cards be provided upon request? What is their functionality and features? What is the lead time to set this up? Will there be a charge to provide testcards?

Fiserv Test cards are available in several sets depending on testing requirements and supplied by b2ps.com. The lead time to setup a testing environment is approximately ten (10) business days. Shipping of Test cards are dependent upon the type of set required. Fiserv will work directly with the State of NE and its Agencies to accommodate UAT and/or the certification process.

The global card set was specifically designed for Fiserv to perform UAT application development, testing, training support personnel and perform demonstrations. This set includes cards from a range of countries and currencies. All cards are English -language, contain a chip, and magstripe. Individual cards denoted as "Dual Interface" support EMV contactless. Additionally, some cards will contain Dual Application Identifiers ("AID").

Test cards designed specifically for the U.S. market includes a set of 21 EMV test cards.. Individual cards noted as "Dual Interface" operate in both EMV contact and EMV contactless modes. The Mastercard dual interface cards support both contactless EMV and contactless Magnetic Stripe Data ("MSD"). The Visa, Amex and Discover dual interface cards support contactless EMV only and do not support contactless MSD.

	Example of Cards Sets are Highlighted Below:
Test Card 01	Visa, 476173******0119, Dual Interface, Online Only, Online PIN
Test Card 02	Visa, 476173******0119, Dual Interface, Offline Capable, Offline PIN
Test Card 03	Visa, 476173******0119, Online Only, Signature
Test Card 04	Visa, 476173******0010, NO CVM
Test Card 05	Visa, 476173******0267, Chip Error (Technical Fallback)

FR 14 – Implementation and Post Implementation Support		
Test Card 06	Mastercard, 541333******4111, Dual Interface, Online Only, Signature	
Test Card 07	Mastercard, 541333******4111, Dual Interface, Offline Capable, Offline PIN	
Test Card 08	Mastercard, 541333******0011, ARPC Verification Fails (Chip Decline)	
Test Card 09	Mastercard, 541333******0029, Chip Error (Technical Fallback)	
Test Card 10	Mastercard, 541333******0011, Empty Candidate List (Fallback)	
Test Card 11	Interac, 450644******1933, Canadian Interac, Debit, Online Only, Offline PIN	
Test Card 12	Amex, 374245*****1006, Dual Interface, Online Only, Online PIN	
Test Card 13	Amex, 374245*****1003, Dual Interface, Online Only, Signature	
Test Card 14	Amex, 374245*****1006, Chip Error (Technical Fallback)	
Test Card 15	Discover, 651000******0133, Dual Interface, Online Only, Online PIN	
Test Card 16	Discover, 651000******0216, Dual Interface, Online Only, Offline PIN	
Test Card 17	Discover, 651000******0331, Chip Error (Technical Fallback)	
Test Card 18	DNA, 400000******0028, Debit Network Alliance, Online PIN	
Test Card 19	Visa, 476173******0135, U.S. Debit (Global and Common AIDs), Single Funding Acct	
Test Card 20	Mastercard, 541333******9130, U.S. Debit (Global and Common AIDs), Single Funding Acct	
Test Card 21	Mastercard, 222360******0329, Mastercard "222360" BIN	

c.	Describe any fines received for violation of rules or regulations of any Card Association not caused by amerchant customer, include when it happened and what it was for.	

Response:

Subcontractor (Fiserv) response: Any material claims, and judgments are listed and publicly available In our SEC filings.

Bank (Pinnacle Bank) Response: We are not aware of any fines received for violations of regulations related not to Merchant customers

d.	Describe how the merchant will be notified of any interchange and assessment fee changes.	

Response:

Fiserv attends the payment card release meetings with each of the major brands, and several Fiserv teams are dedicated to the understanding and implementation of the brand changes. Training is provided to all support staff for the release changes, and communication to clients and vendors is completed through a variety of methods. Fiserv Clients receive communications through our online portal, Business Track. They also receive an invitation to attend a live seminar with the Payments Acceptance subject matter experts through their account management team. These communications are completed in the Spring and Fall to align with the card brand releases.

e.	Describe what supplies or signage can be provided or purchased to be used in conjunction with services offered.	

All supplies for hardware can be obtained by the account management team, such as thermal paper, terminal cleaning supplies. Decals for Visa/MC/AMEX/DISC can also be obtained by the Fiserv account management team.

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f.	Describe how adjustment will show on the merchant bank statement for pricing errors for a specificagency.

Response: The adjustment will show and a debit or credit on the customer's statement. The adjustment will reflect any description that is passed with the ACH file.

g.	List all industry-related associations or organizations your company is a member or in which it has direct representation. Including but not limited to any company representation on MasterCard or Visa's boardsor committees.

Response:

Fiserv executives sit on the advisory councils and committees for Mastercard, Visa and Discover. Fiserv provides input related to new products, business lines, releases and best practices. With Fiserv strong working relationship with Mastercard and Visa, Fiserv is a regular consultant on potential industry impacts (e.g., issuers, acquirers, merchants and technology) that might arise in the event of card brand rule change.

The dedicated senior executives from both Mastercard and Visa ensures Fiserv is aware of Payment Card Brand-sponsored venues for participation. Fiserv and the Payment Card Brands meet to discuss and understand industry changes.

Mastercard and Visa Representation

At this time, Fiserv participates in the following Mastercard Committees and advisory groups:

- Mastercard Acquirer Advisory Group
- Mastercard Commercial Products Group
- Mastercard Customer Alliance Program
- Mastercard POI Advisory

Additionally, Fiserv participates in the following Visa committees:

- Visa Acquirer Steering Committee for QPCA (Qualified Payment Card Agent)
- Visa Acquirers Steering Committee
- Visa CISP Stakeholder Group
- Visa Senior Executive Risk Council

In addition, Fiserv also participates in the following:

- National Grocers Association (NGA)
- Discover Acquirer Advisory Committee
- Discover Acquirer Operations Advisory Council (AOAC) – Member
- Merchant Advisory Group (MAG)
- National Association of Convenience Stores (NACS)
- National Automated Clearinghouse Association (NACHA)
- PCI Security Standards Council Board of Advisors – Elected Representative
- SmartCard Alliance
- Special Interest Group for IIAS Standards (SIGIS) – Founding member and Board of Directors
- AMEX, Alipay, China Union Pay – Advisors

Fiserv is also a member of the board directors for the Electronic Transaction Association (ETA), the National Retail Federation (NRF), the Association of Financial Professionals (AFP), National Grocers Association (NGA), National Association of Convenience Stores (NACS), a member of numerous regional and local trade organizations. Fiserv is also a direct member of Visa and Mastercard in Australia and

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throughout Europe. In addition, Fiserv has a portfolio of BIN sponsors that are represented at Visa and Mastercard.

h.	Describe how the State will receive assistance ensuring each MID is collecting all information required toavoid a downgraded transaction.

Response:

The ClientLine® reporting tool is extremely user friendly. The State can review and download MID activity via the ClientLine® Reporting tool. For this reason, Fiserv does not activity monitor MID activity unless a threshold is reached. Once the Report is downloaded by the State, the Fiserv Account Manager will assist the State with interpreting the report findings. The State Account Manager does periodic reviews, audits, and checks for any downgrades and areas of improvement.

i.	Describe how the State will receive assistance with Fraud Identification, including but not limited to thethresholds in place and how notification would occur.

Response:

During the creation of each account, per agency, a threshold would be determined based on high ticket, average ticket, and total amount processed per month. Anything above the agreed upon threshold, per merchant account, will be flagged. The account and the State would be notified and asked to respond for confirmation.

The Fiserv Fraud Detect solution, a loss prevention platform for eCommerce, is an integrated, intuitive, cutting edge fraud detection and analytics tool that can address total loss prevention needs for payment and non-payment fraud. Powered by machine learning models, Fraud Detect helps detect more fraud than conventional rules-based eCommerce fraud solutions and enables the State and its Agencies to keep more of your profits while saving time and thousands of dollars in potential chargeback losses. Fraud Detect can detect subtle anomalies and signs of fraud without requiring new code or new configurations. This continuous feedback loop allows detection rates to increase over time. Every transaction is evaluated in less than one second, using a best-in-class fraud prevention engine and an extensive payments history database to provide, accept, review or decline recommendations.

The Fraud Detect solution is one of the strongest omni channel, enterprise solutions in the market today that is architected from the ground up to detect payments fraud using machine learning at big data scale. The comprehensive risk management platform is designed to meet the current fraud detection needs of merchants and to be future proof against evolving fraud patterns.

Fraud Detect helps you successfully address current challenges surrounding fraudulent transactions, reduce the number of flagged orders requiring review and lower false positive rates. Fraud Detect adapts to newer fraud patterns with greater agility through a fully integrated modeling and run-time environment. Unlike traditional rules-based solutions that rely on hard-coded rules thresholds. Fiserv machine learning platform uses profiles to compute thresholds that are updated with each incoming transaction as it happens. the State or State Agencies receives a single fraud prevention solution, including both rules engine and machine learning, to make payment and operations safe across all card-not-present channels.

Fraud Detect exposes the growing fraud threats in eCommerce and card-not-present channels. The underlying objective is to deliver a centralized solution that meets the high expectations of system accuracy, performance and flexibility. The success of Fraud Detect is tied to three key business objectives:

- Reduce potentially fraudulent transactions thereby reduce chargeback activity
- Improve customer satisfaction by reducing false decline rates
- Improve the efficiency of resources dedicated to managing at-risk transaction case reviews

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Fraud Detect Product Components

Machine Learning Technology Platform: Protected by the hardened data infrastructure of Fiserv, the high-speed machine learning server processes Fraud Detect proprietary algorithms and external third-party models is scalable to 2,400 transactions per second. This server has been built and optimized to cope with the low latencies required for in-flight payment transaction scoring.

Rules Engine: Fraud Detect powerful visual rules editor allows the State or State Agencies' users to easily create, manage and update fraud prevention rules. Rules can be defined based on expert knowledge about fraud patterns and business needs. Furthermore, the rules engine is tightly integrated with a list management system supporting both white and blacklist(s).

Live Scoring Engine: Real-time in-memory engine processes and scores 100% of transactions, enabling in-flight transaction scoring. This engine ingests all required data, continuously tracking and updating metrics of each individual entity (account, merchant, channel, etc.). Additionally, it performs complex analytical computations and continuously monitors business data to uncover complex and unknown patterns.

Device Fingerprinting: is SDK embedded in the State website or mobile application, up to 160 data elements from the cardholder device will be extracted and passed to Fraud Detect as part of the scoring model. This data has proven to be incredibly predictive in detecting potential fraud.

Automated Fraud Scoring: The scoring process will collect and compile transactional, merchant and chargeback data (and potentially other Fiserv internal data or third party data sources) from the data modeling environment to analyze the fraudulent nature of transactions and provide an Accept, Review or Reject result.

Works with TransArmor tokens: Data is never exposed to third parties as Fraud Detect can score tokens from the Fiserv proprietary tokenization and encryption solution, TransArmor

Transparent Results: Fraud Detect white box machine learning algorithms provide full transparency into the factors driving risk scores. Fraud analysts will be provided with clear and understandable reasons behind the score for each transaction.

Recognizes Customers, Not Segments: Fraud Detects "Segment of One" approach drives superior accuracy by continuously profiling every single customer.

Intuitive Dashboards: Web-based reporting and administration dashboards are accessible from any standard browser without the need for the State or State Agencies installation.

Case Management System: Single portals allow you to monitor both alerts generated by the fraud prevention engine, as well as manage all open investigative cases as result of those alerts. With a strong emphasis on usability and fraud analysts' productivity, it provides a complete solution for fraud prevention operations.

Fraud Detect with First API Integration for data access
As consumers have come to expect the ability to order and pay anywhere, any way and from any device as new technology is introduced into the marketplace, which leverages Fiserv extensive experience, partnerships and capabilities to capitalize on these emerging themes and developed an integration that works with any payment gateway technology. Therefore allows ease when integrating Fraud Detect securely and receive real-time scoring responses through a single API integration solution.

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Through the propose API, the State and its State Agencies can access Fraud Detect services through a simple Web Service integration independently of the State current gateway connectivity. This can be used in combination with multiple solutions and is compatible with multiple technologies and gateways. Fiserv solutions allows the State to easily integrate to Fraud Detect with simplified RESTful APIs.

Addendum Acknowledgement

Per Section II, Terms and Conditions, A General – We acknowledge the following Addenda.

Name of Addendum	Date of Addendum
Addendum One - Questions and Answers Statements June 2020 July 2020 August 2020 September 2020 October 2020 November 2020 December 2020 January 2021 February 2021 March 2021 April 2021 May 2021	06/25/21
Addendum Two - Questions and Answers - Round Two	07/14/21
Addendum Three - Additional Questions and Answers - Round Two	07/16/21
Addendum Four - Intent to Bid	07/26/21

Addendum will become part of the Request for Proposal and should be acknowledged with the Request for Proposal response.

Per RFP requirements, we acknowledge the above Addendum(s) which will become a part of the Request for Proposal and therefore a part of the final contract.

Appendices

Appendix 1 – Financial Statements

Appendix 2 – Professional Services Agreement (PSA)

Appendix 3 – Full Sample of Processing Statement

Pinnacle Bancorp, Inc

Independent Auditor's Report and Consolidated Financial
Statements and Supplementary Information
September 30, 2020 and 2019

Pinnacle Bancorp, Inc.
September 30, 2020 and 2019

Contents

Independent Auditor's Report

Audit Committee and Board of Directors
Pinnacle Bancorp, Inc.
Omaha, Nebraska

Report on the Financial Statements and Internal Control

We have audited the accompanying consolidated financial statements of Pinnacle Bancorp, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements. We also have audited Pinnacle Bancorp, Inc.'s, internal control over financial reporting as of September 30, 2020, based on criteria established in the *Internal Control – Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management also is responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Report of Management.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the entity's internal control over financial reporting based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement and whether effective internal control over financial reporting was maintained in all material respects.

An audit of consolidated financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of consolidated financial statements also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

An audit of internal control over financial reporting involves performing procedures to obtain evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risk that a material weakness exists. An audit of internal control over financial reporting also involves obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA), our audit of Pinnacle Bancorp Inc.'s internal control over financial reporting included controls over the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and with the instructions to the Consolidated Financial Statements for Bank Holding Companies (Form FR Y-9-C).

An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pinnacle Bancorp, Inc. and its subsidiaries as of September 30, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, Pinnacle Bancorp, Inc., maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on criteria established in the *Internal Control – Integrated Framework* (2013), issued by the COSO.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

Omaha, Nebraska
December 1, 2020

Pinnacle Bancorp, Inc.
Consolidated Balance Sheets
September 30, 2020 and 2019
(amounts in thousands except share data)

Assets

	2020	2019
Cash and cash equivalents	$ $ 1,168,48	774,625
Interest-bearing time deposits in banks	9,140	11,366
Securities	3,080,949	2,586,133
Loans, net of allowance for loan losses of $130,368 and $115,395 at September 30, 2020 and 2019	9,493,722	8,159,726
Premises and equipment, net	227,350	212,080
Interest receivable	71,406	64,865
Nonmarketable equity securities, at cost	8,754	7,058
Goodwill	119,822	119,822
Intangible assets	11,271	15,213
Other assets	50,387	59,758
Total assets	$ 14,241,288	$ 12,010,646

Liabilities and Stockholders' Equity

		2020		2019
Liabilities				
Deposits				
Demand	$	1,500,663	$	1,164,117
Demand-interest bearing		535,073		548,413
Savings		8,349,414		6,445,973
Time		1,858,951		2,121,639
Total deposits		12,244,101		10,280,142
Federal funds purchased and securities sold under agreements to repurchase		266,745		217,550
FHLB advances and other borrowed funds		102,918		111,869
Subordinated debentures		126,620		140,720
Deferred tax liability		844		705
Interest payable and other liabilities		88,110		69,193
Total liabilities		12,829,338		10,820,179
Stockholders' Equity				
Common stock, voting, $.0001 par value, authorized 2020 and 2019 - 2,550,000 shares; issued and outstanding 2020 and 2019 - 2,112,190 shares		-		-
Common stock, nonvoting, $.0001 par value, authorized 2020 and 2019 - 2,450,000 shares; issued and outstanding 2020 and 2019 - 2,029,359 shares		-		-
Additional paid-in capital		608		608
Retained earnings		1,343,947		1,171,210
Accumulated other comprehensive income		65,024		16,220
Total Pinnacle Bancorp, Inc. stockholders' equity		1,409,579		1,188,038
Noncontrolling interests		2,371		2,429
Total stockholders' equity		1,411,950		1,190,467
Total liabilities and stockholders' equity		$	$	12,010,646

Pinnacle Bancorp, Inc.
Consolidated Statements of Income
Years Ended September 30, 2020 and 2019
(amounts in thousands)

	2020	2019
Interest and Dividend Income		
Loans	$ 433,957	$ 409,425
Securities	57,456	50,488
Dividends	380	360
Federal funds sold and deposits with other financial institutions	6,621	8,669
Total interest income	498,414	468,942
Interest Expense		
Deposits	61,976	74,849
Federal funds purchased and securities sold under agreements to repurchase	1,303	2,964
Federal Home Loan Bank advances and other borrowed funds	3,376	3,097
Subordinated Debentures	3,153	851
Total interest expense	69,808	81,761
Net Interest Income	428,606	387,181
Provision for Loan Losses	15,656	5,017
Net Interest Income After Provision for Loan Losses	412,950	382,164
Noninterest Income		
Customer service fees	18,822	21,543
Net realized gains (losses) on available-for-sale securities	2	(7)
Unrealized gain (loss) on equity securities	1,112	(678)
Other	75,553	69,488
Total noninterest income	95,489	90,346
Noninterest Expense		
Salaries and employee benefits	176,538	159,027
Occupancy and equipment	32,616	30,130
Amortization of intangible assets	3,940	4,845
Other	74,367	73,955
Total noninterest expense	287,461	267,957
Income Before Income Taxes	220,978	204,553
Provision for Income Taxes	47,847	44,259
Net Income	173,131	160,294
Net Income Attributable to Noncontrolling Interests	394	809
Net Income Attributable to Pinnacle Bancorp, Inc.	$ 172,737	$ 159,485

Pinnacle Bancorp, Inc.
Consolidated Statements of Comprehensive Income
Years Ended September 30, 2020 and 2019
(amounts in thousands)

	2020	2019
Net Income	$ 173,131	$ 160,294
Other Comprehensive Income		
Unrealized appreciation on available-for-sale securities	63,089	83,371
Reclassification adjustment for realized (gains) losses included in net income	(2)	7
Net tax effect	(14,283)	(19,592)
Net of tax amount	48,804	63,786
Comprehensive Income	221,935	224,080
Less: Comprehensive Income Attributable to Noncontrolling Interests	394	809
Comprehensive Income Attributable to Pinnacle Bancorp, Inc.	$ 221,541	$ 223,271

Pinnacle Bancorp, Inc.
Consolidated Statements of Stockholders' Equity
Years Ended September 30, 2020 and 2019
(amounts in thousands except share data)

	Common Stock - Voting		Common Stock - Nonvoting		Additional Paid-in	Treasury	Retained	Accumulated Other Comprehensive	Non-Controlling	
	Shares	Par Value	Shares	Par Value	Capital	Stock	Earnings	Income (Loss)	Interests	Total
Balance, September 30, 2018	2,112,190	$ -	2,029,359	$ -	$ 608	$ -	$ 1,158,432	$ (35,225)	$ 2,31	$ 1,126,127
Net income	-	-	-	-	-	-	159,485	-	809	160,294
Cumulative effect of accounting change	-	-	-	-	-	-	12,341	(12,341)	-	-
Other comprehensive income	-	-	-	-	-	-	-	63,786	-	63,786
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	(692)	(692)
Dividends paid, $38 per share	-	-	-	-	-	-	(155,720)	-	-	(155,720)
Purchase of treasury stock	(49,938)	-	(47,980)	-	-	(33,338)	-	-	-	(33,338)
Sale of treasury stock	49,938	-	47,980	-	-	33,338	(3,328)	-	-	30,010
Balance, September 30, 2019	2,112,190	-	2,029,359	-	608	-	1,171,210	16,220	2,429	1,190,467
Net income	-	-	-	-	-	-	172,737	-	394	173,131
Other comprehensive income	-	-	-	-	-	-	-	48,804	-	48,804
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	(452)	(452)
Balance, September 30, 2020	2,112,190	$ -	2,029,359	$ -	$ 608	$ -	$ 1,343,947	$ 65,024	$	$ 1,411,950

Pinnacle Bancorp, Inc.
Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019
(amounts in thousands)

	2020	2019
Operating Activities		
Net income before attribution of noncontrolling interests	$ 173,131	$ 160,294
Net income attributable to noncontrolling interests	394	809
Net income attributable to Pinnacle Bancorp, Inc.	172,737	159,485
Items not requiring (providing) cash		
Depreciation and amortization	21,442	20,248
Provision for loan losses	15,656	5,017
Amortization and accretion	11,681	8,788
Net realized (gains) losses on available-for-sale securities	(2)	7
Unrealized (gain) loss on equity securities	(1,112)	678
Deferred tax benefit	(14,423)	(680)
Net loss on sale of premises and equipment	(3,069)	(117)
Changes in (net of acquisitions)		
Interest receivable	(6,541)	(5,719)
Other assets	9,371	4,714
Interest payable and other liabilities	18,917	1,661
Noncontrolling interests in subsidiaries	394	809
Net cash provided by operating activities	225,051	194,891
Investing Activities		
Purchases of securities	(1,226,658)	(667,521)
Proceeds from sales, maturities and paydowns of securities	784,641	312,058
Net decrease in interest-bearing deposits with banks	2,226	4,710
Net (increase) decrease in nonmarketable equity securities	(1,696)	491
Net originations of loans	(1,349,652)	(475,278)
Purchases of premises and equipment	(38,212)	(30,809)
Proceeds from sale of premises and equipment	8,511	1,195
Net cash paid to sellers for acquisitions	-	(9,762)
Net cash used in investing activities	(1,820,840)	(864,916)

Pinnacle Bancorp, Inc.
Consolidated Statements of Cash Flows - Continued
Years Ended September 30, 2020 and 2019
(amounts in thousands)

		2020		2019
Financing Activities				
Net increase in deposit accounts	$	1,963,959	$	1,003,747
Proceeds from FHLB advances and other borrowed funds		12,795		130,475
Payments on FHLB advances and other borrowed funds		(21,746)		(85,230)
Issuance of subordinated debentures		-		140,720
Payments on subordinated debentures		(14,100)		-
Net change in federal funds purchased and securities sold under agreements to repurchase		49,195		2,194
Purchase of Common Stock		-		(33,337)
Sale of Common Stock		-		30,010
Dividends paid		-		(155,720)
Other		(452)		(423)
Net cash provided by financing activities		1,989,651		1,032,436
Increase in Cash and Cash Equivalents		393,862		362,411
Cash and Cash Equivalents, Beginning of Year		774,625		412,214
Cash and Cash Equivalents, End of Year	$	1,168,487	$	774,625
Supplemental Cash Flows Information				
Interest paid	$	69,092	$	80,518
Income taxes paid	$	55,352	$	55,790

In 2019, the Company paid net cash of $9,762,000 to acquire substantially all of the assets and assume all of the liabilities of Pinnacle Data Services as described in Note 3. In conjunction with this acquisition, assets acquired and liabilities assumed were as follows (in thousands):

Assets acquired	$	10,436
Noncontrolling interest acquired		270
Less: cash paid		(10,554)
Liabilities assumed	$	152

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Pinnacle Bancorp, Inc. ("the Company") is a multi-bank financial holding company whose principal activity is ownership and management of its majority-owned subsidiaries.

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries: Pinnacle Bank, Lincoln, Nebraska; Pinnacle Bank – Wyoming, Cody, Wyoming; Bank of Colorado, Fort Collins, Colorado; Pinnacle Bank, Fort Worth, Texas; PFS Insurance Group, LLC, a company which provides various insurance services to its customers and Skybank, LLC, a company which provides flight services.

The Company is engaged in banking and insurance services primarily in the Midwestern United States, primarily in the states of Nebraska, Colorado, Texas, Wyoming, Missouri, New Mexico, Kansas and Arizona. The Banks are subject to competition from other financial institutions. The Banks are subject to the regulation of certain federal and state agencies and undergo periodic examinations by those regulatory authorities.

Principles of Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation.

Variable Interest Entities

A legal entity is referred to as a variable interest entity ("VIE") if any of the following conditions exist: (1) the total equity investment at risk is insufficient to permit the legal entity to finance its activities without additional subordinated financial support from other parties, or (2) the entity has equity investors that cannot make significant decisions about the entity's operations or that do not absorb their proportionate share of the expected losses or receive the expected returns of the entity.

In addition, a VIE must be consolidated by the Company if it is deemed to be the primary beneficiary of the VIE, which is the party involved with the VIE that will absorb a majority of the expected losses, receive a majority of the expected residual returns, or both. The Company has significant variable interests in VIEs that are not consolidated because the Company is not the primary beneficiary.

All facts and circumstances are taken into consideration when determining whether the Company has variable interests that would deem it the primary beneficiary and, therefore, require consolidation of the related VIE or otherwise rise to the level where disclosure would provide useful information to the users of the Company's financial statements. In some cases, it is qualitatively clear based on the extent of the Company's involvement or the seniority of its investments that the Company is not the primary beneficiary of the VIE. In other cases, a more detailed and quantitative analysis is required to make such a determination.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Variable Interest Entities - Continued

The Company generally considers the following types of involvement to be significant:

- Assisting in the structuring of a transaction and retaining any amount of debt financing (for example, loans, notes, bonds or other debt instruments) or an equity investment (for example, common shares, partnership interests or warrants)
- Writing credit protection (for example, guarantees, letters of credit, credit default swaps or total return swaps where the Company receives the total return or risk on the assets held by the VIE)

The Company regularly monitors unconsolidated VIEs to determine if any reconsideration events have occurred that would cause the VIEs to be consolidated.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the fair value of financial instruments.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all which have original maturities of 90 days or less.

Interest-bearing Deposits in Banks

Interest-bearing deposits in banks mature within one year and are carried at cost.

Securities

Available-for-sale debt securities are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income, net of taxes. Disproportionate income tax effects for available-for-sale securities are released using the "aggregate portfolio" approach. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Securities - Continued

method. Marketable equity securities are carried at fair value with changes in fair value reported in net income.

For debt securities with fair value below amortized cost when the Company does not intend to sell a debt security, and it is more likely than not the Company will not have to sell the security before recovery of its cost basis, it recognizes the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income.

On October 1, 2018, the Company adopted the new accounting standard for Financial Instruments, which requires equity investments to be measured at fair value with charges in fair value recognized in net income. The adoption of the guidance resulted in a $12,341,000 increase to beginning retained earnings and a $12,341,000 decrease to beginning accumulated other comprehensive income. Due to the change in the fair value of equity securities, $1,112,000 in unrealized gains and $678,000 in unrealized losses were recognized in net income during 2020 and 2019, respectively.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market using the "best efforts" method are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. Mortgage loans originated and intended for sale in the secondary market using the "mandatory delivery" method are valued using the fair value option and recorded at fair value as of the balance sheet date. The fair value of mortgage loans originated includes the servicing value of the loans as well as any accrued interest. Gains and losses on loan sales are recorded in noninterest income.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balances adjusted for unearned income, charge-offs, the allowance for loan losses, any unamortized deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Credit card loans and other personal loans are typically charged-off no later than 180 days past due. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Loans - Continued

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Discounts and premiums on purchased loans are amortized to income over the expected lives of the loans using methods that approximate the interest method.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance for loan losses when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance for loan losses.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance for loan losses consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance for loan losses is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Company's internal risk rating process. Other adjustments may be made to the allowance for loan losses for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Allowance for Loan Losses - Continued

consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are the subject of a restructuring agreement due to financial difficulties of the borrower.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation and amortization computed on the straight-line method over the estimated useful lives of the assets or the expected terms of the leases, if shorter. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured.

Nonmarketable Equity Securities

The Company, as a member of several of the Federal Home Loan Banks ("FHLB"), is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions of the FHLB, the stock has no quoted market value and is carried at cost. Management reviews for impairment based on the ultimate recoverability of the cost basis in the FHLB stock.

Foreclosed Assets Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure (included in other assets), establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net income or expense from foreclosed assets.

Goodwill

Goodwill is tested annually for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements.

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Intangible Assets

Intangible assets with finite lives are comprised of core value of deposits and other intangible assets which are being amortized using the straight-line method primarily over periods of 1 to 15 years. Such assets are periodically evaluated as to the recoverability of their carrying values.

Derivatives

Derivatives are recognized as assets and liabilities on the consolidated balance sheet and measured at fair value. Fair value is based on dealer quotes, pricing models, discounted cash flow methodologies or similar techniques for which the determination of fair value may require significant management judgment or estimation.

Derivative Loan Commitments

Mortgage loan commitments that relate to the origination of a mortgage that will be held for sale upon funding are considered derivative instruments under the derivatives and hedging accounting guidance. Loan commitments that are derivatives are recognized at fair value on the consolidated balance sheet in other assets and other liabilities with changes in their fair values recorded in noninterest income.

Forward Loan Sale Commitments

The Company carefully evaluates all loan sales agreements to determine whether they meet the definition of a derivative under the derivatives and hedging accounting guidance, as facts and circumstances may differ significantly. If agreements qualify, to protect against the price risk inherent in derivative loan commitments, the Company uses both "mandatory delivery" forward loan sale commitments to mitigate the risk of potential decreases in the values of loans that would result from the exercise of the derivative loan commitments. Mandatory delivery contracts are accounted for as derivative instruments. Accordingly, forward loan sale commitments are recognized at fair value on the consolidated balance sheet in other assets and liabilities with changes in their fair values recorded in other noninterest income.

The Company estimates the fair value of its forward loan sales commitments using a methodology similar to that used for derivative loan commitments.

Self Insurance

The Company has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Company has purchased insurance that limits its exposure for individual claims for the employee health benefit programs.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Income Taxes

Income taxes are accounted for in accordance with ASC 740, Income Taxes. The guidance accounts for income tax expense with two components: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of enacted tax law to the taxable income or excess deductions over income. The Company determines deferred income taxes using the liability or balance sheet method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

The Company files consolidated income tax returns with its subsidiaries.

Trust Assets

Assets (other than cash deposits) held in fiduciary or agency capacity for customers are not included in the accompanying consolidated balance sheets, since such items are not assets of the Company or its subsidiaries.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains on securities available for sale and unrealized losses related to factors other than credit on debt and equity securities, which are recognized as separate components of equity.

Nebraska Department of Banking and Finance Requirements

The audits of the Company are designed to meet the minimum requirements of 45 NAC 25-001 of the Nebraska Department of Banking and Finance for Pinnacle Bank, Lincoln, Nebraska.

Note 2: Restriction on Cash and Due From Banks

The Company is required to maintain average balances on hand or with the Federal Reserve Bank. At September 30, 2019, these reserve balances amounted to $10,478,000. At September 30, 2020, there was no reserve balance requirement.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 3: Acquisitions

During January 2019, the Company paid cash to acquire substantially all of the assets and assumed substantially all of the liabilities of Pinnacle Data Services.

The intangible assets have a useful life of fifteen years and are being amortized using the straight-line method. Amounts paid for intangible assets are expected to be deductible for tax purposes.

As a result of the acquisition, management believes the Company will have an opportunity to increase its customer base and reduce costs through economies of scale. The acquisition has been accounted for as a purchase by recording the assets and liabilities of the acquired company at their estimated fair values at the acquisition date. The consolidated operations of the Company include the operations of the company from the acquisition date. The following table summarizes the values of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Cash and cash equivalents	$	792
Premises and equipment		5,353
Other intangibles		1,284
Other assets		3,007
Total assets acquired		10,436
Other liabilities		152
Total liabilities assumed		152
Noncontrolling interests		(270)
Cash paid for net assets acquired	$	10,554

Note 4: Securities

The amortized cost and fair value, with gross unrealized gains and losses at September 30, 2020 and 2019 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(in thousands)		
2020				
Securities available for sale				
Debt securities				
U.S. Treasury and federal agency	$ 70,927	$ 2,312	$ -	$ 73,239
U.S. Government-sponsored enterprises ("GSEs")	731,316	11,084	(755)	741,645
State and political subdivisions	418,957	6,805	(84)	425,678
Mortgage-backed (GSE residential)	1,731,859	76,695	(318)	1,808,236
Total debt securities	2,953,059	96,896	(1,157)	3,048,798
Marketable equity securities	18,646	13,559	(54)	32,151
	$ 2,971,705	$ 110,455	$ (1,211)	$ 3,080,949
2019				
Securities available for sale				
Debt securities				
U.S. Treasury and federal agency	$ 260,468	$ 883	$ (41)	$ 261,309
U.S. Government-sponsored enterprises ("GSEs")	583,455	5,745	(108)	589,093
State and political subdivisions	250,639	966	(142)	251,463
Mortgage-backed (GSE residential)	1,435,311	26,667	(1,605)	1,460,373
Total debt securities	2,529,873	34,261	(1,896)	2,562,238
Marketable equity securities	11,494	12,418	(17)	23,895
	$ 2,541,367	$ 46,679	$ (1,913)	$ 2,586,133

The carrying value of securities pledged as collateral to secure public deposits, securities sold under agreements to repurchase, and for other purposes, was $1,490,120,000 and $1,247,139,000 at September 30, 2020 and 2019, respectively.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 4: Securities - Continued

The amortized cost and fair value of available for sale securities by contractual maturity at September 30, 2020 are shown below. Actual maturities may differ from expected or contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(in thousands)	
Within one year	$	$ 122,382
One to five years	518,257	532,374
Five to ten years	406,368	409,083
After ten years	175,136	176,723
	1,221,200	1,240,562
Mortgage-backed securities	1,731,859	1,808,236
Totals	$ 2,953,059	$ 3,048,798

For the years ended September 30, 2020 and 2019, proceeds from sales of securities available for sale totaled $9,881,000 and $5,542,000, respectively. Gross realized gains totaled $7,000 during 2020. Gross realized losses totaled $5,000 and $7,000 during 2020 and 2019, respectively.

Certain investments in debt securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at September 30, 2020 and 2019, was $342,253,000 and $559,919,000, respectively, which is approximately 11.1% and 21.7%, respectively, of the Company's available-for-sale investment portfolio. These declines resulted from recent increases in market interest rates, failure of certain investments to maintain consistent credit quality ratings, changes in the market's perception of current risks or failure to meet projected earnings targets.

Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary or are not material.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

Note 4: Securities - Continued

The following table shows gross unrealized losses and approximate fair value, aggregated by investment class and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2020 and 2019:

Description of Available-for-sale Securities	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in thousands)					
2020						
U.S. Government-sponsored enterprises (GSEs)	$ 145,407 $	(512) $	39,359 $	(243) $	184,766 $	(755)
State and political subdivisions	18,932	(82)	547	(2)	19,479	(84)
Mortgage-backed securities (GSE residential)	129,928	(263)	8,080	(55)	138,008	(318)
Total temporarily impaired securities	$ 294,267 $	(857) $	47,986 $	(300) $	342,253 $	(1,157)
2019						
U.S. Treasury and federal agency	$ 134,737 $	(31) $	25,062 $	(10) $	159,799 $	(41)
U.S. Government-sponsored enterprises (GSEs)	6,795	-	64,180	(108)	70,975	(108)
State and political subdivisions	-	-	54,664	(142)	54,664	(142)
Mortgage-backed securities (GSE residential)	37,681	(68)	236,800	(1,537)	274,481	(1,605)
Total temporarily impaired securities	$ 179,213 $	(99) $	380,706 $	(1,797) $	559,919 $	(1,896)

Based on an analysis of its investment securities with unrealized losses as of September 30, 2020 and 2019, the Company determined that none of such securities had other-than-temporary impairment and the unrealized losses were primarily the result of interest rate changes, market spreads subsequent to acquisition and other market conditions. The fair value of the investment securities is expected to recover as payments are received and the securities approach maturity. At September 30, 2020, management determined that it did not intend to sell investment securities with unrealized losses, and there was no expected requirement to sell any of its investment securities with unrealized losses before recovery of their amortized cost.

Note 4:   Securities - Continued

The following table shows the components of accumulated other comprehensive income from net unrealized gain on securities available for sale for the years ended September 30, 2020 and 2019:

	2020	2019
	(in thousands)	
Balance, beginning of year	$ 16,220	$ (35,225)
Net unrealized holding gain arising during the period	63,089	83,371
Reclassification adjustment for net (gain) loss realized in net income	(2)	7
Income tax expense	(14,283)	(19,592)
Cumulative effect of accounting change	-	(12,341)
Balance, end of year	$ 65,024	$ 16,220

Note 5: Loans and Allowance for Loan Losses

Classes of loans at September 30, 2020 and 2019, include:

	2020	2019
	(in thousands)	
Commercial	$ 1,434,487	$ 643,487
Agricultural	1,758,278	1,771,523
Construction and land development	1,036,208	835,309
Commercial real estate	3,103,337	2,916,074
Residential real estate	2,019,588	1,902,515
Consumer and other	307,464	217,718
Gross loans	9,659,362	8,286,626
Less		
Net deferred loan fees	(35,272)	(11,505)
Allowance for loan losses	(130,368)	(115,395)
Net loans	$ 9,493,722	$ 8,159,726

At September 30, 2020 and 2019, loans collateralized by real estate totaling approximately $4,524,324,000 and $4,273,338,000, respectively, were specifically pledged as collateral for FHLB borrowings. Loans sold with recourse provisions totaled approximately $404,070,000 and $118,027,000 at September 30, 2020 and 2019, respectively.

Included in residential real estate loans are loans held for sale of $93,497,000 and $56,772,000 at September 30, 2020 and 2019, respectively.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 5: Loans and Allowance for Loan Losses - Continued

Residential real estate loans sold for the period ending September 30, 2020 and 2019 is $1,301,425,000 and $675,153,000, respectively

The following table presents the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method at September 30, 2020 (in thousands):

2020	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Allowance for loan losses							
Balance, beginning of year	$ 10,545	$ 24,440	$ 11,294	$ 39,959	$ 26,029	$ 3,128	$ 115,395
Provision charged to expense	9,856	660	2,280	1,793	(571)	1,638	15,656
Losses charged off	(497)	(9)	(109)	(92)	(101)	(1,019)	(1,827)
Recoveries	279	9	29	24	255	548	1,144
Balance, end of year	$ 20,183	$ 25,100	$ 13,494	$ 41,684	$ 25,612	$ 4,295	$ 130,368
Ending balance: individually evaluated for impairment	$ 2,910	$ 395	$ 108	$ 1,514	$ 683	$ 155	$ 5,765
Ending balance: collectively evaluated for impairment	$ 17,273	$ 24,705	$ 13,386	$ 40,170	$ 24,929	$ 4,140	$ 124,603
Ending balance: loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans							
Ending balance	$ 1,434,487	$ 1,758,278	$ 1,036,208	$ 3,103,337	$ 2,019,588	$ 307,464	$ 9,659,362
Ending balance: individually evaluated for impairment	$ 6,081	$ 18,249	$ 732	$ 13,129	$ 7,063	$ 267	$ 45,521
Ending balance: collectively evaluated for impairment	$ 1,428,402	$ 1,739,820	$ 1,035,476	$ 3,089,540	$ 2,012,402	$ 307,197	$ 9,612,837
Ending balance: loans acquired with deteriorated credit quality	$ 4	$ 209	$ -	$ 668	$ 123	$ -	$ 1,004

Note 5: Loans and Allowance for Loan Losses - Continued

The following table presents the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method at September 30, 2019 (in thousands):

2019	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Allowance for loan losses							
Balance, beginning of year	$ 10,331	$ 23,898	$ 10,736	$ 39,207	$ 25,162	$ 3,046	$ 112,380
Provision charged to expense	1,206	514	529	446	1,336	986	5,017
Losses charged off	(1,205)	-	-	-	(688)	(1,289)	(3,182)
Recoveries	213	28	29	306	219	385	1,180
Balance, end of year	$ 10,545	$ 24,440	$ 11,294	$ 39,959	$ 26,029	$ 3,128	$ 115,395
Ending balance: individually evaluated for impairment	$ 1,787	$ 670	$ 140	$ 412	$ 936	$ 21	$ 3,966
Ending balance: collectively evaluated for impairment	$ 8,758	$ 23,770	$ 11,154	$ 39,547	$ 25,093	$ 3,107	$ 111,429
Ending balance: loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans							
Ending balance	$ 643,487	$ 1,771,523	$ 835,309	$ 2,916,074	$ 1,902,515	$ 217,718	$ 8,286,626
Ending balance: individually evaluated for impairment	$ 4,807	$ 21,257	$ 703	$ 4,440	$ 6,857	$ 61	$ 38,125
Ending balance: collectively evaluated for impairment	$ 638,200	$ 1,749,825	$ 834,496	$ 2,910,712	$ 1,894,231	$ 217,655	$ 8,245,119
Ending balance: loans acquired with deteriorated credit quality	$ 480	$ 441	$ 110	$ 922	$ 1,427	$ 2	$ 3,382

Pinnacle Bancorp, Inc.
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Note 5: Loans and Allowance for Loan Losses - Continued

Internal Risk Categories

Loan grades are numbered 1 through 7. Grades 1 through 3 are considered satisfactory grades. The grades of 4 and 5 represent loans with negative trends but do not warrant classified status. The grades of 6, or Substandard, and 7, or Doubtful, refer to assets that are classified. The use and application of these grades by the Company will be uniform and shall conform to the Company's policy.

1 – Prime Quality: Loans that far exceed minimum bank underwriting standards in the following areas: 1) financial strength, in both liquidity and solvency; 2) repayment capacity and secondary source of repayment; and 3) collateral (both margin and marketability must be strong). These loans should be well documented with no critical documentation exceptions. Management and applicable guarantors should be well known to the Company, and character should be considered excellent.

Loans that are fully secured by a properly perfected security interest in CD's issued by the originating bank could also be assigned a risk rating of 1.

2 – Good Quality: Loans that exceed minimum bank underwriting standards in the following areas: 1) financial strength, both liquidity and solvency; 2) repayment capacity and secondary source of repayment; and 3) collateral (both margin and marketability must be strong). These loans possess no identifiable risk of collection, and they conform to bank policy. Documentation exceptions are minimal, are in the process of being corrected, and of a type that would not introduce loan loss risk. Management and character should be considered strong.

3 – Acceptable Quality: Loans that meet or exceed minimum underwriting standards. Exceptions to policy are generally warranted by factors such as strong guarantor support, previous experience with the borrower, or substantial deposits in the originating bank. Identified weaknesses with the credit are not sufficient to warrant a watch or problem loan status.

4 – Watch Credit: Loans that exhibit downward financial condition trends, management issues, or emerging problems beyond the borrowers' control. These conditions would require special attention by the loan officer. Concerns are not significant enough to warrant problem loan status. Loans in this category represent an early warning system for potential problem loan downgrades if the weaknesses are not corrected.

5 – Special Mention: A Special Mention credit has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the credit or the bank's collateral position at some future date. Special mention credits are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

Note 5: Loans and Allowance for Loan Losses - Continued

Internal Risk Categories - Continued

6 – Substandard: A Substandard credit is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Extensions of credit so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the bank will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard credits, does not have to exist in individual extensions of credit classified substandard.

7 – Doubtful: An extension of credit classified as Doubtful has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors that may work to the advantage of or strengthen the credit, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors may include a proposed merger or acquisition, liquidation proceedings, court ruling, capital injection, perfecting liens on additional collateral, or refinancing plans.

Risk characteristics applicable to each segment of the loan portfolio are described as follows.

Commercial: The commercial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

Agriculture: The agriculture portfolio includes loans to agricultural customers for use in financing agricultural related working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's agricultural operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from operations.

Construction and Land Development: Construction and land development loans are usually based upon estimates of costs and estimated value of the completed project and include independent appraisal reviews and a financial analysis of the developers and property owners. Sources of repayment of these loans may include permanent loans, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are considered to be higher risk than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions and the availability of long-term financing. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

Note 5: Loans and Allowance for Loan Losses - Continued

Internal Risk Categories - Continued

Commercial Real Estate: Commercial real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

Residential Real Estate: Residential real estate are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Company's market areas that might impact either property values or a borrower's personal income. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Consumer and Other: The consumer and other loan portfolio consists of various term and line of credit loans such as automobile loans and loans for other personal purposes. Repayment for these types of loans will come from a borrower's income sources that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Company's market area) and the creditworthiness of a borrower.

Note 5: Loans and Allowance for Loan Losses - Continued

The Company evaluates the loan risk grading system definitions and allowance for loan loss methodology on an ongoing basis. No significant changes were made to either during the past year. The following tables present the credit risk profile of the Company's loan portfolio based on internal rating category and payment activity at September 30, 2020 and 2019 (in thousands):

2020	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Unclassified (1-5)	$ 1,426,274	$ 1,676,646	$ 1,035,229	$	$	$ 306,979	$ 9,535,473
Substandard (6)	8,182	81,632	979	18,786	13,227	474	123,280
Doubtful (7)	31	-	-	104	463	11	609
Total	$ 1,434,487	$	$ 1,036,208	$	$	$ 307,464	$ 9,659,362

2019	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Unclassified (1-5)	$ 637,598	$ 1,676,392	$ 834,235	$	$ 1,891,451	$ 217,435	$ 8,159,264
Substandard (6)	5,769	95,131	1,074	13,921	10,601	265	126,761
Doubtful (7)	120	-	-	-	463	18	601
Total	$ 643,487	$	$ 835,309	$ 2,916,074	$ 1,902,515	$ 217,718	$ 8,286,626

Pinnacle Bancorp, Inc.
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Note 5: Loans and Allowance for Loan Losses - Continued

The following tables present the Company's loan portfolio aging analysis as of September 30, 2020 and 2019 (in thousands):

2020	30-90 Days Past Due & Accruing	Greater Than 90 Days & Accruing	Non-Accruing	Total Past Due	Current	Total Loans
Commercial	$ 2,127	$ $	5,443	$ $	1,426,655 $	1,434,487
Agricultural	8,190	1,026	10,557	19,773	1,738,505	1,758,278
Construction and land development	6,490	329	234	7,053	1,029,155	1,036,208
Commercial real estate	17,017	-	12,094	29,111	3,074,226	3,103,337
Residential real estate	8,212	1,600	4,137	13,949	2,005,639	2,019,588
Consumer and other	1,801	59	192	2,052	305,412	307,464
Total	$ $	3,276	$ $	79,770 $	9,579,592 $	9,659,362

2019						
Commercial	$ $	1,253 $	3,560 $	16,106	$ $	643,487
Agricultural	5,836	6,546	11,579	23,961	1,747,562	1,771,523
Construction and land development	6,891	-	729	7,620	827,689	835,309
Commercial real estate	6,526	3,638	2,423	12,587	2,903,487	2,916,074
Residential real estate	9,095	516	3,352	12,963	1,889,552	1,902,515
Consumer and other	2,017	191	85	2,293	215,425	217,718
Total	$ $	12,144 $	21,728 $	75,530 $	8,211,096 $	8,286,626

Note 5: Loans and Allowance for Loan Losses - Continued

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 31010-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans but also include loans modified in troubled debt restructurings.

The following table presents impaired loans for the year ended September 30, 2020 (in thousands):

2020	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Commercial	$ 330	$	$ -	$ 367	$ 20
Agricultural	14,449	15,440	-	15,884	424
Construction and land development	64	68	-	37	-
Commercial real estate	2,883	2,889	-	2,881	50
Residential real estate	2,388	2,427	-	2,087	40
Consumer and other	53	53	-	43	3
Loans with a specific valuation allowance					
Commercial	5,751	6,162	2,910	5,199	153
Agricultural	3,800	3,975	395	4,204	85
Construction and land development	668	915	108	796	20
Commercial real estate	10,246	10,400	1,514	6,019	31
Residential real estate	4,675	6,336	683	5,698	127
Consumer and other	214	214	155	121	1
Total					
Commercial	6,081	6,492	2,910	5,566	173
Agricultural	18,249	19,415	395	20,088	509
Construction and land development	732	983	108	833	20
Commercial real estate	13,129	13,289	1,514	8,900	81
Residential real estate	7,063	8,763	683	7,785	167
Consumer and other	267	267	155	164	4
Total	$	$ 49,209	$ 5,765	$ 43,336	$ 954

Pinnacle Bancorp, Inc.
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September 30, 2020 and 2019

Note 5: Loans and Allowance for Loan Losses - Continued

The following table presents impaired loans for the year ended September 30, 2019 (in thousands):

2019	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Commercial	$ 404	$	$	$ 1,690	$ 23
Agricultural	16,732	17,319	-	28,297	476
Construction and land development	10	10	-	17	1
Commercial real estate	2,823	2,878	-	612	85
Residential real estate	1,686	1,786	-	2,079	44
Consumer and other	34	34	-	27	-
Loans with a specific valuation allowance					
Commercial	4,403	4,647	1,787	3,225	223
Agricultural	4,525	4,608	670	7,243	124
Construction and land development	693	924	140	1,554	11
Commercial real estate	1,617	1,792	412	8,013	88
Residential real estate	5,171	6,721	936	8,005	141
Consumer and other	27	27	21	71	3
Total					
Commercial	4,807	5,051	1,787	4,915	246
Agricultural	21,257	21,927	670	35,540	600
Construction and land development	703	934	140	1,571	12
Commercial real estate	4,440	4,670	412	8,625	173
Residential real estate	6,857	8,507	936	10,084	185
Consumer and other	61	61	21	98	3
Total	$	$ $ 3,966		$ 60,833	$ 1,219

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Note 5: Loans and Allowance for Loan Losses - Continued

The following table presents the Company's nonaccrual loans at September 30, 2020 and 2019. This table excludes purchased impaired loans and performing troubled debt restructurings.

	2020	
	(in thousands)	
Commercial	$ 5,439	$ 3,066
Agricultural	10,348	11,345
Construction and land development	234	729
Commercial real estate	12,094	2,423
Residential real estate	4,014	3,260
Consumer and other	192	85
Total	$ 32,321	$ 20,908

At September 30, 2020 and 2019, the Company had a number of loans that were modified in troubled debt restructurings and impaired. The modification of terms of such loans included one or a combination of the following: an extension of maturity, a reduction of the stated interest rate or a permanent reduction of the recorded investment in the loan.

The following presents information regarding troubled debt restructurings by segment for the years ending September 30, 2020 and 2019.

Newly classified troubled debt restructurings at September 30, 2020 and 2019 are as follows:

2020	Number of Loans	Pre-modification Recorded Balance	Post-modification Recorded Balance
		(in thousands)	
Commercial	-	$ -	$ -
Agriculture	-	-	-
Construction and land development	1	37	37
Commercial real estate	1	225	225
Residential real estate	3	571	571
Consumer and other	1	162	162
Total	6	$ 995	$ 995

Note 5: Loans and Allowance for Loan Losses - Continued

2019	Number of Loans	Pre-modification Recorded Balance		Post-modification Recorded Balance
		(in thousands)		
Commercial	2	$	76	$ 76
Agriculture	2		238	238
Construction and land development	-		-	-
Commercial real estate	1		1,439	1,439
Residential real estate	1		151	151
Consumer and other	1		15	15
Total	7	$	1,919	$ 1,919

The troubled debt restructurings described above increased the allowance for loan losses $264,000 during the year ended September 30, 2020. The troubled debt restructurings described above did not increase the allowance for loan losses during the year ended September 30, 2019. There were no charge-offs as a result of the above restructurings during the years ended September 30, 2020 and 2019. At September 30, 2020 and 2019, the Company had $1,924,000 and $3,478,00, respectively, of loans that were modified in troubled debt restructurings and impaired.

There were no troubled debt restructurings at September 30, 2020 and 2019 that represent defaults on loans that were first modified during the current fiscal year that became 90 days or more delinquent or were charged-off during the current fiscal year.

The Company originated U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loans during the current fiscal year. These loans are primarily classified as commercial operating loans. The outstanding principal balance of PPP loans at September 30, 2020 was $934,273,000. The Company received total fees of approximately $35,495,000 from the SBA. The Company is deferring the remaining fees over the life of the loans which is generally 24 to 60 months from origination date. The Company recognized approximately $13,375,000 of these fees within loan interest income for the year ended September 30, 2020.

Note 6: Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment at September 30, 2020 and 2019 is as follows:

	2020	2019
	(in thousands)	
Land	$ 49,832	$ 46,014
Buildings	233,864	222,042
Furniture and fixtures	63,335	60,545
Leasehold improvements	8,393	6,485
	355,424	335,086
Less: accumulated depreciation and amortization	(128,074)	(123,006)
Net premises and equipment	$ 227,350	$ 212,080

Note 7: Goodwill

The changes in the carrying amount of goodwill for the years ended September 30, 2020 and 2019 were:

	2020	2019
	(in thousands)	
Balance, beginning of year	$ 119,822	$ 119,822
Goodwill acquired during the year	-	-
Balance, end of year	$ 119,822	$ 119,822

Note 8: Intangible Assets

The carrying basis and accumulated amortization of recognized intangible assets at September 30, 2020 and 2019 were:

	2020		2019	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(in thousands)			
Core deposits	$	$ (22,757)	$ 34,650	$ (23,821)
Other intangibles	7,039	(3,161)	7,615	(3,231)
	$	$ (25,918)	$ 42,265	$ (27,052)

Note 8: Intangible Assets - Continued

Amortization expense for the years ended September 30, 2020 and 2019, was approximately $3,940,000 and $4,845,000, respectively.   Estimated amortization expense for each of the following five years is (in thousands):

2021	$	3,394
2022		3,206
2023		1,437
2024		786
2025		285

Note 9: Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase, which are classified as secured borrowings, generally mature one day from the transaction date. Securities underlying the agreements had an amortized cost of approximately $295,180,000 and $287,558,000 and fair value of approximately $305,459,000 and $290,700,000 at September 30, 2020 and 2019, respectively. Securities sold under agreements to repurchase are reported at the amount of cash received in connection with the transaction. The Company over-collateralizes the repurchase agreements to protect the purchaser from changes in market value. Additionally, the Company utilizes held-in-custody procedures to ensure the securities sold under repurchase agreements are unencumbered.

The following table represents the Company's securities sold under repurchase agreements, by collateral type and remaining contractual maturity.

	2020		2019	
	Overnight and Continuous		Overnight and Continuous	
	(in thousands)			
U.S. Treasury and federal agency	$	20,701	$	28,463
U.S. Government-sponsored enterprises ("GSEs")		103,875		95,142
Mortgage-backed (GSE residential)		142,169		93,945
	$	266,745	$	217,550

Note 10: Time Deposits

Time deposits that meet or exceed the Federal Deposit Insurance Corporation limit of $250,000 were $565,285,000 and $623,402,000 at September 30, 2020 and 2019, respectively.

At September 30, 2020, the scheduled annual maturities of time deposits (in thousands) are as follows:

2021	$	1,358,805
2022		300,550
2023		102,176
2024		72,948
2025		23,771
Thereafter		701
	$	1,858,951

Note 11: Borrowed Funds

Borrowed funds at September 30, 2020 and 2019 consists of the following:

		2020		2019
		(in thousands)		
Long-term FHLB advances	$	102,918	$	105,997
Subordinated debentures		126,620		140,720
Line of credit with a bank		-		5,000
Other		-		872
	$	$		252,589

The FHLB advances are subject to an agreement whereby the subsidiary banks are required to maintain a minimum "required collateral maintenance level" as defined by the agreement and substantially all assets of the Banks are pledged as collateral. Borrowings are subject to collateral requirements established by the FHLB as outlined in an "Agreement for Advances, Pledge and Security Agreement." FHLB advances are due in varying amounts through February 2050. Interest is due monthly at fixed rates ranging from 1.28% to 6.23%. All FHLB advances are subject to prepayment penalties or are not prepayable.

At September 30, 2020 and 2019, the Company has lines of credit with the FHLB to meet short-term borrowing needs. The lines of credit have a variable interest rate (.33% at 2020 and 2.20% at 2019), payable monthly and maturing through July 2021. At September 30, 2020, the Company

Note 11: Borrowed Funds - Continued

had combined remaining borrowing availability for FHLB advances and the lines of credit of $2,756,838,000. The FHLB has sole discretion to deny additional advances.

Aggregate annual maturities of the borrowed funds at September 30, 2020 are (in thousands):

2021	$	18,052
2022		19,821
2023		17,760
2024		31,247
2025		19,129
Thereafter		123,529
	$	229,538

At September 30, 2019, the Company had a line of credit to a related party, in the amount of $10,000,000, without collateral, and with interest due either monthly or at maturity with a fixed rate of 4.18%. The line matured in June 2020 and was not renewed.

The Company has a revolving line of credit with a bank, with maximum available credit of $5,000,000 maturing December 31, 2021. Interest is payable quarterly. At September 30, 2020, the interest rate was 2.00% over the one month London Interbank Offered Rates ("LIBOR") rate (2.15% and 4.09% at 2020 and 2019, respectively). The line is collateralized by 100% of the common stock of the Company's subsidiary banks. The line requires the Company and subsidiary banks to maintain certain capital and classified asset ratios.

At September 30, 2020 and 2019, the Company had $126,620,000 and $140,720,000 outstanding, respectively, in subordinated debentures to related parties due in varying amounts through December 2028. Interest is due annually at fixed rates ranging from 2.38% to 2.76%. The subordinated debentures are unsecured and subordinated to the claims of depositors and general creditors of the Company. The subordinated debentures may be included in Tier 2 capital (with certain limitations applicable) under current regulatory guidelines and interpretations.

Interest incurred on the debt to related parties totaled $3,221,000 and $991,000 during 2020 and 2019, respectively.

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Note 12: Income Taxes

The Company and one of its subsidiaries files income tax returns in the U.S. Federal jurisdiction and various states' jurisdictions for the years ended September 30, 2020 and September 30, 2019, respectively.

The provision for income taxes includes these components:

	2020	2019
	(in thousands)	
Federal taxes currently payable	$ 56,079	$ 39,433
State taxes currently payable	6,191	5,506
	62,270	44,939
Deferred income taxes	(14,423)	(680)
Income tax provision	$ 47,847	$ 44,259

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown below:

	2020	
	(in thousands)	
Computed at the statutory rate (21%)	$ 46,323	$ 42,786
Increase (decrease) resulting from		
State income taxes	4,890	4,350
Income tax credits	(1,754)	(1,838)
Tax-exempt interest	(1,480)	(1,367)
Other	(132)	328
Actual tax expense	$ 47,847	$ 44,259

Note 12:   Income Taxes - Continued

The tax effects of temporary difference related to deferred taxes shown on the balance sheets were:

		2020		
		(in thousands)		
Deferred tax assets				
Allowance for loan losses	$	29,075	$	25,784
Deferred Loan Fees		5,098		-
Deferred Compensation		6,504		5,216
Accrued Expenses		4,682		2,615
Other		1,568		550
		46,927		34,165
Deferred tax liabilities				
Premises and equipment	$	(14,166)	$	(11,521)
Securities available for sale		(25,600)		(10,760)
Intangibles		(6,376)		(5,925)
Prepaid expenses		(1,177)		(1,353)
Other		(452)		(5,311)
		(47,771)		(34,870)
Net deferred tax liability	$	(844)	$	(705)

Note 13:   Employee Benefit Plans

The Company has a 401(k) profit sharing plan covering substantially all employees with one year of service. Contributions to the plan are determined by the Board of Directors with certain limitations. Plan expense was approximately $5,748,000 and $5,163,000 for the years ended September 30, 2020 and 2019, respectively.

The Company and its subsidiaries have unfunded deferred compensation agreements with selected key employees which provide for benefits upon termination of employment. Additions to amounts accrued are based on defined formulas. Deferred compensation accrued at September 30, 2020 and 2019, was $28,287,000 and $23,788,000, respectively. Expense recorded was approximately $6,266,000 and $5,748,000 for the years ended September 30, 2020 and 2019, respectively.

Note 14:   Related Party Transactions

At September 30, 2020 and 2019, executive officers, directors, principal shareholders, and, their related interests in which they have significant beneficial ownership were indebted to the Company in the aggregate amount of approximately $48,478,000 and $31,357,000, respectively.

In management's opinion, such loans and other extensions of credit were made in the ordinary course of business and were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectability or present other unfavorable features.

During 2019, the Company paid computer processing fees to a related entity of approximately $4,008,000. The Company acquired substantially all of the assets and assumed all of the liabilities of the related entity in January 2019 as described in Note 3.

The Company has issued subordinated debentures and a line of credit to related parties as described in Note 11.

Note 15:   Regulatory Matters

The Company (on a consolidated basis) and the subsidiary banks are subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the subsidiary banks must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under U.S. GAAP, regulatory reporting requirements, and regulatory capital standards.

Note 15:   Regulatory Matters - Continued

The Company's and subsidiary banks' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulatory capital standards to ensure capital adequacy require the Company and the subsidiary banks to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined) to risk-weighted assets (as defined), common equity Tier 1 capital (as defined) to total risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, at September 30, 2020, that the Company and the subsidiary banks meet all capital adequacy requirements to which they are subject.

As of September 30, 2020 and 2019, the most recent notification from the regulators categorized the Company's subsidiary banks as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based capital, and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed these categories.

The Company is required to maintain a capital conservation buffer consisting of additional Common Equity Tier 1 Capital above the required minimum levels in order to avoid limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses based on percentages of eligible retained income that could be utilized for such actions. The capital conservation buffer requirement began to be phased in starting in January 2016 at 0.625% of risk-weighted assets and will increase each year until fully implemented to an amount equal to 2.5% of risk-weighted assets in January 2019. At September 30, 2020 and 2019, the Company has a capital conservation buffer of 6.22% and 5.29%, respectively, and eligible retained income of $172,737,000 and $3,764,000 respectively. There are no limitations on distributions and discretionary bonus payments under the capital conservation buffer framework as of September 30, 2020 and 2019.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 15: Regulatory Matters – Continued

The Company's and Banks' actual capital amounts and ratios as of September 30, 2020 and 2019 are also presented in the table.

	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)					
September 30, 2020						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 1,434,140	14.3 %	$ 800,862	8.0 %	N/A	N/A
Lincoln	660,233	13.7	386,341	8.0	$ 482,926	10.0 %
Fort Collins	490,237	14.8	265,028	8.0	331,284	10.0
Cody	116,595	14.0	66,754	8.0	83,443	10.0
Fort Worth	165,725	16.0	82,904	8.0	103,630	10.0
Common Equity Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 1,223,123	12.2 %	$ 450,485	4.5 %	N/A	N/A
Lincoln	599,834	12.4	217,317	4.5	$ 313,902	6.5 %
Fort Collins	448,814	13.5	149,078	4.5	215,335	6.5
Cody	106,150	12.7	37,549	4.5	54,238	6.5
Fort Worth	152,769	14.7	46,633	4.5	67,359	6.5
Tier 1 Capital (to Risk Weighted						
Consolidated	$ 1,223,123	12.2 %	$ 600,646	6.0 %	N/A	N/A
Lincoln	599,834	12.4	289,756	6.0	$ 386,341	8.0 %
Fort Collins	448,814	13.5	198,771	6.0	265,028	8.0
Cody	106,150	12.7	50,066	6.0	66,754	8.0
Fort Worth	152,769	14.7	62,178	6.0	82,904	8.0
Tier 1 Capital (to Average Assets)						
Consolidated	$ 1,223,123	8.7 %	$ 563,200	4.0 %	N/A	N/A
Lincoln	599,834	9.8	244,456	4.0	$ 305,570	5.0 %
Fort Collins	448,814	8.7	207,135	4.0	258,919	5.0
Cody	106,150	9.6	44,307	4.0	55,384	5.0
Fort Worth	152,769	9.4	64,832	4.0	81,040	5.0

Note 15: Regulatory Matters - Continued

	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)					
September 30, 2019						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 1,251,165	13.6 %	$ 734,978	8.0 %	N/A	N/A
Lincoln	581,450	12.7	365,639	8.0 $	457,049	10.0 %
Fort Collins	424,953	14.9	228,677	8.0	285,847	10.0
Torrington	100,885	13.2	60,939	8.0	76,174	10.0
Fort Worth	144,257	14.7	78,621	8.0	98,276	10.0
Common Equity Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 1,036,785	11.3 %	$ 413,425	4.5 %	N/A	N/A
Lincoln	526,549	11.5	205,672	4.5 $	297,082	6.5 %
Fort Collins	389,185	13.6	128,631	4.5	185,800	6.5
Torrington	91,357	12.0	34,278	4.5	49,513	6.5
Fort Worth	132,560	13.5	44,224	4.5	63,879	6.5
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 1,036,785	11.3 %	$ 551,234	6.0 %	N/A	N/A
Lincoln	526,549	11.5	274,229	6.0 $	365,639	8.0 %
Fort Collins	389,185	13.6	171,508	6.0	228,677	8.0
Torrington	91,357	12.0	45,705	6.0	60,939	8.0
Fort Worth	132,560	13.5	58,966	6.0	78,621	8.0
Tier 1 Capital (to Average Assets)						
Consolidated	$ 1,036,785	8.9 %	$ 467,186	4.0 %	N/A	N/A
Lincoln	526,549	10.4	201,982	4.0 $	252,478	5.0 %
Fort Collins	389,185	9.2	170,114	4.0	212,642	5.0
Torrington	91,357	9.7	37,664	4.0	47,080	5.0
Fort Worth	132,560	9.6	55,315	4.0	69,143	5.0

One of the principal sources of cash of the parent company is dividends from the bank subsidiaries. The total dividends that can be declared by the subsidiary banks without receiving prior approval from regulatory authorities are limited to a bank's defined net income of that year combined with its retained defined net income from the previous two years.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 16: Derivative Financial Instruments

The Company uses derivative financial instruments to manage its interest rate risk on "mandatory delivery" loans. These instruments do not qualify for hedge accounting, but are an economic hedge due to changes in interest rates and carry varying degrees of credit, interest rate and market or liquidity risks. Derivative instruments are recognized as either assets or liabilities in the accompanying financial statements and are measured at fair value.

The change in fair value of the forward sale commitments and the underlying fixed-rate mortgage loans are recorded as gains or losses in noninterest income.

The following table reflects the notional amount and market value of mortgage banking derivatives included in the statements of financial condition as of September 30, 2019:

	Notional Amount	Fair Value
	(in thousands)	
Included in assets:		
Interest rate lock commitments	$ 47,535	$ 184
Included in liabilities		
Forward sales contracts	44,250	818

There were no forward sales contracts as of September 30, 2020. The Company recognized net losses from commitments to originate loans of $818,000 for the year ended September 30, 2020 and net gains from commitments to originate loans of $818,000 for the year ended September 30, 2019.

Note 17: Financial Instruments With Off-Balance-Sheet or Concentration-of-Credit Risk

Credit Related Financial Instruments

The Company is party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

Note 17: **Financial Instruments With Off-Balance-Sheet or Concentration-of-Credit Risk - Continued**

At September 30, 2020 and 2019, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	2020	**2019**
	(in thousands)	
Commitments to extend credit	$ 2,396,231	$ 2,186,985
Standby letters of credit	60,386	48,923

Commitments to extend credit are agreements to lend to customers as long as there is no violation of any condition established in the contracts. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments may expire without being drawn upon. Therefore, total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Company, is based on management's credit assessment of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of customers to third parties. The credit risk involved when issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

Collateral Requirements

To reduce credit risk related to credit-related financial instruments, the Company might deem it necessary to obtain collateral. The amount and nature of the collateral obtained is based on the Company's credit evaluation of the customer. Collateral held varies but may include cash, securities, accounts receivable, inventory, property and equipment, various agricultural products and real estate.

Other

The Company grants primarily agribusiness, commercial, installment and residential loans to customers in the trade areas surrounding the Company's physical locations. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on the agribusiness economic sector.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 18: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

			Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair Value			
			(in thousands)		
2020					
U.S. Treasury and federal agency	$	73,239	$ -	$ 73,239	$
U.S. Government-sponsored enterprises (GSEs)		741,645	-	741,645	-
State and political subdivisions		425,678	-	425,678	-
Mortgage-backed (GSE residential)		1,808,236	-	1,808,236	-
Marketable equity securities		32,151	32,151	-	-
2019					
U.S. Treasury and federal agency	$	261,309	$ -	$ 261,309	$
U.S. Government-sponsored enterprises (GSEs)		589,093	-	589,093	-
State and political subdivisions		251,463	-	251,463	-
Mortgage-backed (GSE residential)		1,460,373	-	1,460,373	-
Marketable equity securities		23,895	23,895	-	-
Loans held for sale, at fair value		20,900	-	20,900	-
Derivatives		1,002	-	1,002	-

Note 18: Disclosures About Fair Value of Assets and Liabilities – Continued

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy.

Securities Available for Sale

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include marketable equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include U.S. government agencies, state and political subdivisions, corporates and mortgage-backed securities. In certain cases where Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Loans Held for Sale

The fair value of the "mandatory delivery" loans held for sale considers the difference between current levels of interest rates and the contract rates.

Commitments to Originate Loans and Forward Sale Commitments

The fair value of commitments to originate loans and forward sale commitments are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 18:   Disclosures About Fair Value of Assets and Liabilities – Continued

Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
2020				
Impaired loans	$ 1,363	$ $	- $	1,363
2019				
Impaired loans	$ 3,184	$ $	- $	3,184
Foreclosed assets held for sale, net	352	-	-	352

Following is a description of the valuation methodology used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Impaired Loans

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell, which are considered unobservable inputs. The unobservable inputs range from 8-12% with the weighted average rate of 10%. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by the risk management department. Appraisals are reviewed for accuracy and consistency by the risk management department. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by the risk management department by comparison to historical results.

Note 18:   Disclosures About Fair Value of Assets and Liabilities – Continued

Foreclosed Assets Held for Sale

The fair value is estimated using valuations performed by independent appraisers and applying a discount factor to the value and, therefore, foreclosed assets are classified within Level 3 of the valuation hierarchy.

Note 19: General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have material adverse effects on the financial position, results of operations and cash flows of the Company.

Note 20: Subsequent Events

Subsequent events have been evaluated through December 1, 2020, which is the date the financial statements were available to be issued.

Supplementary Information

Pinnacle Bancorp, Inc.
Consolidating Balance Sheet Schedule
September 30, 2020
(amounts in thousands)

	Pinnacle Bank, Lincoln, Nebraska	Bank of Colorado, Fort Collins, Colorado	Pinnacle Bank, Cody, Wyoming	Pinnacle Bank, Fort Worth, Texas	PFS Insurance Group, LLC	Skybank, LLC	Pinnacle Bancorp, Inc.	Eliminations	Consolidated
Assets									
Cash and due from banks	$ 738,876 $	388,129 $	14,088 $	27,394 $	- $	- $	- $	- $	1,168,487
Federal funds sold	-	-	87,424	113,477	-	-	-	(200,901)	-
Intercompany cash	-	-	-	-	3,781	115	15,964	(19,860)	-
Interest-bearing time deposits in banks	987	2,470	3,215	2,468	-	-	-	-	9,140
Securities	894,422	1,501,350	265,586	387,464	-	-	32,127	-	3,080,949
Loans, net	4,392,455	3,281,441	751,279	1,068,543	4	-	-	-	9,493,722
Premises and equipment, net	81,675	82,289	16,324	33,587	1,926	7,583	3,966	-	227,350
Interest receivable	34,033	22,504	9,100	5,769	-	-	-	-	71,406
Nonmarketable equity securities, at cost	3,018	3,356	1,355	1,025	-	-	-	-	8,754
Investment in subsidiaries	-	-	-	-	-	-	1,504,539	(1,504,539)	-
Goodwill	22,523	36,484	525	60,290	-	-	-	-	119,822
Intangible assets	1,903	2,081	-	3,417	3,870	-	-	-	11,271
Deferred tax assets	6,913	-	1,135	-	-	-	-	(8,048)	-
Other assets	38,164	6,904	2,440	2,291	96	19	473	-	50,387
Total assets	$ 6,214,969 $	5,327,008 $	1,152,471 $	1,705,725 $	9,677 $	7,717 $	1,557,069 $	(1,733,348) $	14,241,288
Liabilities and Stockholders' Equity									
Liabilities									
Deposits	$ 5,205,851 $	4,553,551 $	1,029,152 $	1,475,407 $	- $	- $	- $	(19,860) $	12,244,101
Federal funds purchased and securities sold under agreements to repurchase	302,084	165,280	282	-	-	-	-	(200,901)	266,745
FHLB advances and other borrowed funds	33,175	65,032	4,711	-	-	-	-	-	102,918
Subordinated debentures	-	-	-	-	-	-	126,620	-	126,620
Deferred tax liabilities	-	5,596	-	1,128	-	-	2,168	(8,048)	844
Interest payable and other liabilities	37,266	21,398	5,284	4,821	639	-	18,702	-	88,110
Total liabilities	5,578,376	4,810,857	1,039,429	1,481,356	639	-	147,490	(228,809)	12,829,338
Stockholders' Equity									
Common stock	30,000	5,000	5,000	300	-	-	-	(40,300)	-
Additional paid-in capital	67,450	82,229	18,438	156,931	9,038	7,717	608	(341,803)	608
Retained earnings	524,434	394,983	83,128	57,238	-	-	1,343,947	(1,059,783)	1,343,947
Accumulated other comprehensive income	14,709	33,939	6,476	9,900	-	-	65,024	(65,024)	65,024
Noncontrolling interest	-	-	-	-	-	-	-	2,371	2,371
Total stockholders' equity	636,593	516,151	113,042	224,369	9,038	7,717	1,409,579	(1,504,539)	1,411,950
Total liabilities and stockholders' equity	$ 6,214,969 $	5,327,008 $	1,152,471 $	1,705,725 $	9,677 $	7,717 $	1,557,069 $	(1,733,348) $	14,241,288

	Pinnacle Bank, Lincoln, Nebraska	Bank of Colorado, Fort Collins, Colorado	Pinnacle Bank, Cody, Wyoming	Pinnacle Bank, Fort Worth, Texas	PFS Insurance Group, LLC	Skybank, LLC	Pinnacle Bancorp, Inc.	Eliminations	Consolidated
Interest and Dividend Income									
Loans	$ 199,402	$ 139,555	$ 39,369	$ 55,631	$ -	$ -	$ -	$ -	$ 433,957
Securities	13,573	31,397	4,618	7,868	-	-	-	-	57,456
Dividends	114	180	44	42	-	-	-	-	380
Federal funds sold and deposits with other financial institutions	3,692	2,655	600	779	77	-	85	(1,267)	6,621
Total interest income	216,781	173,787	44,631	64,320	77	-	85	(1,267)	498,414
Interest Expense									
Deposits	29,721	18,030	6,667	7,714	-	-	-	(156)	61,976
Federal funds purchased and securities sold under agreements to repurchase	1,560	853	1	-	-	-	-	(1,111)	1,303
FHLB advances and other borrowed funds	1,010	1,972	189	-	33	-	172	-	3,376
Subordinated Debentures	-	-	-	-	-	-	3,153	-	3,153
Total interest expense	32,291	20,855	6,857	7,714	33	-	3,325	(1,267)	69,808
Net Interest Income (Expense)	184,490	152,932	37,774	56,606	44	-	(3,240)	-	428,606
Provision for Loan Losses	8,090	3,802	1,725	2,039	-	-	-	-	15,656
Net Interest Income (Expense) After Provision for Loan Losses	176,400	149,130	36,049	54,567	44	-	(3,240)	-	412,950
Noninterest Income									
Customer service fees	7,926	6,316	1,518	3,062	-	-	-	-	18,822
Net realized gains on available-for-sale securities	-	2	-	-	-	-	-	-	2
Unrealized gains on equity securities	-	-	-	-	-	-	1,112	-	1,112
Earnings of subsidiaries	-	-	-	-	-	-	172,295	(172,295)	-
Other	34,788	25,704	5,726	2,813	8,953	1,076	15,104	(18,611)	75,553
Total noninterest income	42,714	32,022	7,244	5,875	8,953	1,076	188,511	(190,906)	95,489
Noninterest Expense									
Salaries and employee benefits	69,763	61,442	12,807	18,623	5,001	35	8,867	-	176,538
Occupancy and equipment	12,509	11,819	2,129	4,942	251	454	538	(26)	32,616
Amortization of intangible assets	875	1,040	-	1,590	435	-	-	-	3,940
Other	38,081	30,676	7,889	12,364	932	528	2,482	(18,585)	74,367
Total noninterest expense	121,228	104,977	22,825	37,519	6,619	1,017	11,887	(18,611)	287,461

Income Before Taxes		97,886	76,175	20,468	22,923	2,378	59	173,384	(172,295)	220,978
Provision for Taxes		20,351	17,754	4,284	4,811	-	-	647	-	47,847
Net Income		77,535	58,421	16,184	18,112	2,378	59	172,737	(172,295)	173,131
Net Income Attributable to Noncontrolling Interests		-	-	-	-	-	-	-	394	394
Net Income Attributable to Pinnacle Bancorp, Inc.	$	77,535 $	58,421 $	16,184 $	18,112 $	2,378 $	59 $	172,737 $	(172,689) $	172,737

Pinnacle Bancorp, Inc.
Consolidating Schedule of Income
Year Ended September 30, 2020
(amounts in thousands)

Pinnacle Bank

MERCHANT CARD SERVICES

Request for Proposal for Contractual Services, Solicitation No. 6556 Z1

Presented to:

State of Nebraska Department of Administrative Services, Materiel Division, State Purchasing Bureau

Submitted by:

Carolyn Caulkins
Director of Operations / Cashier
402-262-0172 / ccaulkins@pinnbank.com

August 10, 2021

August 10, 2021

Annett Walton and Connie Heinrichs
State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, NE 68508

Dear Annette Walton & Connie Heinrichs

Pinnacle Bank, together with our partner First Data Merchant Services LLC, a wholly owned subsidiary of Fiserv Inc. (herein referred to as Fiserv) seeks to establish a long-term partnership with the State of Nebraska (the State) and its agencies for the Merchant Card Services (6556 Z1) Request for Proposal.

With Fiserv solutions, the State gains a secure, reliable and robust payment acceptance program that meets all your requirements and leverages many of the same systems and services already in use today. Through our partnership, the State gains a team that will:

- **Minimize the cost and impact of implementation.** A streamlined API accelerates the State's time to market with pre-certified third-party support for many of the solutions currently leveraged by the State today.

- **Simplify payments with all-inclusive pricing.** The proposed managed service fee model simplifies the State's cost of payment acceptance.

- **Deliver first-class support from a dedicated team of experts.** A team of government and payment experts stand ready to support the State's goals and deliver a successful payment program.

- **Secure every transaction.** Fiserv provides PCI validated P2PE solutions to reduce your scope of compliance and protect your customers information from a breach.

The team provides an exceptional customer experience and service for the State, its agencies and its customers by delivering superior value through leading technology, targeted innovation and excellence in everything we do. The proposed solution will position the State to take advantage of new technologies as they emerge while increasing efficiencies and reducing overall costs. We look forward to your feedback and the opportunity to collaborate further on key areas of our response.

Sincerely,

C. Caulkins

Carolyn Caulkins, Cashier / Director of Operations
Phone: 402-262-0172 / Email: ccaulkins@pinnbank.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Having gone through one of the toughest years of our lifetime, now more than ever you require an agile and flexible banking partner that has the bandwidth and services to accommodate the needs of the State and your citizens today and meet the unknown needs of the future. New York Community Bank (NYCB) and our prepaid debit card program subcontractor, Money Network Financial, LLC, a wholly owned indirect subsidiary of Fiserv, Inc. Fiserv has been providing operational solutions to NYCB for over a decade and has built a solid relationship of partnership and trust over the years. NYCB will support the DOL's mission and help improve efficiencies and effectiveness by deploying one of the most secure and reliable prepaid card programs in the industry.

With assets of $57.7 billion at March 31, 2021, New York Community Bancorp, Inc. is the holding company for New York Community Bank, a New York State-chartered savings bank serving customers throughout Metro New York, New Jersey, Florida, Ohio, and Arizona. New York Community Bank is the largest thrift in the nation and one of the leading thrift depositories in most of the markets we serve. Our roots go back to 1859, when we were chartered by the State of New York in Queens, a borough of New York City. Since then, we have grown from a single branch in Flushing to over 230 branch offices in five states. In New Jersey, our 254 employees service customers through our Garden State Community Bank (GSCB) division through our 41 branches.

Throughout the communities we serve, Pinnacle Bancorp is known for our strength, stability, service, and values. We're a family-owned, Nebraska-based $15.7 billion bank holding company that traces our history back to 1938 in Palmer, Nebraska.

As we've grown to serve communities across eight states, its been very important to us to maintain the close relationships we have with our customers and local communities. Pinnacle Bancorp operates under a community banking model. Each of our Market Presidents has the autonomy to make local decisions with the backing and resources of the entire banking organization.

The payment needs of the State of Nebraska (the State) and its agencies require enhanced functionality and specialized system support that is easily accessible and helps reduce overall costs. Fiserv provides one of the most robust payment acceptance solutions on the market, trusted by more than 6 million merchants, government organizations and financial institutions, spanning 100+ countries.

Our Fiserv partnership supports the unique needs of an incredibly diverse client base to help clients succeed and provide a better experience for their customers. Every day, Fiserv processes 3,000 transactions per second totaling more than 100 billion per year, which has helped us streamline payment acceptance, lower costs and improve security for organizations of all types. No other payments vendor has the reach and scale that Fiserv provides. As a world leader in payments and financial technology, Fiserv leverages this experience to uncover how people spend, save and access their money.

From the smallest municipalities to states and the federal government, the consultants and development staff at Fiserv consistently improve the way governments accept payments. Fiserv develops and implements the strategies that continually improve how revenue is collected and how programs are delivered. With the industry-leading experience from Fiserv, the team will help the State save money, increase revenue and grow trust with its customers while improving their overall payment experience. Fiserv maintains a team of payment experts specifically in the government sector that currently serves as a trusted partner to more than 250 government accounts.

Minimize the Cost and Impact of Implementation

Fiserv solutions will minimize the impact to the State's customers and staff. More than 300 vendor systems are currently certified to Fiserv platforms, which enables the State to leverage multiple third-party solutions pre-certified to the Fiserv platform. This includes many of the existing payment solutions and infrastructures already in place within the State and its agencies today.

Our proposed solution vastly accelerates the implementation process by leveraging the State's current solutions to minimizing disruption and likely avoiding any additional training. The State will save the time, cost and reduce risk associated with a complicated and lengthy implementation process.

The assigned implementation team will support the State and its agencies throughout the entire implementation process. The Fiserv team has experience transitioning government agencies of all types with diverse needs. The modern API simplifies the integration process, and the team will ensure solutions are implemented for a successful program.

Simplify Payments with All-Inclusive Pricing

Through the managed convenience fee model the State can eliminate the impact of Interchange fees with all-inclusive pricing. As a direct processor, Fiserv helps the State avoid additional costs from multiple vendors with competitive pricing for all included services. As more agencies and departments commit to a Fiserv relationship, expenses are further reduced and simplified through the all-inclusive managed service fees.

The Fiserv team of experts stand ready to ensure proper qualifications for this payment model to avoid legal issues or complications. Fiserv will work closely with the card brands to manage the registration process for the State and simplify its qualification to avoid any errors or delays in implementation.

Since the managed convenience fee model from Fiserv offers all-inclusive pricing, the State avoids overseeing the funds from convenience fees. This solution is managed by Fiserv directly and offers one rate that covers Interchange, per transaction and other expenses included in merchant processing. Devices are also available to provide the convenience of one dip of the

EMV chip and/or one swipe of the magnetic stripe on the card. This all occurs in house without the need to involve third-party vendors.

Receive First-Class Support from a Team of Experts

Not only will the State be equipped with the latest payment technology solutions, but the team fosters and maintains a strong, holistic relationship throughout the lifecycle of the relationship. The State gains the support of a team of financial experts and account management professionals with a vested interest in the success of the program.

With extensive experience in government programs, the team commits to the success of this program through consistent communication at every phase of the relationship. The government payment and program experts will provide the consultative guidance the State needs to extract optimal value from the proposed solution and innovate for the future.

Why Choose Fiserv

✓ Experience supporting hundreds of Government Agencies

✓ Tenured team supporting Government for over 30 years

✓ Scalable, secure and reliable platform

Even as the program's requirements grow and evolve, the breadth of Fiserv solutions enables the team to fully meet the proposed requirements today and expand to meet the greater necessities of the State in the future. Fiserv earns the trust of clients every day and provides service that exceeds expectations.

Additionally, Fiserv employs more than 4,000 associates in the State, which makes Fiserv the fifth largest employer in Nebraska. This presence ensures that Fiserv has a vested interest in this project to create an optimal and successful payment environment for the State of Nebraska, your agencies and your customers.

Secure Every Transaction

Fiserv provides a full suite of security solutions to protect personal data, reduce PCI compliance questions and provide one consistent token for each transaction. Fiserv sets the industry standard with tokenization and encryption solutions, consistent innovation and solutions that reduce risk and defend against criminals.

Through the proposed tokenization and encryption solutions, the State protects each customer transaction by completely removing payment card data from its payment environment and replaces it with randomly generated tokens. However, the issued tokens can still be used for other business and sales functions such as returns, sales reports, and analysis.

Fiserv security experience

✓ 14 billion transactions secured annually

✓ Used by 1.9 million merchants

✓ 62+ billion secured transactions over the past 10 years

The tokenization and encryption solution from Fiserv combines both end-to-end and point-to-point encryption and tokenization for total payment security, and it is a validated P2PE solution by the PCI Security Standards Council. Only few solutions on the market today have been audited and validated to conform to the rigorous scrutiny of the PCI standards. This means that in addition to protecting State agencies and their customers, the State also significantly simplifies the path to PCI compliance.

Why Pinnacle Bank chose Fiserv?

As customers' preferences change and agencies' goals evolve, the experts at Fiserv have the knowledge to help the State's program succeed. Fiserv continues to invest in and rollout services to support new trends in the marketplace. As a leader in payments, Fiserv provides a full range of solutions that meet the needs of each agency.

Fiserv continues to invest in their solutions to improve the way organizations serve their customers and simplify the payment acceptance. Their experience managing large and complex programs across the public and private sector provides a consistent, reliable and secure experience across all core and optional services as described in this RFP. As you continue to extend these services to other Nebraska agencies, we will collaborate and strategize on optimal strategies to ensure successful programs.

Key benefits to the State of Nebraska are:

- Pinnacle Bank has approximately 73 branch locations in Nebraska which is more than any other bank in the state
- Security and power of Fiserv behind all the payments and fraud defense technologies protecting the State

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM

By signing this Request for Proposal for Contractual Services form, the bidder guarantees compliance with the procedures stated in this Solicitation, and agrees to the terms and conditions unless otherwise indicated in writing and certifies that contractor maintains a drug free work place.

Per Nebraska's Transparency in Government Procurement Act, Neb. Rev Stat § 73-603 DAS is required to collect statistical information regarding the number of contracts awarded to Nebraska Contractors. This information is for statistical purposes only and will not be considered for contract award purposes.

    X   NEBRASKA CONTRACTOR AFFIDAVIT: Bidder hereby attests that bidder is a Nebraska Contractor. "Nebraska Contractor" shall mean any bidder who has maintained a bona fide place of business and at least one employee within this state for at least the six (6) months immediately preceding the posting date of this Solicitation.

_____ I hereby certify that I am a Resident disabled veteran or business located in a designated enterprise zone in accordance with Neb. Rev. Stat. § 73-107 and wish to have preference, if applicable, considered in the award of this contract.

_____ I hereby certify that I am a blind person licensed by the Commission for the Blind & Visually Impaired in accordance with Neb. Rev. Stat. §71-8611 and wish to have preference considered in the award of this contract.

FORM MUST BE SIGNED USING AN INDELIBLE METHOD OR DOCUSIGN

FIRM:	Pinnacle Bank
COMPLETE ADDRESS:	20544 Hwy 370, Gretna, NE 68028
TELEPHONE NUMBER:	402-262-0172
DATE:	08-09-2021
SIGNATURE:	*C. Caulkins*
TYPED NAME & TITLE OF SIGNER:	Carolyn Caulkins, Cashier / Director of Operations

FORM A – Point of Contact

Form A should be completed and submitted with each response to this solicitation. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	Pinnacle Bank
Bidder Address:	1401 N Street, Lincoln, Nebraska 68508
Contact Person & Title:	Carolyn Caulkins, Cashier / Director of Operations
E-mail Address:	ccaulkins@pinnbank.com
Telephone Number (Office):	(402) 262-0172
Telephone Number (Cellular):	(402) 262-0172

Each bidder should also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	Pinnacle Bank
Bidder Address:	1401 N Street, Lincoln, Nebraska 68508
Contact Person & Title:	Carolyn Caulkins, Cashier / Director of Operations
E-mail Address:	ccaulkins@pinnbank.com
Telephone Number (Office):	(402) 262-0172
Telephone Number (Cellular):	(402) 262-0172

CORPORATE OVERVIEW

The Corporate Overview section of the Technical Proposal should consist of the following subdivisions:

a. **BIDDER IDENTIFICATION AND INFORMATION**
The bidder should provide the full company or corporate name, address of the company's headquarters, entity organization (corporation, partnership, proprietorship), state in which the bidder is incorporated or otherwise organized to do business, year in which the bidder first organized to do business and whether the name and form of organization has changed since first organized.

Bank Response:

Founded more than 75 years ago in Palmer, Nebraska., Pinnacle Bancorp is a privately owned multibank holding company that provides a full slate of financial services for customers in Nebraska, Colorado, Kansas, Missouri, New Mexico, Texas and Wyoming. Pinnacle Bank has more branch locations in Nebraska than any other bank in the state.

Contact Information

Pinnacle Bancorp, Inc.
1401 N Street
Lincoln, Nebraska 68508

Date Established

January 1, 1880

Date Organized to do business

1938

State of Incorporation

Nebraska

b. **FINANCIAL STATEMENTS**
The bidder should provide financial statements applicable to the firm. If publicly held, the bidder should provide a copy of the corporation's most recent audited financial reports and statements, and the name, address, and telephone number of the fiscally responsible representative of the bidder's financial or banking organization.

If the bidder is not a publicly held corporation, either the reports and statements required of a publicly held corporation, or a description of the organization, including size, longevity, client base, areas of specialization and expertise, and any other pertinent information, should be submitted in such a manner that proposal evaluators may reasonably formulate a determination about the stability and financial strength of the organization. Additionally, a non-publicly held firm should provide a banking reference.

The bidder must disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals, which might materially affect the viability or stability of the organization, or state that no such condition is known to exist.

The State may elect to use a third party to conduct credit checks as part of the corporate overview evaluation.

Bank Response:

Pinnacle Bancorp, Inc. ("the Company") is a multi-bank financial holding company whose principal activity is ownership and management of its majority-owned subsidiaries.

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries: Pinnacle Bank, Lincoln, Nebraska; Pinnacle Bank – Wyoming, Cody, Wyoming; Bank of Colorado, Fort Collins, Colorado; Pinnacle Bank, Fort Worth, Texas; PFS Insurance Group, LLC, a company which provides various insurance services to its customers and Skybank, LLC, a company which provides flight services.

The Company is engaged in banking and insurance services primarily in the Midwestern United States, primarily in the states of Nebraska, Colorado, Texas, Wyoming, Missouri, New Mexico, Kansas and Arizona. The Banks are subject to competition from other financial institutions. The Banks are subject to the regulation of certain federal and state agencies and undergo periodic examinations by those regulatory authorities.

Pinnacle Bank financial statements are located in the Appendix Section as Appendix 1.

c. **CHANGE OF OWNERSHIP**
If any change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date, the bidder should describe the circumstances of such change and indicate when the change will likely occur. Any change of ownership to an awarded bidder(s) will require notification to the State.

Bank Response:

We do not anticipate any change in ownership or control of the company during the twelve months following the proposal due date,

d. **OFFICE LOCATION**
The bidder's office location responsible for performance pursuant to an award of a contract with the State of Nebraska should be identified.

Bank Response:

The office location responsible for performance pursuant to an award of a contract with the State of Nebraska is identified as:

1401 N Street, Lincoln, NE 68508

e. **RELATIONSHIPS WITH THE STATE**
The bidder should describe any dealings with the State over the previous five (5) years. If the organization, its predecessor, or any Party named in the bidder's proposal response has contracted with the State, the bidder should identify the contract number(s) and/or any other information available to identify such contract(s). If no such contracts exist, so declare.

Bank Response:

Aside from numerous account relationships, we have had no current contracts with the State over the previous five years.

Subcontractor (Fiserv) Response:

Per RFP requirements, a listing of State relationships are noted below.

Nebraska Department of Health and Human Services (NDHHS) is currently replacing its data warehouse and decision support system with an updated data warehouse and business intelligence technology platform. The State's new Data Management and Analytics (DMA) services and system, which will also incorporate Program Integrity Case Management and Encounter Processing, has been in development since 2016. Fiserv has been providing Independent Verification and Validation (IV&V) for this project since the beginning. Our team of industry experts provide a completely independent assessment of the work products and project's progress. Our mission is to verify and validate that a system will comply with its stated requirements and organizational standards and meet its users' needs.

PROJECT INFORMATION		
Project Name	**NE HHS IV&V Services - DMA**	
Project Code	NENEHHS 00010002	
Project Type	FPC	
Project Dates	12/01/16	11/30/21
Project Status	Active	

Fiserv provides on demand security audits for the state since 2016. For example, the Fiserv security team recently completed a security assessment report on the Nebraska Family On-line Client User System (N-FOCUS). Our experts scanned this eligibility and enrollment system for vulnerabilities, analyzed system access data, and documented our findings in an official report for the Center for Medicaid Services.

PROJECT INFORMATION		
Project Name	**NE HHS Security Audit**	
Project Code	NENEHHS 00010009	
Project Type	FPC	
Project Dates	12/01/16	11/30/21
Project Status	Active	

Fiserv is currently providing Independent Verification and Validation for the State of Nebraska's integration to the Federal Data Services Hub. Our team is responsible for observing all file exchange tests comply with the State's original scope of work and when these tests are complete, we will attest to our observations with Center for Medicaid Services.

PROJECT INFORMATION		
Project Name	**OSR/2 FED Data Services Hub**	
Project Code	NENEHHS 00010010	
Project Type	T&M	
Project Dates	06/23/21	09/30/21
Project Status	Active	

f.   **BIDDER'S EMPLOYEE RELATIONS TO STATE**

If any Party named in the bidder's proposal response is or was an employee of the State within the past twelve (12) months, identify the individual(s) by name, State agency with whom employed, job title or position held with the State, and separation date. If no such relationship exists or has existed, so declare.

If any employee of any agency of the State of Nebraska is employed by the bidder or is a Subcontractor to the bidder, as of the due date for proposal submission, identify all such persons by name, position held with the bidder, and position held with the State (including job title and agency). Describe the responsibilities of such persons within the proposing organization. If, after review of this information by the State, it is determined that a conflict of interest exists or may exist, the contractor may be disqualified from further consideration in this proposal. If no such relationship exists, so declare.

Bank Response:

We declare that no such relationship exists or has existed.

g.   **CONTRACT PERFORMANCE**

If the bidder or any proposed Subcontractor has had a contract terminated for default during the past five (5) years, all such instances must be described as required below. Termination for default is defined as a notice to stop performance delivery due to the bidder's non-performance or poor performance, and the issue was either not litigated due to inaction on the part of the contractor or litigated and such litigation determined the contractor to be in default.

It is mandatory that the bidder submit full details of all termination for default experienced during the past five (5) years, including the other Party's name, address, and telephone number. The response to this section must present the bidder's position on the matter. The State will evaluate the facts and will score the bidder's proposal accordingly. If no such termination for default has been experienced by the bidder in the past five (5) years, so declare.

If at any time during the past five (5) years, the bidder has had a contract terminated for convenience, non-performance, non-allocation of funds, or any other reason, describe fully all circumstances surrounding such termination, including the name and address of the other contracting Party.

Bank Response:

Pinnacle has had no contract terminated for default during the past five years.

Subcontractor – (Fiserv) Response:

The Fiserv Government Sector Team is unaware of any FDMS public sector contracts terminated for convenience or for cause within the past five years. However, FDMS provides services to millions of merchants through several other partner channels where this information is not tracked, and we do not have information available as to whether any contract in those channels was terminated for cause or convenience and the undersigned is not aware of any.

h.　**SUMMARY OF BIDDER'S CORPORATE EXPERIENCE**
The bidder should provide a summary matrix listing the bidder's previous projects similar to this solicitation in size, scope, and complexity. The State will use no more than three (3) narrative project descriptions submitted by the bidder during its evaluation of the proposal.

The bidder should address the following:

i.　Provide narrative descriptions to highlight the similarities between the bidder's experience and this solicitation. These descriptions should include:

   a)　The time period of the project.
   b)　The scheduled and actual completion dates.
   c)　The Bidder's responsibilities.
   d)　For reference purposes, a customer name (including the name of a contact
person, a current telephone number, a facsimile number, and e-mail address); and
   e)　Each project description should identify whether the work was performed as the prime Contractor or as a Subcontractor. If a contractor performed as the prime Contractor, the description should provide the originally scheduled completion date and budget, as well as the actual (or currently planned) completion date and actual (or currently planned) budget.

ii.　Bidder and Subcontractor(s) experience should be listed separately. Narrative descriptions submitted for Subcontractors should be specifically identified as Subcontractor projects.

iii.　If the work was performed as a Subcontractor, the narrative description should identify the same information as requested for the Bidder above. In addition, Subcontractors should identify what share of contract costs, project responsibilities, and time period were performed as a Subcontractor.

Bank Response: Pinnacle Bank Experience

Pinnacle Bank began providing merchant services for clients back in 2003 and currently has a portfolio of 1735 merchants.　Current volume of the portfolio averages 400M annually.

Subcontractor Response – (Fiserv) Experience

Summary of Overall Relevant Experience
From the moment you select Fiserv, the State of Nebraska will partner with the most trusted and largest payment processor in the world, processing over 30 billion digital payments a year and moving more than $175 trillion annually at over 6 million merchant locations worldwide. With over 35 years of serving the needs of federal, state, and local governments and payments experience, you can feel confident you are partnering with a global leader in payments innovation.

Helping our clients achieve success drives us forward each and every day. When the State of Texas chose us as their partner, we immediately began deploying a solution to meet their objectives to lower the rates and fees associated with their credit card processing and encrypt and tokenize every transaction. This allowed us to provide significantly increased security, with a P2PE platform in 350 devices at 69 locations. The result was a quantum leap in security within an enhanced environment with multiple layers of defense to protect cardholder data both in transit and at rest. Ultimately, the State of Texas realized a reduction in costs allowing for reallocation of finances to other areas of need. P2PE and E2EE with tokenization made cardholder data significantly more secure and reduced PCI compliance requirements and PCI DSS scope.

Large scale projects such as the State of California DMV is another example that highlights our innovation and experience. With the objective to provide better service to CA constituents, we deployed our expertise in POS systems throughout the 179 DMV field offices within the state encompassing over 4000 Clover devices. Developing a unique front-end integration into multiple mainframe systems for both the vehicle and driver license registrations for all credit and debit card transactions collected, combined with incorporating a managed convenience fee model, DMV's e-Payment Solution was successfully accomplished on time. The 2020 Pandemic forced businesses to find alternative business models; state government was no exception. Our payment solution options and capabilities, industry expertise, and expanded features allowed CA DMV to shift their brick-and-mortar service into a virtual field office to continue to serve their customers while protecting everyone's health without a significant loss in vital government revenue. Since the pilot go live in September 2019 – just 10 weeks after contract signing, our solution has met the goal of the State of California, increased the state's customer satisfaction, improved service availability, and significantly reduced PCI risk.

The Illinois State Toll Highway Authority (IL Tollway) also chose Fiserv to meet its objective of driving motorists to the most reliable payment methods with the lowest cost per transaction. Fiserv designed and developed test effective, fault tolerant systems with rigorous certifications. These designs and development programs ensured that APIs, systems and code from various teams and consulting partners smoothly integrated into a complex cashless open-road, state-wide tolling system. Our solutioning was completely validated as of March 2021, when the IL Tollway became completely cashless on its roadways. IL tollway has the ability to assess fees from motorists without an I-Pass transponder based upon the solutions we provided when photographed passing their toll booths. Later, the motorists have 14 days to make a payment online or IVR via card credit. They may mail in checks or money orders as well.

The decision is very evident. Fiserv, the leader in delivering actionable solutions to the federal, state and local government sectors and payment processing clients, is the clear choice to provide the State of Nebraska the future-proof solution you seek to streamline payment processes, reduce your customer costs and enable your state agencies and their customers to easily make payments through all the various points of sale now and into the future.

Chart 1. Project Experience - FISERV	
California Department of Motor Vehicles	
FISERV	
Narrative Description of Project	California DMV Credit Card Field Office (CCFO) Objective: To provide better service to CA constituents, FDGS assessed, tailor designed, deployed, and continues to support a Statewide credit card

Chart 1. Project Experience - FISERV	
	and eCheck POS system for 179 DMV field offices in the State of California. This initiative involved the development of a front-end integration to DMV systems for both vehicle and driver license registrations. The number of POS devices deployed exceeds 4000+ terminals. The program integrates to multiple mainframe systems payments for all credit and debit transactions collected in office locations. $65M+ PCI/NACHA compliant systems integration between the DMV and Fiserv Systems. This new system provided needed relief from interchange fees due to selection of a managed convenience fee model. This led to a sharp increase in CA constituent satisfaction and significantly reduced PCI risk to the State. FDGS provides all back-office reconciliation and reporting capability to support finance and accounting functions for the California DMV.
Time Period of Project	September 2019 to Present
Bidder Performed as Prime or Subcontractor?	Fiserv was the Prime in this Project
Original Scheduled Completion Date & Original Planned Budget	This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.
Actual Scheduled Completion Date & Actual Planned Budget	This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.
Customer Info	**Name:** Leandra Kruger **Telephone:** 916-657-8752 **Email Address**: Leandra.kruger@DMV.ca.gov
Illinois State Toll Highway Authority	
FISERV	
Narrative Description of Project	**Merchant Processing Online/IVR/POS** The Illinois State Toll Highway Authority (IL Tollway) chose Fiserv/First Data Government Solutions to assist with its objective to drive motorists to the most reliable payment methods with the lowest cost per transaction. We designed and developed a test effective, fault tolerant systems with rigorous certifications. These design and development programs ensured that APIs, systems and code from various teams and consulting partners smoothly integrated into a complex cashless open-road tolling system. As of March 2021, the IL Tollway is completely cashless on its roadways. Motorists/license plates of vehicles without an I-Pass transponder are photographed. Later, they have 14 days to make payment Online or IVR via card. They may mail in checks or money orders as well. All customer service centers and manned toll booths have been closed for a year resulting in lowering the State's overall labor costs.

Chart 1. Project Experience - FISERV	
Time Period of Project	February 2019 through Present
Bidder Performed as Prime or Subcontractor?	Fiserv was Prime on this project.
Original Scheduled Completion Date & Original Planned Budget	This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.
Actual Scheduled Completion Date & Actual Planned Budget	This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.
Customer Info	**Name:** Tara Martin/Senior Manager of Financial Operations **Telephone:** (630) 241-6800 Ext 4405 **Email Address:** tmartin@getipass.com
State of Texas	
FISERV	
Narrative Description of Project	State of Texas POS Solution Fiserv assessed, deployed, integrated, and continues to support a POS solution for the State of Texas. The objective for the State of Texas was to lower the rates and fees associated with their credit card processing and encrypt and tokenize every transaction providing significantly increased security. By providing a P2PE platform in 350 devices at all 69 locations, resulted in a significantly enhanced environment with multiple layers of defense to protect cardholder data both in transit and at rest. By initiating these measures, the State of Texas realized a reduction in costs allowing for reallocation of finances to other areas of need. P2PE and E2EE with tokenization made cardholder data significantly more secure. This also reduced PCI compliance requirements and PCI DSS scope. Fiserv provides back office reconciliation and reporting capability to support finance and accounting functions for the State of Texas.
Time Period of Project	March 2020 - Present
Bidder Performed as Prime or Subcontractor?	Fiserv was Prime for this project.
Original Scheduled Completion Date & Original Planned Budget	This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.

Chart 1. Project Experience - FISERV	
Actual Scheduled Completion Date & Actual Planned Budget	This This information is deemed Fiserv confidential as it is part of the terms and conditions with our client.
Customer Info	**Name:** Brian Haught
	Telephone: 512-512-305-3106
	Email Address: brain.haught@cpa.texas.gov

i.   SUMMARY OF BIDDER'S PROPOSED PERSONNEL/MANAGEMENT APPROACH

The bidder should present a detailed description of its proposed approach to the management of the project.

The bidder should identify the specific professionals who will work on the State's project if their company is awarded the contract resulting from this solicitation. The names and titles of the team proposed for assignment to the State project should be identified in full, with a description of the team leadership, interface and support functions, and reporting relationships. The primary work assigned to each person should also be identified.

The bidder should provide resumes for all personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the contractor's understanding of the skill mixes required to carry out the requirements of the solicitation in addition to assessing the experience of specific individuals.

Resumes should not be longer than three (3) pages. Resumes should include, at a minimum, academic background and degrees, professional certifications, understanding of the process, and at least three (3) references (name, address, and telephone number) who can attest to the competence and skill level of the individual. Any changes in proposed personnel shall only be implemented after written approval from the State.

Bank Response:

To ensure a seamless, efficient, low-risk transition that is fiscally responsible at the highest level of quality across the entire program, Pinnacle Bank includes FinTech thought leaders with deep-rooted government sector-specific experience.

Approach

The implementation will occur in this order:

1. **Initiation**: During Initiation, request are reviewed, consult the implementation team, and introduce any appropriate partners required for project execution.

2. **Requirements**: At the Requirements phase, we evaluate the current set up, compare functionalities, define scope and review implementation options identified for the State.

3. **Planning**: The Planning phase involves defining the approach in detail; reviewing and analyzing the State portfolio; defining mappings; and determining what equipment, software

providers and third-party support will be required.

4. **Set up**: At project set up, mapping tasks are completed and systematically upload to the account demographic/pricing.

5. **Testing**: During the testing phase, we run quality check programs and confirm production readiness.

6. **Implement**: In the Implement phase, we redirect, deploy/activate, and update software.

Closure: Once implementation is complete the closure phase begins. This includes monitoring, validating and transitioning to normal business support activities.

Our proposed approach to the implementation and management of the project will take place with the members working together joining from Pinnacle Bank and Fiserv.

Pinnacle Bank's, Carolyn Caulkins will provide executive oversight for this project and her primary responsibility will be to ensure all project requirements are met. Pinnacle Bank's, Dawn Nelson will be the primary point of contact for bank specific customer service escalations, serving as the client care manager. From the merchant side with Fiserv, serving as program director, Cayle Cox will be act as liaison between the State, Pinnacle Bank and Fiserv throughout the implementation process and will transition to an Account Executive role after go-live to ensure support continuity. As solution architect, Michael Slavin will oversee all technical aspects of this deployment. As account manager, Julie Boyer will provide post go-live support for the State. All other personnel will be assigned upon award.

Organizational Chart

Figure 1 – Team Organizational Chart with Pinnacle Bank and Fiserv

Resumes
Resumes for the team are noted on the preceding pages.

Carolyn Caulkins, Cashier/Director of Operations

Specializations

- Leadership
- Conflict Resolution
- Mentoring
- Problem Solving
- Collaboration
- Adaptability
- Teamwork Skills
- Negotiation

Education and Memberships

- B.S., Education, University of Nebraska

Professional Summary

Currently the Cashier, Director or Operations & Director of Treasury Management, adept at guiding organizational growth through robust financial strategies and management. Accomplished in recognizing operational inefficiency, risks and improving internal controls, standards, and procedures. I'm a results focused banking professional with strength in Team Building, Project Management and Gaining Staff and Process Efficiencies. I'm a proactive leader with strengths in communication and collaboration. Skilled at managing concurrent objectives to promote efficiency and influence positive outcomes. Assisted on many product conversions, mergers, and acquisitions. Excellent working knowledge of specs and bank products. I'm an accomplished banking professional with Forty years of expertise overseeing Retail Banking and Treasury functions for two Nebraska based Banks; that includes a proven 25-year background growing Pinnacle Bank.

Experience

Cashier / Director of Operations, June 2021 – Present

- Develops and implements policies, procedures, and controls to protect the assets of Pinnacle Bancorp. Coordinates with Compliance to ensure the KMN Charter meets regulatory requirements. Coordinates with Charter Banks and branches to ensure high customer service levels. Manages key functions within the Gretna facility. Serves and participates as a member of the Bank's senior management in KMN.

Director of Treasury Management t, Pinnacle Bank, August 2019 - Current

- Responsible for the development, support, and sales of cash management products and services for corporate clients. Assists cash managers in new client marketing. Markets and coordinates cash management products as defined by Executive Management. Managers the Merchant portfolio and oversees the growth and success of the portfolio. Assists with the research, development and implementation of cash management products and services. Responsible for department budget and setting goals and objectives. Current member of the KMN Exec Team and the KMN Advisory Group.

Retail Division Manager, May 1996 – August 2019

- Coach and develop and lead the sales efforts to achieve and exceed sales goals. Oversees all retail branches of the bank to insure proper staffing, proper follow up and adherence to policies and procedures. Develop sales, customer contact / service as it relates to deposit products and consumer. Interacts with all retail management regarding staffing, hiring, appraisals, promotions, and personnel situations. Works with other divisions of the bank on product development. Formulates and expands business / customers development activities. Develops and monitors budget for retail cash management departments in Lincoln. Member of Lincoln Executive Team

Branch Manager, US Bank / FirsTier Bank   June 1987   - May 1996
Lincoln, NE

Assistant Branch Manager, US Bank / FirsTier Bank   January 1985 – June 1987
Lincoln, NE

Management Trainee, US Bank / FirsTier Bank   December 1984 – January 1985
Lincoln, NE

Marketing, US Bank / FirsTier Bank   August 1980 – December 1984

References

Reference Data	Reference
Company Name	Office Interiors and Design
Contact Name	Dian Pickerel, Owner
Address	1401 Dahlberg Drive, Suite A, Lincoln, NE 68512
Phone Number	402-484-7500
Email Address	Dian.pickerel@oidinc.com

Reference Data	Reference
Company Name	Cheever Construction
Contact Name	Justin Kurtzer, President
Address	3425 N 44th St, Lincoln, NE 68504
Phone Number	402-477-6745
Email Address	jkurtzer@cheeverconstruction.com

Reference Data	Reference
Company Name	Pinnacle Bank Arena
Contact Name	Trent Brown
Address	Box 2348 Santa Fe, NM 87504-2348
Phone Number	402-904-5630
Email Address	trentbrown@pershingcenter.com

Dawn Nelson, ATM & Project Services Manager

Specializations

- Leadership
- Conflict Resolution
- Mentoring
- Problem Solving
- Collaboration
- Adaptability
- Teamwork Skills
- Negotiation

Education and Memberships

- B.S., Education, University of Nebraska

Certifications and Licenses

- Management Certificate through Financial Women's International
- Completion of various courses through American Institute of Banking.
- Part of the Women's Auxiliary of The Fraternal Order of Eagles - Elkhorn, NE
- Volunteer for the Pinnacle Bank Championship

Professional Summary

Currently the ATM & Project Services Manager for Pinnacle Bank with 33+ years of banking experience and a proven knowledge of branch operations. My main role is to Establish and maintain relationships with vendors and branches throughout all charters to install and maintain ATM fleet. Maintain software releases and compliance with regulatory requirements.

Experience

ATM & Project Services Manager, January 2020 –Present

- Collaborate with PDS/Operations center Management to devise/maintain a business continuity policy for the building. Collect annual updates to policy from KMN branches.
- Gather appropriate documentation for new vendor relationships in KMN and centralize in NContracts.
- Develop a KACE Management system and track tasks for major projects in the Operations Center.
- Provide relevant reporting to charters.
- Assist in mergers and acquisitions.
- Assist other departments within Operations as needed.

ATM & Card Services Manager, May 2012 - Current

- Establish and maintain relationships with vendors and branches throughout all charters to install and maintain ATM fleet. Maintain software releases and compliance with regulatory requirements.
- Coordinated implementation of new card products provided support for all charters. Moved Instant Issue into the branches.
- Consulted with Cash Management groups in all charters regarding our Fiserv Merchant relationship.
- Worked closely with Visa to maintain regulatory requirements and implement new BINs as needed for products and offerings.
- Provided relevant reporting and training to all charters on products specific to cards and merchant.
- Assist in mergers and acquisitions.

Card Services Supervisor, February 2006 - Current

- Coordinated with Fiserv on the implementation of new card products and implemented the Instant Issue process for central issuance from Operations.
- Worked closely with Visa to maintain regulatory requirements and implement new BINs as needed for products and offerings.
- Provided training for all charters in Merchant products, new card products, instant issue, and other products as needed.
- Provided monthly reporting for board meetings on card activity.
- Worked with the ACH Risk group, supervised the PBFB and Help Desk areas

File Auditor, N P Dodge   February 2003 – January 2006
Omaha, NE

References

Reference Data	Reference
Company Name	American National Ban
Contact Name	Amy Olson, Senior Vice President/Treasury Management Team Leader
Address	8990 W Dodge Rd, Omaha, NE 68114
Phone Number	402-679-2467
Email Address	alolson@anbank.com

Reference Data	Reference
Company Name	NuSource Financial LLC
Contact Name	Nate Nielsen, Director of Field Services

Reference Data	Reference
Address	9749 Hamilton Rd, Eden Prairie, MN 55344
Phone Number	402-304-4311
Email Address	naten@nusourcefinancial.com

Reference Data	Reference
Company Name	Q2
Contact Name	Chris Floth, Relationship Manager
Address	601 P Street, Suite 400, Lincoln, NE 68508
Phone Number	512-450-4773
Email Address	Chris.floth@q2.com

Cayle Cox, Program Director

Specializations

- Relationship Management
- Project Management
- Product Management

Education and Memberships

- B.A., Telecommunications Management, University of Nebraska
- M.B.A., Bellevue University

Certifications and Licenses

- PMP
- ITIL

Professional Summary

Cayle is a highly capable Information Technology, Account and Product Management professional with over 13 years of people management, project management, systems implementation and client service experience within financial services and technology sectors. He holds a bachelor's degree in Telecommunications Management, a Master's of Business Administration and professional certifications in ITIL and Project Management.

Experience

First Data Government Solutions

Program Director, 10-2019–Present

- FDGS Account Manager for the State of New Mexico.

- Manages Professional Services staff in New Mexico and Nebraska.

- Ran a Business Analyst team responsible for gathering all project requirements during state-wide deployments and for supporting end user testers during User Acceptance testing cycles.

- Served as a Project Manager for multiple state-wide deployments.

- Founded the Delivery Quality Management team that performs continual improvement practices throughout the delivery lifecycle. Special focus on IT development processes, application testing, training and Help Desk support.

Product Manager, Security and Fraud, 05/2018–Present

- Product owner for several case management tools that process over 70 million cases annually; systems include the Fraud Detection Work Center, the Predictive Dialer and the Lost/Stolen GUI

- Fraud call processing service owner

- Principal case management point of contact for client escalations, RFPs and system outages

- P&L owner for fraud call processing services and fraud case management products

Service Assurance Analyst, 01/2016–05/2018

- Globalization Lead for the Command Center's Globalization project, which implemented a two-site, follow-the-sun model that saved millions in operating expenses while guaranteeing consistent tools and processes across the globe

- Facilitated and managed internal and external stakeholder engagement

- Monitored tasks and project assignments while ensuring project deliverables were met and that schedule changes were addressed and communicated

- Managed projects addressing all components of the ITIL model while ensuring compliance with data privacy laws between countries

- Executed quality management methods to provide leadership, training and mentoring on migration strategies

- Analyzed feedback on project effectiveness and assisted with providing solutions to ensure stakeholder success.

Command Center Manager, 04/2008–01/2016

- Production Support

- Ran technical operations for every First Data production system including Money Network, Biller Solutions, and all credit, debit, and EBT transactions systems.

- Primary escalation point for Call Center incidents and outages.

- Ran batch operations for the federal Electronic Payment Tax Payment system.

- Worked in every pillar of the Command Center including Incident Management, Merchant Services, Financial Services and Batch processing and worked closely with Call Centers during outages

- Relationship Management

- Primary point of contact for technical escalations for internal and external clients

- Served as client advocate during system outages, contributing as the liaison between the organization and impacted clients

- Received multiple internal awards for outstanding client support

- Monitored online and batch functions on multiple midrange and distributed platforms while communicating potential and actual impacts to client

References

Reference Data	Reference
Company Name	Palco, Inc.
Contact Name	Alicia Paladino, CEO
Address	17300 Chenal Pkwy, Little Rock, AR 72223
Phone Number	501-658-1075
Email Address	alicia@palcofirst.com

Reference Data	Reference
Company Name	State of Oklahoma – Oklahoma Health Care Authority
Contact Name	David Ward
Address	4345 N Lincoln Blvd, Oklahoma City, OK 73105
Phone Number	405-514-8696
Email Address	David.Ward@okhca.org

Reference Data	Reference
Company Name	State of New Mexico
Contact Name	Linda Gonzales, Bureau Chief
Address	Box 2348 Santa Fe, NM 87504-2348
Phone Number	505-629-6278
Email Address	Linda.Gonzales@state.nm.us

Julie Boyer, Account Manager
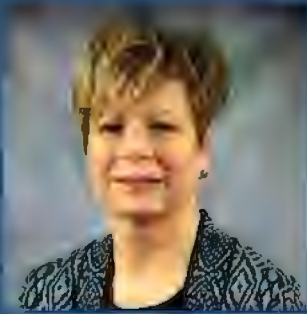
Specializations

- ePayments
- Data and System Management
- Financial Processing
- Account Management
- Operational Management
- Project Management

Professional Summary

Julie has twenty-nine years' experience in the financial technology industry, twenty-six of those at Fiserv. Julie began her career in settlement operations, moved to Project Management, and then shifted to Call Center and Operations. She currently leads a government, franchise, technology and retail account management team providing day-to-day operational servicing support to our clients from core processing, settlement, funding, boarding, reporting, interchange, reconciliation, equipment, project initiatives, compliance and audit. Julie's team provides data management, exception processing and client system training.

Experience

First Data Government Solutions

Director, Institutional Account Management, 01/2012–Present

Responsible for leading a team of Enterprise Account Managers who perform day to day operational servicing for Fiserv's (formerly known as First Data) acquiring products and services. This includes collaboration with our Account Executive team and all functional areas within Fiserv, leading projects/initiatives related to products and services, ensuring compliance, performing auditing, and ensuring overall satisfaction with support and services provided.

Operational Manager, 11/2009 – 01/2012

Operational Manager for the Client Care Organization (Call Center Support Staff) providing second level support for our various platforms and portfolios with focus on providing first class customer servicing, retention of clients, and procedural training of support functions.

Operational Manager, 11/2009 – 01/2012

Operational Manager for the Client Care Organization (Call Center Support Staff) providing second level support for our various platforms and portfolios with focus on providing first class customer servicing, retention of clients, and procedural training of support functions.

Process Owner, 05/2007 – 11/2009

Primary responsibilities included escalating issues within processes, identifying process failures, working with other business units to develop new and improved process flows, and sharing improvements, providing communication and coaching opportunities. Supported issue identification and resolution, providing project support and supporting Operational Managers.

Senior Project Manager, 02/1997 – 05/2007

Led and supported multiple large efforts within Settlement Operations and PMO Organizations. Accomplishments included: leading various Debit projects building direct connections to the networks straight from the First Data Gateway, designing the Debit Gateway Management and Debit Integrated Suspense Systems, integrating EBT processing into the Debit stream and leading/supporting large Petroleum initiatives.

Settlement Analyst, 02/1995 – 02/1997

Supported the migration of an Alliance's Debit processes. Gained significant debit processing knowledge related to First Data's proprietary processes. Used prior knowledge from banking and small business ownership to enhance new debit processing skills.

References

Reference Data	Reference
Contact Name	Dawn Harbaugh
Address	11841 Ashton Rd Clear Spring MD 21722
Phone Number	301-991-4027

Reference Data	Reference
Contact Name	Greg Price
Address	208 East Potomac Street Williamsport MD 21795
Phone Number	301-573-5995

Reference Data	Reference
Contact Name	Dawn Shaefer
Address	12426 Shimpstown Road, Mercersburg PA 17236
Phone Number	717-372-7105

Michael Slavin, Solution Architect

Specializations

- ePayments/eCommerce
- Mobile Products
- Sale Terminals
- Vendor Integration
- Implementation
- Solution Architecture
- Project Management
- Quality/Compliance

Education

- Computer A+ /Telecommunications LAN Security Certification, TESST Technology of Alexandria, VA
- Business Development Certification, DeVry Institute

Professional Summary

Michael has nine years of financial technology experience and has been with Fiserv since 2012. He brings in-depth knowledge of eCommerce, mobile products, sale terminals, and other payment processing solutions, including vendor integration. He has extensive expertise in and understanding of Fiserv's product suite, providing solution design and guidance to our government clients.

Experience

First Data Government Solutions

Government Solutions Technical Solution Lead 06/2018–Present

Michael supports sales and relationship managers with payments and acquiring solutions for Government clients, developing efficient and effective solution designs to serve client needs. He works directly with clients and internal stakeholders to assist in understanding operational impacts through both implementation and operations.

Project Highlight: CA DMV ePayments Project Solution Architect

This project provides credit card, ATM/debit card services for DMV Field Offices (FOs) throughout the State, with an end-to-end, frontend and backend solution. The DMV EPAY SYSTEM includes Point of Sale (POS) Clover devices, hardware, software, equipment, and secure network capabilities necessary to provide electronic payment acceptance processing service(s) that work with the department's legacy systems.

Implementation Manager, 11/2009–01/2012

Michael implemented and onboarded new accounts, completing audits of boarding process and compliance needs for business consultants. He facilitated client meetings, providing account status updates and answering operational questions. Her provided consistent and effective solution guidance and planned/implemented proactive procedures and systems.

Client Service Advisor, 05/2007–11/2009

Michael built and maintained relationships with internal and external stakeholders to drive fast and proper resolution of any client issues. He managed the daily operational relationship of credit card processing accounts and completed audits of accounts to confirm correct pricing, chaining and tax information. Michael facilitated meetings to provide account status updates and answer operational questions.

RSA Team Lead, 06/2014–03/2015

In this role, Michael responded to escalated client issues and assisted agents with procedures and reviews of complex issues.

Canada Team Lead, 02/1995–02/1997

Michael managed projects, overseeing the correct utilization of processes and procedures and providing leadership for agents and project teams. Michael maintained departmental performance metrics, adherence to SLAs, and generated and maintained quality scores. He also prepared Credit Union residual reports for funding and issuing of GAFs to Credit Unions for monthly revenue.

References

Reference Data	Reference
Contact Name	John Brueggeman
Address	29901 Agoura Rd, Agoura Hills, CA 91301
Phone Number	460-270-6699

Reference Data	Reference
Contact Name	Kelly Reed
Address	18 Creekstone Dr, Mont Alto PA 17237
Phone Number	717-977-1612

Reference Data	Reference
Contact Name	Karen Mentzer
Address	530 Park St, Mont Alto, PA 17237
Phone Number	717-387-2292

j.   SUBCONTRACTORS

If the bidder intends to Subcontract any part of its performance hereunder, the bidder should

provide:

i.   name, address, and telephone number of the Subcontractor(s);
ii.   specific tasks for each Subcontractor(s);
iii.   percentage of performance hours intended for each Subcontract; and
iv.   total percentage of Subcontractor(s) performance hours.

Name, address, and telephone number of the Subcontractor(s);

> First Data Merchant Services, LLC
> 255 Fiserv Drive
> Brookfield, WI 53045

ii. specific tasks for each Subcontractor(s);

Subcontractor (Fiserv) Response:

Fiserv will serve as the lead in the management of the project, partnering with the State to ensure that a seamless conversion is achieved.

iii. percentage of performance hours intended for each Subcontract;

Subcontractor (Fiserv) Response:

Fiserv will be the only subcontractor on this project and therefore they will complete 100 percent of subcontracted tasks.

iv. total percentage of Subcontractor(s) performance hours.

Bank and Subcontractor (Fiserv) Response:

Fiserv and Pinnacle will perform in a true partnership with this project so each party will perform 50 percent.

FINANCIAL STATEMENTS

Refer to Appendix 1 located in Appendix Section of our RFP response.

II. TERMS AND CONDITIONS

Bidders should complete Sections II through VI as part of the proposal. Bidder should read the Terms and Conditions and should initial either accept, reject, or reject and provide alternative language for each clause. The bidder should also provide an explanation of why the bidder rejected the clause or rejected the clause and provided alternate language. By signing the solicitation, bidder is agreeing to be legally bound by all the accepted terms and conditions, and any proposed alternative terms and conditions submitted with the proposal. The State reserves the right to negotiate rejected or proposed alternative language. If the State and bidder fail to agree on the final Terms and Conditions, the State reserves the right to reject the proposal. The State of Nebraska is soliciting proposals in response to this solicitation. The State of Nebraska reserves the right to reject proposals that attempt to substitute the bidder's commercial contracts and/or documents for this solicitation.

The bidder should submit with their proposal any license, user agreement, service level agreement, or similar documents that the bidder wants incorporated in the Contract. The State will not consider incorporation of any document not submitted with the bidder's proposal as the document will not have been included in the evaluation process. These documents shall be subject to negotiation and will be incorporated as addendums if agreed to by the Parties.

If a conflict or ambiguity arises after the Addendum to Contract Award have been negotiated and agreed to, the Addendum to Contract Award shall be interpreted as follows:

1. If only one Party has a particular clause then that clause shall control;
2. If both Parties have a similar clause, but the clauses do not conflict, the clauses shall be read together.
3. If both Parties have a similar clause, but the clauses conflict, the State's clause shall control.

A.   GENERAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			Per requirements above, "The bidder should submit with their proposal any license, user agreement, service level agreement, or similar documents that the bidder wants incorporated in the Contract." Please see Appendix 2 – Fiserv PSA.

The contract resulting from this solicitation shall incorporate the following documents:

1.   Request for Proposal and Addenda;
2.   Amendments to the solicitation;
3.   Questions and Answers;
4.   Contractor's proposal (Solicitation and properly submitted documents);
5.   The executed Contract and Addendum One to Contract, if applicable; and,
6.   Amendments/Addendums to the Contract.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a future contract amendment or addenda, in case of any conflict between the incorporated documents, the documents shall govern in the following

order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document:

1) Amendment to the executed Contract with the most recent dated amendment having the highest priority, 2) executed Contract and any attached Addenda, 3) Amendments to solicitation and any Questions and Answers, 4) the original solicitation document and any Addenda, and 5) the Contractor's submitted Proposal.

Any ambiguity or conflict in the contract discovered after its execution, not otherwise addressed herein, shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

B.   **NOTIFICATION**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Contractor and State shall identify the contract manager who shall serve as the point of contact for the executed contract.

Communications regarding the executed contract shall be in writing and shall be deemed to have been given if delivered personally, electronically or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth below, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or five (5) calendar days following deposit in the mail.

Either party may change its address for notification purposes by giving notice of the change and setting forth the new address and an effective date.

C.   **BUYER'S REPRESENTATIVE**
The State reserves the right to appoint a Buyer's Representative to manage [or assist the Buyer in managing] the contract on behalf of the State. The Buyer's Representative will be appointed in writing, and the appointment document will specify the extent of the Buyer's Representative authority and responsibilities. If a Buyer's Representative is appointed, the Contractor will be provided a copy of the appointment document and is expected to cooperate accordingly with the Buyer's Representative. The Buyer's Representative has no authority to bind the State to a contract, amendment, addendum, or other change or addition to the contract.

D.   **GOVERNING LAW (Statutory)**
Notwithstanding any other provision of this contract, or any amendment or addendum(s) entered into contemporaneously or at a later time, the parties understand and agree that, (1) the State of Nebraska is a sovereign state and its authority to contract is therefore subject to limitation by the State's Constitution, statutes, common law, and regulation; (2) this contract will be interpreted and enforced under the laws of the State of Nebraska; (3) any action to enforce the provisions of this agreement must be brought in the State of Nebraska per state law; (4) the person signing this contract on behalf of the State of Nebraska does not have the authority to waive the State's sovereign immunity, statutes, common law, or regulations; (5) the indemnity, limitation of liability, remedy, and other similar provisions of the final contract, if any, are entered into subject to the State's Constitution, statutes, common law, regulations,

and sovereign immunity; and, (6) all terms and conditions of the final contract, including but not limited to the clauses concerning third party use, licenses, warranties, limitations of liability, governing law and venue, usage verification, indemnity, liability, remedy or other similar provisions of the final contract are entered into specifically subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity.

The Parties must comply with all applicable local, state and federal laws, ordinances, rules, orders, and regulations.

E.   BEGINNING OF WORK

The awarded bidder shall not commence any billable work until a valid contract has been fully executed by the State. The awarded bidder will be notified in writing when work may begin.

F.   AMENDMENT

This Contract may be amended only in writing, within scope, upon the agreement of both parties.

G.   CHANGE ORDERS OR SUBSTITUTIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The State and the Contractor, upon the written agreement, may make changes to the contract within the general scope of the solicitation. Changes may involve specifications, the quantity of work, or such other items as the State may find necessary or desirable. Corrections of any deliverable, service, or work required pursuant to the contract shall not be deemed a change. The Contractor may not claim forfeiture of the contract by reasons of such changes.

The Contractor shall prepare a written description of the work required due to the change and an itemized cost sheet for the change. Changes in work and the amount of compensation to be paid to the Contractor shall be determined in accordance with applicable unit prices if any, a pro-rated value, or through negotiations. The State shall not incur a price increase for changes that should have been included in the Contractor's proposal, were foreseeable, or result from difficulties with or failure of the Contractor's proposal or performance.

No change shall be implemented by the Contractor until approved by the State, and the Contract is amended to reflect the change and associated costs, if any. If there is a dispute regarding the cost, but both parties agree that immediate implementation is necessary, the change may be implemented, and cost negotiations may continue with both Parties retaining all remedies under the contract and law.

In the event any product is discontinued or replaced upon mutual consent during the contract period or prior to delivery, the State reserves the right to amend the contract or purchase order to include the alternate product at the same price.

Contractor will not substitute any item that has been awarded without prior written approval of SPB

H. VENDOR PERFORMANCE REPORT(S)

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The State may document any instance(s) of products or services delivered or performed which exceed or fail to meet the terms of the purchase order, contract, and/or solicitation specifications. The State Purchasing Bureau may contact the Vendor regarding any such report. Vendor performance report(s) will become a part of the permanent record of the Vendor.

I. NOTICE OF POTENTIAL CONTRACTOR BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

If Contractor breaches the contract or anticipates breaching the contract, the Contractor shall immediately give written notice to the State. The notice shall explain the breach or potential breach, a proposed cure, and may include a request for a waiver of the breach if so desired. The State may, in its discretion, temporarily or permanently waive the breach. By granting a waiver, the State does not forfeit any rights or remedies to which the State is entitled by law or equity, or pursuant to the provisions of the contract. Failure to give immediate notice, however, may be grounds for denial of any request for a waiver of a breach.

J. BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Either Party may terminate the contract, in whole or in part, if the other Party breaches its duty to perform its obligations under the contract in a timely and proper manner. Termination requires written notice of default and a thirty (30) calendar day (or longer at the non-breaching Party's discretion considering the gravity and nature of the default) cure period. Said notice shall be delivered by Certified Mail, Return Receipt Requested, or in person with proof of delivery. In case of default of the Contractor, the State may contract the service from other sources and hold the Contractor responsible for any excess cost occasioned thereby. OR In case of breach by the Contractor, the State may, without unreasonable delay, make a good faith effort to make a reasonable purchase or contract to purchased goods in substitution of those due from the contractor. The State may recover from the Contractor as damages the difference between the costs of covering the breach. Notwithstanding any

clause to the contrary, the State may also recover the contract price together with any incidental or consequential damages defined in UCC Section 2-715, but less expenses saved in consequence of Contractor's breach.

The State's failure to make payment shall not be a breach, and the Contractor shall retain all available statutory remedies and protections.

K. NON-WAIVER OF BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Allowing time to cure or the acceptance of late performance with or without objection or reservation by a Party shall not waive any rights of the Party, including, but not limited to the right to immediately terminate the contract for the same or a different breach, or constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

L. SEVERABILITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the provision held to be invalid or illegal.

M. INDEMNIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

1. **GENERAL**

   The Contractor agrees to defend, indemnify, and hold harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all third party claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State for personal injury, death, or property loss or damage, arising out of, resulting from, or

attributable to the willful misconduct, negligence, error, or omission of the Contractor, its employees, subcontractors, consultants, representatives, and agents, resulting from this contract, except to the extent such Contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

2. **INTELLECTUAL PROPERTY (Optional)**

The Contractor agrees it will, at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to, the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the Contractor or its employees, subcontractors, consultants, representatives, and agents; provided, however, the State gives the Contractor prompt notice in writing of the claim. The Contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the Contractor has indemnified the State, the Contractor shall, at the Contractor's sole cost and expense, promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the Contractor, and the State may receive the remedies provided under this solicitation.

3. **PERSONNEL**

The Contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel, including subcontractor's and employees, provided by the Contractor.

4. **SELF-INSURANCE**

The State of Nebraska is self-insured for any loss and purchases excess insurance coverage pursuant to Neb. Rev. Stat. § 81-8,239.01 (Reissue 2008). If there is a presumed loss under the provisions of this agreement, Contractor may file a claim with the Office of Risk Management pursuant to Neb. Rev. Stat. §§ 81-8,829 – 81-8,306 for review by the State Claims Board. The State retains all rights and immunities under the State Miscellaneous (§81-8,294), Tort (§81-8,209), and Contract Claim Acts (§81-8,302), as outlined in Neb. Rev. Stat. § 81-8,209 et seq. and under any other provisions of law and accepts liability under this agreement to the extent provided by law.

5. The Parties acknowledge that Attorney General for the State of Nebraska is required by statute to represent the legal interests of the State, and that any provision of this indemnity clause is subject to the statutory authority of the Attorney General.

N.   ATTORNEY'S FEES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

In the event of any litigation, appeal, or other legal action to enforce any provision of the contract, the Parties agree to pay all expenses of such action, as permitted by law and if ordered by the court, including attorney's fees and costs, if the other Party prevails.

N.   PERFORMANCE BOND

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
	q		We are providing full pledging.

The Contractor will be required to supply a bond executed by a corporation authorized to contract surety in the State of Nebraska, payable to the State of Nebraska, which shall be valid for the life of the contract to include any renewal and/or extension periods. The amount of the bond must be $500,000. The bond will guarantee that the Contractor will faithfully perform all requirements, terms and conditions of the contract. Failure to comply shall be grounds for forfeiture of the bond as liquidated damages. Amount of forfeiture will be determined by the agency based on loss to the State. The bond will be returned when the contract has been satisfactorily completed as solely determined by the State, after termination or expiration of the contract.

O.   LIQUIDATED DAMAGES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The State and the contractor agree that actual damages from a failure to perform certain requirements in any contract executed pursuant to this RFP are difficult to accurately estimate, that there has been a reasonable effort by parties to fix the amount of compensation that is due under the contract, and that it is possible to identify an amount of liquidated damages for the failure to perform those requirements that is proportionate to the actual damages that the State would anticipate as a result of the failure.

In lieu of actual damages, the State and the contractor shall agree to a schedule of fees for failure to perform certain requirements in any contract executed pursuant to this RFP.

The following is the required schedule of liquated damages in the form of fees for failure to perform certain requirements.

These fees are categorized as follows:

Standard	$ 2,000.00 per 24 hours
High	$ 5,000.00 per 24 hours
Critical	$10,000.00 per 24 hours

Liquidated damages may be charged by the State under this paragraph for each day or partial day the contractor fails to perform or comply with certain requirements in the contract, other than failures caused by the State or circumstances beyond the control of the contractor or their agents (natural disasters, etc.)

1. **ACCEPTANCE OF CREDIT CARD BATCHES**
   Upon being notified by a State Agency that Contractor was not able to accept credit card transaction batches/files (by any method used by State Agencies to transmit files/batches), Contractor will either resolve the situation within two (2) hours so the credit card transaction batches/files can be received from the State or pay liquidated damages.
   Category: Critical

2. **ABILITY TO ACCESS DAILY SETTLEMENT REPORT**
   Upon being notified by the State that daily settlement reports are unavailable, Contractor will either resolve the situation within two (2) hours so reconciliation of deposits can be done or pay liquidated damages.
   Category: High

3. **ABILITY TO ACCESS DAILY BANK REPORTING INFORMATION**
   Upon being notified by the State that daily bank information reports prior day balance reports, current day balance reports, and comma-separated value (CSV) exports are unavailable, Contractor will either resolve the situation within four hours and make all required reports available to State staff or pay liquidated damages.
   Category: High

4. **CUSTOMER SERVICE**
   Upon being notified by the State that Contractor's customer service is unable to resolve terminal, authorization or transmission issues, the Contractor will resolve the issue(s) within four (4) hours or pay liquidated damages.
   Category: High

5. **SENDING/RECEIVING OF WIRES**
   Upon being notified by the State that Contractor is unable to send wires/receive wires on behalf of the State, Contractor will either resolve the situation within four hours after being notified or pay liquidated damages.
   Category: Standard

6. **RFP REQUIRED REPORTING**
   Within three (3) business days of Contractor being notified by the State, reports not provided by Contractor will be made available to the State or contractor will pay liquidated damages.
   Category: Standard

   As to any liquidated damages owing hereunder, Contractor will pay liquidated damages to State by the tenth (10th) Business Day of the month following the month that the damages were reported to the Contractor. The State has 60 days after the incident to contact the Contractor to pay liquidated damages.

7.   UNRESOLVED REQUIREMENTS

All Standard and High category requirements will move to Critical level of liquidated damages if not resolved within 48 hours after notification to the Contractor.

All Critical category requirements will double in liquidated damages payment if not resolved with 24 hours after notification to the Contractor.

Q.   ASSIGNMENT, SALE, OR MERGER

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
a			

Either Party may assign the contract upon mutual written agreement of the other Party. Such agreement shall not be unreasonably withheld.

The Contractor retains the right to enter into a sale, merger, acquisition, internal reorganization, or similar transaction involving Contractor's business. Contractor agrees to cooperate with the State in executing amendments to the contract to allow for the transaction. If a third party or entity is involved in the transaction, the Contractor will remain responsible for performance of the contract until such time as the person or entity involved in the transaction agrees in writing to be contractually bound by this contract and perform all obligations of the contract.

R.   CONTRACTING WITH OTHER NEBRASKA POLITICAL SUB-DIVISIONS OF THE STATE OR ANOTHER STATE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
a			

The Contractor may, but shall not be required to, allow any state agency, board, commission, the University of Nebraska, the Nebraska State colleges, the courts, the Legislature, or any other office or agency established by the Constitution of Nebraska, to use this contract. The terms and conditions, including price, of the contract may not be amended. The State shall not be contractually obligated or liable for any contract entered into pursuant to this clause. A listing of Nebraska political subdivisions may be found at the website of the Nebraska Auditor of Public Accounts.

The Contractor may, but shall not be required to, allow other states, agencies or divisions of other states, or political subdivisions of other states to use this contract. The terms and conditions, including price, of this contract shall apply to any such contract, but may be amended upon mutual consent of the Parties. The State of Nebraska shall not be contractually or otherwise obligated or liable under any contract entered into pursuant to this clause. The State shall be notified if a contract is executed based upon this contract.

S.   **FORCE MAJEURE**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

Neither Party shall be liable for any costs or damages, or for default resulting from its inability to perform any of its obligations under the contract due to a natural or manmade event outside the control and not the fault of the affected Party ("Force Majeure Event"). The Party so affected shall immediately make a written request for relief to the other Party and shall have the burden of proof to justify the request. The other Party may grant the relief requested; relief may not be unreasonably withheld. Labor disputes with the impacted Party's own employees will not be considered a Force Majeure Event.

T.   **CONFIDENTIALITY**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

All materials and information provided by the Parties or acquired by a Party on behalf of the other Party shall be regarded as confidential information. All materials and information provided or acquired shall be handled in accordance with federal and state law, and ethical standards. Should said confidentiality be breached by a Party, the Party shall notify the other Party immediately of said breach and take immediate corrective action.

It is incumbent upon the Parties to inform their officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable by 5 U.S.C. 552a (m)(1), provides that any officer or employee, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

U.   **EARLY TERMINATION**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

The contract may be terminated as follows:

1. The State and the Contractor, by mutual written agreement, may terminate the contract at any time.

2. The State, in its sole discretion, may terminate the contract for any reason upon 30 calendar day's written notice to the Contractor. Such termination shall not relieve the Contractor of warranty or other service obligations incurred under the terms of the contract. In the event of termination the Contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.

3. The State may terminate the contract immediately for the following reasons:
   a. if directed to do so by statute;
   b. Contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
   c. a trustee or receiver of the Contractor or of any substantial part of the Contractor's assets has been appointed by a court;
   d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its Contractor, its employees, officers, directors, or shareholders;
   e. an involuntary proceeding has been commenced by any Party against the Contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) calendar days; or (ii) the Contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the Contractor has been decreed or adjudged a debtor;
   f. a voluntary petition has been filed by the Contractor under any of the chapters of Title 11 of the United States Code;
   g. Contractor intentionally discloses confidential information;
   h. Contractor has or announces it will discontinue support of the deliverable; and,
   i. In the event funding is no longer available.

V. CONTRACT CLOSEOUT

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Upon contract closeout for any reason the Contractor shall within 30 days, unless stated otherwise herein:

1. Transfer all completed or partially completed deliverables to the State;

2. Transfer ownership and title to all completed or partially completed deliverables to the State;

3. Return to the State all information and data, unless the Contractor is permitted to keep the information or data by contract or rule of law. Contractor may retain one copy of any information or data as required to comply with applicable work product

documentation standards or as are automatically retained in the course of Contractor's routine back up procedures;

4. Cooperate with any successor Contactor, person or entity in the assumption of any or all of the obligations of this contract;

5. Cooperate with any successor Contactor, person or entity with the transfer of information or data related to this contract;

6. Return or vacate any state owned real or personal property; and,

7. Return all data in a mutually acceptable format and manner.

Nothing in this Section should be construed to require the Contractor to surrender intellectual property, real or personal property, or information or data owned by the Contractor for which the State has no legal claim.

Pinnacle Bank

III. CONTRACTOR DUTIES

A.   INDEPENDENT CONTRACTOR / OBLIGATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
G			

It is agreed that the Contractor is an independent contractor and that nothing contained herein is intended or should be construed as creating or establishing a relationship of employment, agency, or a partnership.

The Contractor is solely responsible for fulfilling the contract. The Contractor or the Contractor's representative shall be the sole point of contact regarding all contractual matters.

The Contractor shall secure, at its own expense, all personnel required to perform the services under the contract. The personnel the Contractor uses to fulfill the contract shall have no contractual or other legal relationship with the State; they shall not be considered employees of the State and shall not be entitled to any compensation, rights or benefits from the State, including but not limited to, tenure rights, medical and hospital care, sick and vacation leave, severance pay, or retirement benefits.

By-name personnel commitments made in the Contractor's proposal shall not be changed without the prior written approval of the State. Replacement of these personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

All personnel assigned by the Contractor to the contract shall be employees of the Contractor or a subcontractor and shall be fully qualified to perform the work required herein. Personnel employed by the Contractor or a subcontractor to fulfill the terms of the contract shall remain under the sole direction and control of the Contractor or the subcontractor respectively.

With respect to its employees, the Contractor agrees to be solely responsible for the following:

1.   Any and all pay, benefits, and employment taxes and/or other payroll withholding;
2.   Any and all vehicles used by the Contractor's employees, including all insurance required by state law;
3.   Damages incurred by Contractor's employees within the scope of duties under the contract;
4.   Maintaining Workers' Compensation and health insurance that complies with state and federal law and submitting any reports on such insurance to the extent required by governing law;
5.   Determining the hours to be worked and the duties to be performed by the Contractor's employees; and,
6.   All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination alleged against the Contractor, its officers, agents, or subcontractors or subcontractor's employees)

If the Contractor intends to utilize any subcontractor, the subcontractor's level of effort, tasks, and time allocation should be clearly defined in the bidder's proposal. The Contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal in the performance of the contract without the prior written authorization of the State.
The State reserves the right to require the Contractor to reassign or remove from the project any Contractor or subcontractor's employees.

Contractor shall insure that the terms and conditions contained in any contract with a subcontractor does not conflict with the terms and conditions of this contract.
The Contractor shall include a similar provision, for the protection of the State, in the contract with any subcontractor engaged to perform work on this contract.

B.   **EMPLOYEE WORK ELIGIBILITY STATUS**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of an employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1.   The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at http://das.nebraska.gov/materiel/purchasing.html

2.   The completed United States Attestation Form should be submitted with the solicitation response.

3.   If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.

4.   The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

C.   **COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION (Statutory)**
The Contractor shall comply with all applicable local, state, and federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits Contractors of the State of Nebraska, and their subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions, compensation, or privileges of employment because of race, color, religion, sex, disability, marital status, or national origin (Neb. Rev.

Stat. §§48-1101 to 48-1125). The Contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The Contractor shall insert a similar provision in all Subcontracts for goods and services to be covered by any contract resulting from this solicitation.

D.   COOPERATION WITH OTHER CONTRACTORS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Contractor may be required to work with or in close proximity to other contractors or individuals that may be working on same or different projects. The Contractor shall agree to cooperate with such other contractors or individuals and shall not commit or permit any act which may interfere with the performance of work by any other contractor or individual. Contractor is not required to compromise Contractor's intellectual property or proprietary information unless expressly required to do so by this contract.

E.   PERMITS, REGULATIONS, LAWS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The contract price shall include the cost of all royalties, licenses, permits, and approvals, whether arising from patents, trademarks, copyrights or otherwise, that are in any way involved in the contract. The Contractor shall obtain and pay for all royalties, licenses, and permits, and approvals necessary for the execution of the contract. The Contractor must guarantee that it has the full legal right to the materials, supplies, equipment, software, and other items used to execute this contract.

F.   OWNERSHIP OF INFORMATION AND DATA / DELIVERABLES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The State shall have the unlimited right to publish, duplicate, use, and disclose all information and data developed or obtained by the Contractor on behalf of the State pursuant to this contract.

The State shall own and hold exclusive title to any deliverable developed as a result of this contract. Contractor shall have no ownership interest or title, and shall not patent, license, or copyright, duplicate, transfer, sell, or exchange, the design, specifications, concept, or deliverable.

G.   INSURANCE REQUIREMENTS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The Contractor shall throughout the term of the contract maintain insurance as specified herein and provide the State a current Certificate of Insurance/Acord Form (COI) verifying the coverage. The Contractor shall not commence work on the contract until the insurance is in place. If Contractor subcontracts any portion of the Contract the Contractor must, throughout the term of the contract, either:

1.   Provide equivalent insurance for each subcontractor and provide a COI verifying the coverage for the subcontractor;
2.   Require each subcontractor to have equivalent insurance and provide written notice to the State that the Contractor has verified that each subcontractor has the required coverage; or,
3.   Provide the State with copies of each subcontractor's Certificate of Insurance evidencing the required coverage.

The Contractor shall not allow any Subcontractor to commence work until the Subcontractor has equivalent insurance. The failure of the State to require a COI, or the failure of the Contractor to provide a COI or require subcontractor insurance shall not limit, relieve, or decrease the liability of the Contractor hereunder.

In the event that any policy written on a claims-made basis terminates or is canceled during the term of the contract or within ninety (90) days of termination or expiration of the contract, the contractor shall obtain an extended discovery or reporting period, or a new insurance policy, providing coverage required by this contract for the term of the contract and ninety (90) days following termination or expiration of the contract.

If by the terms of any insurance a mandatory deductible is required, or if the Contractor elects to increase the mandatory deductible amount, the Contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

Notwithstanding any other clause in this Contract, the State may recover up to the liability limits of the insurance policies required herein.

1.   **WORKERS' COMPENSATION INSURANCE**
The Contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contactors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the Contractor shall require the Subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the Subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. **The policy shall include a waiver of subrogation in favor of the State. The COI shall contain the mandatory COI subrogation waiver language found hereinafter**. The amounts of such insurance shall not be less than the limits stated hereinafter. For employees working in the State of Nebraska, the policy must be written by an entity authorized by the State of Nebraska

Department of Insurance to write Workers' Compensation and Employer's Liability Insurance for Nebraska employees.

2. **COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE**

The Contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect Contractor and any Subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the Contractor or by any Subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an **occurrence basis**, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury, and Contractual Liability coverage. **The policy shall include the State, and others as required by the contract documents, as Additional Insured(s). This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory**. **The COI shall contain the mandatory COI liability waiver language found hereinafter.** The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned, and Hired vehicles.

REQUIRED INSURANCE COVERAGE	
COMMERCIAL GENERAL LIABILITY	
General Aggregate	$2,000,000
Products/Completed Operations	$2,000,000
Personal/Advertising Injury	$1,000,000 per occurrence
Bodily Injury/Property Damage	$1,000,000 per occurrence
Damage to Rented Premises (Fire)	$300,000 each occurrence
Contractual	Included
Independent Contractors	Included
If higher limits are required, the Umbrella/Excess Liability limits are allowed to satisfy the higher limit.	
WORKER'S COMPENSATION	
Employers Liability Limits	$500K/$500K/$500K
Statutory Limits- All States	Statutory - State of Nebraska
Voluntary Compensation	Statutory
COMMERCIAL AUTOMOBILE LIABILITY	
Bodily Injury/Property Damage	$1,000,000 combined single limit
Include All Owned, Hired & Non-Owned Automobile liability	Included
UMBRELLA/EXCESS LIABILITY	
Over Primary Insurance	$5,000,000 per occurrence
PROFESSIONAL LIABILITY	
All Other Professional Liability (Errors & Omissions)	$1,000,000 Per Claim / Aggregate
COMMERCIAL CRIME	
Crime/Employee Dishonesty Including 3rd Party Fidelity	$1,000,000 Aggregate
CYBER LIABILITY	
Breach of Privacy, Security Breach, Denial of Service, Remediation, Fines and	$10,000,000 Aggregate
MANDATORY COI SUBROGATION WAIVER LANGUAGE	

REQUIRED INSURANCE COVERAGE
"Workers' Compensation policy shall include a waiver of subrogation in favor of the State of Nebraska."
MANDATORY COI LIABILITY WAIVER LANGUAGE
"Commercial General Liability & Commercial Automobile Liability policies shall name the State of Nebraska as an Additional Insured and the policies shall be primary and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory as additionally insured."

3.   **EVIDENCE OF COVERAGE**

The Contractor shall furnish the Contract Manager, with a certificate of insurance coverage complying with the above requirements prior to beginning work at:

Agency Nebraska State Purchasing Bureau
Attn: Annette Walton
Solicitation Number: 6556 Z1 / Contract # XXXXX O4
Email address: annette.walton@nebraska.gov

These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration, and amounts and types of coverage afforded. If the State is damaged by the failure of the Contractor to maintain such insurance, then the Contractor shall be responsible for all reasonable costs properly attributable thereto.

Reasonable notice of cancellation of any required insurance policy must be submitted to the contract manager as listed above when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

4.   **DEVIATIONS**

The insurance requirements are subject to limited negotiation. Negotiation typically includes, but is not necessarily limited to, the correct type of coverage, necessity for Workers' Compensation, and the type of automobile coverage carried by the Contractor.

H.   ANTITRUST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The Contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

I.   CONFLICT OF INTEREST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

By submitting a proposal, bidder certifies that no relationship exists between the bidder and any person or entity which either is, or gives the appearance of, a conflict of interest related to this RFP or project.

Bidder further certifies that bidder will not employ any individual known by bidder to have a conflict of interest nor shall bidder take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its contractual obligations hereunder or which creates an actual or appearance of conflict of interest.

If there is an actual or perceived conflict of interest, bidder shall provide with its proposal a full disclosure of the facts describing such actual or perceived conflict of interest and a proposed mitigation plan for consideration. The State will then consider such disclosure and proposed mitigation plan and either approve or reject as part of the overall bid evaluation.

J.   ADVERTISING

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

The Contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its goods or services are endorsed or preferred by the State. Any publicity releases pertaining to the project shall not be issued without prior written approval from the State.

K.   NEBRASKA TECHNOLOGY ACCESS STANDARDS (Statutory)

Contractor shall review the Nebraska Technology Access Standards, found at http://nitc.nebraska.gov/standards/2-201.html and ensure that products and/or services provided under the contract are in compliance or will comply with the applicable standards to the greatest degree possible. In the event such standards change during the Contractor's performance, the State may create an amendment to the contract to request the contract comply with the changed standard at a cost mutually acceptable to the parties.

Bank Response:

Pinnacle Bank acknowledges the review of the Nebraska Technology Access Standards.

L.   DISASTER RECOVERY/BACK UP PLAN

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
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The Contractor shall have a disaster recovery and back-up plan, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue delivery of goods and services as specified under the specifications in the contract in the event of a

disaster. The Contractor shall provide an ISO 22301 providing additional disaster recovery information.

M. DRUG POLICY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

Contractor certifies it maintains a drug free work place environment to ensure worker safety and workplace integrity.

Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

N. WARRANTY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
Q			

Despite any clause to the contrary, the Contractor represents and warrants that its services hereunder shall be performed by competent personnel and shall be of professional quality consistent with generally accepted industry standards for the performance of such services and shall comply in all respects with the requirements of this Agreement. For any breach of this warranty, the Contractor shall, for a period of ninety (90) days from performance of the service, perform the services again, at no cost to Customer, or if Contractor is unable to perform the services as warranted, Contractor shall reimburse Customer the fees paid to Contractor for the unsatisfactory services. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or equity, including, without limitation actual damages, and, as applicable and awarded under the law, to a prevailing party, reasonable attorneys' fees and costs.

IV. PAYMENT

A. **PROHIBITION AGAINST ADVANCE PAYMENT (Statutory)**
Neb. Rev. Stat. §§81-2403 states, "[n]o goods or services shall be deemed to be received by an agency until all such goods or services are completely delivered and finally accepted by the agency."

B. **TAXES (Statutory)**
The State is not required to pay taxes and assumes no such liability as a result of this solicitation. The Contractor may request a copy of the Nebraska Department of Revenue, Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13 for their records. Any property tax payable on the Contractor's equipment which may be installed in a state-owned facility is the responsibility of the Contractor

C. **INVOICES**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Invoices for payments must be submitted by the Contractor to the agency requesting the services with sufficient detail to support payment. The terms and conditions included in the Contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

The State Treasurer's Office will work with the contractor and the State agencies to set up the payment process for merchant fees. The State Treasurer will require that most State agencies' merchant fees be debited from the State bank account. A few State agencies require an invoice instead of being debited.

Bidder may not, under any circumstances, propose the netting of merchant fees or the withholding of revenue out of daily batch settlements for any services.

D. **INSPECTION AND APPROVAL**

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation	NOTES/COMMENTS:
q			

Final inspection and approval of all work required under the contract shall be performed by the designated State officials.

E.   PAYMENT (Statutory)

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
q			

Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2403). The State may require the Contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any goods and services provided by the Contractor prior to the Effective Date of the contract, and the Contractor hereby waives any claim or cause of action for any such services.

F.   LATE PAYMENT (Statutory)
The Contractor may charge the responsible agency interest for late payment in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §§81-2401 through 81-2408).

Bank Response:

Pinnacle Bank acknowledges the Late Payment statement noted above.

G.   SUBJECT TO FUNDING / FUNDING OUT CLAUSE FOR LOSS OF APPROPRIATIONS (Statutory)
The State's obligation to pay amounts due on the Contract for a fiscal year following the current fiscal year is contingent upon legislative appropriation of funds. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal year(s) for which such funds are not appropriated. The State will give the Contractor written notice 30 calendar days prior to the effective date of termination. All obligations of the State to make payments after the termination date will cease. The Contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the Contractor be paid for a loss of anticipated profit.

Bank Response:

Pinnacle Bank acknowledges the Subject to Funding / Funding Out Clause for Loss of Appropriations statement noted above.

H.   RIGHT TO AUDIT (Statutory)
The State shall have the right to audit the Contractor's performance of this contract upon a 30 days' written notice. Contractor shall utilize generally accepted accounting principles, and shall maintain the accounting records, and other records and information relevant to the contract (Information) to enable the State to audit the contract. (Neb. Rev. Stat. §84-304 et seq.) The State may audit and the Contractor shall maintain, the Information during the term of the contract and for a period of five (5) years after the completion of this contract or until all issues or litigation are resolved, whichever is later. The Contractor shall make the Information available to the State at Contractor's place of business or a location acceptable to both Parties during normal business hours. If this is not practical or the Contractor so elects, the Contractor may provide electronic or paper copies of the Information.

The State reserves the right to examine, make copies of, and take notes on any Information relevant to this contract, regardless of the form or the Information, how it is stored, or who possesses the Information. Under no circumstance will the Contractor be required to create or maintain documents not kept in the ordinary course of contractor's business operations, nor will contractor be required to disclose any information, including but not limited to product cost data, which is confidential or proprietary to contractor.

Bank Response:

Pinnacle Bank acknowledges the Right to Audit statement noted above.

Attachment A

Forms

Form A.1

Statutory Project RequirementsRequest for Proposal 6556 Z1

Bidder name: **Pinnacle Bank**

Part 1: Bidders are responsible to research Nebraska Revised Statues for legal responsibilities when doing business with the State. References to certain State statues and the Nebraska Constitution are listed below but are not all inclusive to the legal requirements of the contractor.

       a.   Neb. Rev. Stat § 48-1122—Prohibition of Discrimination
       b.   Neb. Rev. Stat § 73-205(3)—Technology Access Standards
       c.   Neb. Rev. Stat § 73-506(2)—Service contracts with unspecified or unlimitedduration
       d.   Neb. Rev. Stat § 73-506(1)—The State cannot pay for deliverables not received
       e.   Neb. Rev. Stat § 77-2301—The bank must be a state or national bank licensed todo business in the State and will cash State warrants free of charge
       f.   Neb. Rev. Stat § 77-2387 to 77-2398—Collateral Requirements
       g.   Neb. Rev. Stat § 81-2401 to 81-2408—Prompt Payment Act
       h.   Neb. Rev. Stat § 81-118.01-Electronic Payment; acceptance; conditions
       i.   Nebraska State Constitution, Article XIII, § 3—Prohibits indemnification andlimitations of liability

Please answer the following questions with a check mark after the appropriate response. Any "No"answer may eliminate the bidder from further evaluations.

Part 2: If the bidder does not agree to provide collateralization of State deposits, the bidder will be eliminated from further evaluations.

Yes X__ No____ Does the bidder agree, without exceptions, to meet State statute requirements forcollateralization of State deposits, currently estimated at $3 million?

Part 3: One of the next three questions, must be a yes answer to continue evaluations.

Yes____ No____ Does the bidder agree to provide a Letter of Credit;

Yes____ No____ Or does the bidder agree to the Pooled Method for Collateral with Nebraska BankersInsurance and Services Company (NBISCO);

Yes X__ No____Or does the bidder agree to pledge securities?

Part 4: Any no answer to the questions below will eliminate the bidder from further evaluations.

NA _____   **If the bidder agrees to a Letter of Credit or the Pooled Method for collateral the next two question do not apply**

Yes X__No_____ If the bidder is providing pledged securities do they agree, without exceptions, to provide a statement of collateral every month?

Yes X__No_____ Does the bidder agree, without exceptions, that collateral arrangements must require a signature of an authorized Treasury Management representative before release of collateral?

Part 5: Any no answer to the questions below will eliminate the bidder from further evaluations.

Yes X__No_____ Is the bidder a state or national bank licensed to do business in the State of Nebraska and of approved standing and responsibility pursuant to Neb. Rev. Stat. § 77-2387(2)?

Yes X__No_____ Does the bidder agree to cash Nebraska State Treasury warrants and warrants issued by the NCSPC free of charge and without requiring a fingerprint as required in Neb. Rev. Stat. § 77-2301(2)(a)?

Form A.2

Baseline Functional Requirements

Request for Proposal 6556 Z1

Each bidder must respond in a detailed manner how the bidder **will comply** with the following statements. This form will be part of the bidder proposal.

FR 1 – Equipment			
a.	Describe the ability to allow agencies to retain current credit card terminals. Bidder must review each terminal listed below and determine if the terminal can be used, reprogrammed or will need to be replaced at no cost to the State.		
Terminal	Can be used	Needs reprogramming	If terminal cannot be used, what is the recommended replacement terminal?
iCMP	yes	yes	
IDTech ISKD-534833TEB-B1	yes	yes	
Ingencio (Gas Pumps)	yes	yes	
Ingenico Desk 3500	yes	yes	
Ingencio Desk 5000	yes	yes	
Ingenico ICT 250	yes	yes	
Ingenico IPP 320	yes	yes	
Ingenico IPP 350	yes	yes	
Ingenico ISC 250	yes	yes	
Ingenico IWL 250	yes	yes	
Ingenico Move 5000	yes	yes	
Lane 3000	yes	yes	
Poynt 3G	yes	yes	Poynt solutions are currently certified with Fiserv via Credit Call Gateway.
Poynt P3303 (wireless & internet)	yes	yes	Poynt solutions are currently certified with Fiserv via Credit Call Gateway

FR 1 – Equipment			
Poynt P3303-B (cellular)	yes	yes	Poynt solutions are currently certified with Fiserv via Credit Call Gateway
Verifone VX520	yes	yes	
Verifone VX680	yes	yes	

Additional comments:

If at any time the State wishes to make changes to their processing environment, Fiserv will work closely with the department to help make the best decision on what devices to utilize going forward. Fiserv Hardware Services offers a full range of Point-of-Sale ("POS") terminals, peripherals and supplies designed to accept a variety of secure payment types. Fiserv Hardware Services is one of the largest providers of POS solutions in North America. Fiserv Hardware Services provides equipment procurement, deployment, inventory management, customer support and repair and replacement. Customers range from the nation's premier financial institutions to entrepreneurial Independent Sales Organizations ("ISO"). If P2PE validation is desired, Fiserv can provide new devices via the SnapPay solution.

Fiserv Hardware Services' high-quality POS solutions and progressive end-to-end service offerings are an industry differentiator, enabling Fiserv to provide the State of Nebraska with all the equipment, support and service necessary to be successful. Customers get a broad portfolio of best-in-class solutions from top-name manufacturers, and end-to-end service offerings that span many technologies, including countertop terminals, peripherals, multilane, mobile, wireless, remote deposit capture (RDC), and printers. Regardless of the size or scope of service that a merchant may need, Fiserv Hardware Services has the scale and capacity to seamlessly handle their fulfillment requirements.

b.	Describe the method in which programming updates will be provided to agencies using existing terminals at no cost. (Free programming could include truncating card numbers, accommodating any Visa/MasterCard required changes or programming for automatic or manual batch closure at predetermined times).
	Response:

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FR 1 – Equipment
Fiserv provides automatic updates to Fiserv terminals with little or no intervention from the State. Gateways are typically responsible for pushing updates to devices with which they transact. Fiserv would be happy to discuss a unified solution once selected. During the implementation phase, any terminal that requires reprogramming will be updated. Implementations will work with the State to ensure all encryption and injection information is provided and equipment is updated to industry standards. Typically updated injections are completed by the equipment vendor. The State will have the option to ship the equipment to Fiserv Hardware Services for injection updates.

c.	Describe any product(s) that can be added to a terminal that would provide PCI alleviation, for exampleencryption and tokenization.
	Response: Fiserv offers solutions that allow the State to alleviate their PCI burden to the maximum amount possible. The solutions allow payment card processing while preventing systems from ever seeing a raw credit card number. Fiserv provides a REST Application Program Interface ("API") that can be called by any application that can make a secure web services call. The tokenize, authorize and charge endpoints can be used to provide Fiserv with a PAN and retrieve a token as part of the response. Rather than tokenize directly, generally recommend that tokenization calls be made through the hosted payment pages, iframes and/or PCI Validated P2PE devices to keep the source system from seeing the raw card number. This helps to minimize exposure to the PAN as well as reduce PCI scope. Once a Fiserv token is returned, the calling application can store it for future uses or archival purposes. All offered solution payment endpoints (authorize, refund, etc.) can work with the same tokens. In short, Fiserv's API offers a single way to call for tokens and reuse those same tokens as needed. Fiserv's TransArmor solution can also provide a validated Point to Point encryption with certain POS systems and hardware types which adds another layer to the multiple layers of protection that TransArmor End to End already provides making cardholder data significantly more secure and safeguards against cybercrime, both in transit and at rest. TransArmor® supports end-to-end encryption and tokenization with multi-pay tokens. With TransArmor® the State data is protected inflight and at rest, providing protection for State customers and significantly reducing the State of Nebraska PCI scope. It combines Point to Point and End to End encryption with tokenization, rather than relying solely on encryption alone making cardholder data significantly more secure. It simplifies the compliance process with fewer applicable PCI DSS requirements and SAQ (Security Assessment Questionnaires) resulting in potential reduction with costs maintaining PCI compliance. This point-to-point validated solution will further reduce the State PCI scope and SAQ to only thirty- three (33) questions.

d.	Describe the process to exchange a defective or damaged credit card terminal purchased or provided bythe contractor.
	Response: For all merchants who have elected to enter into a maintenance agreement with Fiserv, will swap/replace all POS equipment in an expeditious manner. The decision to overnight a replacement unit is made while helping the State problem-solve to see if the issue can be resolved locally. The

FR 1 – Equipment
assigned account manager can also be called to facilitate if needed.
e. Describe the availability of terminals that allow contactless payments. If any terminal listed above does not have the ability to accept contactless payments, explain how each terminal could be adapted to accept contactless payments.
Response: If a terminal does not have the NFC technology, updated equipment will be deployed to the location specified by the State. Fiserv Hardware Services offers a full range of point-of-sale (POS) terminals, peripherals and supplies designed to accept a variety of secure payment types.

FR 2 – Vendors or Gateways		
a. Agencies use several third-party vendors for services related to credit card acceptance, most are listedbelow. This list is subject to change. Indicate which vendors are certified with you and provide recommendations to replace vendors not certified with the bidder.		
Vendor	Certified with bidder	Vendor Recommendations
Active Network (Integrated with Cybersource)	yes	
Aspira	yes	
Authorize.net	yes	
Braintree	yes	
Bridgepay	yes	
Brown Paper Ticket	yes	
CardConnect	yes	CardConnect is owned by Fiserv.
CashNet	yes	
Converge (Contractor Hosted Payment Page)	no	It is recommended replacing the Converge Hosted Payment Page with the SnapPay Hosted Payment Page, embedded iframes or Virtual Terminals, depending up the needs of the given agency.
Cybersource	yes	
Cybersource (Integrated with Paciolan)	yes	
Fusebox (Contractor Solution to integrate with Micros)	yes	

FR 2 – Vendors or Gateways		
Heartland Payment Systems	yes	
Official Payments	yes	
Payflow Link	yes	
Payment Express	yes	
PayPal	yes	
POYNT payment solution	yes	Poynt solutions are currently certified with Fiserv via Credit Call Gateway
Salesforce/Authorize.net	yes	
SimpleCirc (integrated with contractor hosted payment page)	no	SimpleCirc has the ability to integrate with the suggested hosted payment page.
Vantive (integrated with Tessitura)	yes	

Additional Comments:

The proposed SnapPay Gateway is designed to integrate all of the State's existing payment methods, from terminals, mobile readers, the hosted iFrame credit card data tokenizer and gateways, offer one centralized, secure point of access via JSON REST APIs. Additionally, merchants who have their own Point of Sale ("POS") Software, eCommerce payment portal or the ability to completely adjust the code in an already existing application can take advantage of the security and processing savings with the Universal SnapPay API.

This comprehensive omni-channel enterprise platform can help the State simplify the payment acceptance process, minimize PCI compliance requirements and lower transaction costs. The SnapPay API solution can also be integrated with many popular Enterprise Resource Planning ("ERP") solutions, which does not require any modifications to the ERP standard code or standard order process flow.

b.	Describe the process and timeline for a third-party vendor to certify with the bidder.

Response:

The list of vendors currently provided by the State, have existing certification and would not be subjected to the certification process. Any new Vendors, not specified, that require new certifications would have a timeline established during the implementation process.

Fiserv is certified with an array of vendors which allows for a streamlined implementation process. Currently, over 300 vendor systems certified to a variety of processing host platforms and have existing relationships with industry-leading direct certified vendors, including multiple vendors currently being utilized by the State.

The internal client certifications team that manages testing and certification of Class 'B' POS Solutions. These certifications are completed for merchants, vendors, service providers, aggregators, gateways and payment facilitators to ensure they are adeptly able to process payments to ensure compliance with all applicable regulatory requirements. To ensure successful implementation of this

FR 2 – Vendors or Gateways
project, Conduent will be provided with any specifications needed to connect to the Fiserv platform via dialup or web/internet connection.

FR 3 – Merchant Identification Number Set Up

a.	Describe the process to request a new MID. Provide an example of the set-up form or a checklist of all requirements. How often does this form change? Describe how the State is notified once the form has changed, and how.

Response:

To request a new MID setup, the State would reach out to their assigned Account Manager to have a new MID created. Standardized account boarding templates and merchant "profile constraints" are used to expedite the implementation process, the complexity can vary and impact projected timeline(s). The Assigned Account Manager will communicate any impact to the schedule.

Exhibit FR 3 -1 MID Checklist

The assigned account manager will assist the client with completing the form and have standard information pre-populated. The State will be responsible for supplying account specific information such as: Business Name, Address, Banking information. Below, Exhibit RF 3-1 includes an example of the MID checklist to show all requirements necessary for Merchant Identification Setup.

In the event this checklist requires updating, the State will be notified by their Account Manager who will discuss any new features or updated changes. If/When process improvements are needed to meet the State's needs/objectives, this form can be altered based on the needs specified by the State of

Pinnacle Bank

FR 3 – Merchant Identification Number Set Up	
Nebraska.	
b.	Describe the average time from when the request is received to the time the MID is ready for use.
Response: Typically, the setup process for new Merchant IDs uploaded to the system is within 7-10 business days. If an expedited turnaround is needed, the Account Manager can escalate a new MID setup request on behalf of the State and its agencies.	
c.	Describe the process to make changes on a MID. Include changing signers on the MID, address changesand adding card brands.
Response: Any changes needed to an existing account should be communicated to the State assigned Account Manager. Depending upon the requested changes, an outline will be drafted and presented to the State for review and sign-off prior to submission. The request is then processed by the Account Management team and the MID is updated. This process is generally completed within 7-10 business days depending upon the request type.	
d.	Describe the ability to set up merchant ID at no cost to the State.
Response: If at any time the State requires a new MID setup, the merchant ID would be created at no additional cost to the State.	

FR 4 – Online access for Merchant Activity	
a.	Describe the secure online solution to view merchant activity.
Response: The Business Track reporting portal, provides key information across the State of Nebraska payment streams, including, but not limited to: credit, debit, prepaid/gift card and check, in a single, consolidated web tool. The newly designed, secure, user interface has key applications organized by popular use so frequently accessed applications are prominently located. The easy-to-read charts visually depict daily sales and deposit data by payment type, along with new SpendTrend® excerpts to help you quickly understand monthly consumer spending.	

FR 4 – Online access for Merchant Activity
The Business Track Web Portal provides users with convenient links to multiple applications (ClientLine® online reporting, Dispute Manager, and Data File Manager) and features (Account Maintenance, Resources, What's New, Contacts). Access is driven by profile data the merchants set up for their individual users.

b.	Describe hardware requirements to access the online solution for merchant services.

FR 4 – Online access for Merchant Activity

Response:

The ClientLine® Online Reporting tool provides access to centralized and comprehensive payment processing information which allows you the ability to access and analyze transaction detail by card type from any PC, tablet, or smart phone connected to the Internet. Reports are easily generated and used by data availability across multiple locations or selected groups. You can access information virtually anywhere for greater flexibility and effectiveness in managing State needs.

c.	Describe the process to allow users to view merchant accounts online. Detail how the bidder sets up useraccess or how the State Treasurer's staff can manage users.

Response:

- Users have the ability to view merchant accounts online once enrollment is complete. There are two (2) ways users are enrolled into the Business Track portal: 1). Self- enrollment; and 2). via the Account Manager. For self-enrollment, the State and its State agencies will be provided with a Business Track Enrollment Guide that provides step-by-step instruction, although the Business Track portal is extremely user friendly.   also have the option to reach out to the Account Manager to complete the enrollment process on your behalf. The Account Manager also has the ability to add products, or update client access levels (location, card level truncation and DDA level truncation) via the Approvals System.

d.	Describe how user levels can be set. Example, one user can view one or two MIDs and other users canview all MIDs under the State.

Response:

To help you report at different hierarchies, ClientLine® can provide reporting at a varying levels depending on business need. ClientLine® also allows user-defined group reporting; the user picks from the location he/she owns to create custom groups that may be permanent or temporary. Access is granted at any of the mentioned levels to allow users to view only their locations, or particular departments within a corporate office to view only certain regions. This hierarchy is defined up front, so the appropriate chaining convention can be used.

FR 4 – Online access for Merchant Activity

Level Name: State of Nebraska, NSPC
Hierarchy ID: 123456789999
Date Type: Transaction Date
Sort By: Merchant ID, Processed Currency Code, Transaction Date

Location ID	Processed Currency Code	Transaction Date	External MID	DBA Name	Terminal ID	Batch Number	Batch Sequence Number	Invoice Number	Submit Date	Funded Date	Card Type	Cardholder Number
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	127559	09/23/2021	09/24/2021	MASTERCARD	513651******8620
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	4760703	09/23/2021	09/24/2021	MASTERCARD	556920******0082
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	6085547400	09/23/2021	09/24/2021	VISA	453704******8042
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	3387107269	09/23/2021	09/24/2021	VISA	451407******2988
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	031354608	09/23/2021	09/24/2021	VISA	451993******1574
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	8370678217	09/23/2021	09/24/2021	VISA	440393******5657
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	9409107515	09/23/2021	09/24/2021	VISA	431539******6584
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	0880345785	09/23/2021	09/24/2021	VISA	445256******8609
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	2487235587	09/23/2021	09/24/2021	VISA	423568******8934
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	8856432095	09/23/2021	09/24/2021	VISA	408104******8211
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	2467264343	09/23/2021	09/24/2021	VISA	460108******7087
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	2043473934	09/23/2021	09/24/2021	VISA	441420******6609
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	5337255054	09/23/2020	09/24/2021	DISCOVER	601100******4627
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	1161408769	09/23/2020	09/24/2021	DISCOVER	601100******1583
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	1543960995	09/23/2021	09/24/2021	DISCOVER	601100******5602
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	8374519959	09/23/2021	09/24/2021	VISA	476744******8831
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	0387443543	09/23/2021	09/24/2021	VISA	415417******5620
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	0066537724	09/23/2021	09/24/2021	MASTERCARD	517805******5259
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	5083970946	09/23/2021	09/24/2021	MASTERCARD	537993******6396
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	7426101842	09/23/2021	09/24/2021	MASTERCARD	524936******0016
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	0919900859	09/23/2021	09/24/2021	VISA	479827******7885
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	1159056904	09/23/2021	09/24/2021	VISA	468101******6821
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	7750030949	09/23/2021	09/24/2021	VISA	438482******3596
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	8070727653	09/23/2021	09/24/2021	VISA	405429******9951
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	8113387605	09/23/2021	09/24/2021	MASTERCARD	552815******3985
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	5500143181	09/23/2021	09/24/2021	MASTERCARD	551056******3290
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	0930970507	09/23/2021	09/24/2021	MASTERCARD	523694******0447
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	8786884470	09/23/2021	09/24/2021	MASTERCARD	551010******7369
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	2808677094	09/23/2021	09/24/2021	MASTERCARD	542418******4764
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	127556	09/23/2021	09/24/2021	VISA	443120******3375
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	247470	09/23/2021	09/24/2021	VISA	426938******6108
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	549031	09/23/2021	09/24/2021	VISA	426938******6108
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	4772974047	09/23/2021	09/24/2021	VISA	452088******8735
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	2748621708	09/23/2021	09/24/2021	AMERICAN EXPRESS	373969******1004
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	1259578184	09/23/2021	09/24/2021	AMERICAN EXPRESS	372261******5007
12345678890	USD	09/23/2021		Test 123	0MRST	003234232351	0047915709	1702002397	09/23/2021	09/24/2021	AMERICAN EXPRESS	371332******4009

Transaction Listing North 1

e.	Describe how chains/groups can be set up for all MIDs under one agency.

Response:

The ClientLine® reporting tool has the ability to provide reports on refunds, transactions, authorizations, declines (with reason) and chargebacks. ClientLine® online reporting can be setup by location, merchant identification (MID) prefix, chain and master chains.
The group builder module allows user-defined group reporting. In this module, the User picks from the location he/she owns, to create custom groups that may be permanent or temporary.

f.	Describe how each agency can have one chain/group that will show on reports.

Response:

The ClientLine® reporting tool allows each Agency to have one chain and/or group to display on reports. Reports can easily be generated using data available by location, selected groups and/or across multiple locations. This allows Agencies to access information virtually anywhere for greater flexibility and effectiveness in managing the State affairs. ClientLine® also allow users to build custom reports based on Agency needs.

g.	Describe how to view and download monthly merchant statements and the formats available from theonline solution.
Response:	

FR 4 – Online access for Merchant Activity

The Monthly Statement option allows you the ability to view and download monthly statements via PDF. These statements are available days prior to receiving statements via US postal mail. The proposed online solution offering has a repository that can store reports for a maximum of seven (7) years.

When viewing and downloading reports, the User will enter the ID, select corresponding levels specific to a location or hierarchy level outside of the Users standard view. This ID field is required depending on the level of hierarchy. Users will have the ability to search by:

- Year – Enter the year you wish to view available statements for (up to 7 years);
- Statement Type -Recap or Location

h.	Merchant statements must be provided for each MID monthly, they should include, but not limited to thefollowing information:

    i. Merchant number;
    ii. Deposit details (processing date, transaction number, batch amount, adjustments, charge backsand net amount.);
    iii. Adjustment detail: processing date, batch amount, reason, deposit correction, amount;
    iv. Authorization detail: number of transactions, amount and authorization fees per card type;
    v. Other detail: description of item, number, rate/fee and total fee due.

Bidder should include a sample merchant statement and include a description of any information regarding fields of data on the merchant statement that are not easily identifiable. Describe options available to receive merchant statements.

Response:

Electronic email, as well as paper statements can be viewed and generated using the ClientLine® reporting tool. Statements are provided for each MID monthly, which includes all of the options described above. The Merchant Card Processing Statement page below, was generated for the State of Nebraska as an example of how the statement paper copy will appear. Attachment FR 4-01, Merchant Card Processing Statement, includes the full statement referencing: Summary by Card Type, Summary by Batch, Third Party Transactions, Chargebacks/Reversals, Adjustments and Fees (Transaction/Interchange).

BANK LOGO HERE

4000 Coral Ridge Dr
Coral Springs, FL 33065

ABC SERVICES INC.
JOHN SMITH
123 MAIN STREET
ANYTOWN NY 12345-6789

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Statement Period		04/01/21 - 04/30/21
Merchant Number		123456789995
Customer Service		Website - www.businesstrack.com
		Phone - 1-877-274-7915

SUMMARY	An overview of account activity for the statement period.	
Page 2	Total Amount Submitted	$108,747.99
Page 4	Third Party Transactions	-$9,777.52
Page 4	Chargebacks/Reversals	0.00
Page 4	Adjustments	0.00
Page 5	Fees	-$338.89
Page 6	Interchange	-$1,041.48
	Total Amount Processed	**$97,590.10**

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Refer to Appendix 3 – Full Sample of Processing Statement to include Chargeback activity.

i.	Describe how adjustments are reflected on the Merchant statement and provide an example.

Response:

Adjustments are reflected within the ClientLine® reporting tool featured under the Adjustments section of the monthly statements tab. The Adjustments section includes: amounts credited to/or deducted from the State and/or its Agencies account to resolve processing and billing discrepancies. Also, if applicable, the statements section will show the date the adjustment was completed and a description of the adjusted amount. Below is an example of what the User will see when viewing the Adjustments.

j.	Describe the ability to email or mail invoices for merchant fees at the request of the merchant.

Response:

Clients may request to set up "Remit Billing" which is a process whereby Client fees are not systemically debited from their account each day or at the end of each month. Clients who are set up on Remit Billing are sent an invoice at the appropriate intervals and are required to provide a separate form of payment within 30 days of receipt. Invoices can be mailed and emailed to the client for payment. Remit billing setup is finalized for each agency during deployment.

k.	Describe the ability to run daily or monthly reports and export reports in an excel format.

Response:

Through the ClientLine® Reporting application, the State and its Agencies have the ability to generate a variety of reports on demand or reports scheduled. These reports can be generated daily, weekly, monthly, quarterly, and annually in a variety of formats, including, but not limited to: Microsoft® Excel, PDF, HTML, and comma separated values (CSV). The State and its Agencies have the ability to augment standard print or email of monthly statements via the user-friendly online tool when determining the level of granularity you require on major transaction types such as:

- Credit
- Debit (PIN and PINless)
- EBT (Electronic Benefits transfer)Check
- Alternative Methods of Payment (AliPay, China Union Pay, etc.)

In addition to reports, ClientLine® Reporting offers search capabilities that allows you to perform specific queries using reference numbers, card numbers, dollar amounts, date ranges, etc.

The Reporting Wizard shown below includes the various search options available when running

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reports.

ClientLine Reporting

Reporting Wizard

- Simple User Interface to driver user to reports they need
- User chooses filter criteria based on the information they need
- Wizard generates list of reports based on the criteria selected; Removing the need to look through lists of reports
- Preview, Customize, Run, and Schedule functionality from a single screen
- Ability to see multi-currency data in a single report
- Ability to see currency conversion (if applicable Submitted vs. Funded currency pairs)

I.	Describe the process to retrieve individual transaction details. for integration into NGPC softwaresystems via web service.

Response:

The SnapPay API offers a single front end entry to the Automatic Clearing House ("ACH") and credit/debit card payments using multi-channel integrations such as: E-commerce, Mail Order Telephone Order (MOTO), Card Present and more. SnapPay provides access to PCI P2PE validated devices. These devices enable the most secure payments and the most extensive PCI Compliance scope reduction. Hosted iframe tools are also available to enhance ecommerce applications with secure tokens to keep web servers from ever encountering an account number. The SnapPay API includes pre-built hosted payment pages designed for Managed Service (Convenience) Fees, as well as an Electronic Invoice Payment Portal ("EIPP") as well as offers access to the dedicated development team of experts to assist the State and the State Agencies.

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m.	Describe the ability to access reports and integrate into the NGPC software systems via a web service.

Response:

The proposed solution provides access to one of the most robust and merchant-friendly reporting solutions in the payment processing industry. Reports are easily integrated into the State's software systems. This web-based reporting tool contains over 80 prebuilt reports. The State or State Agencies will have the ability to generate a variety of reports on demand daily, weekly, monthly, annually, etc., by card number, date, location, and Merchant ID in a variety of formats including, but not limited to: Microsoft® formats (Excel, Word), PDF, and comma separated values (CSV). You will have virtual access to an unlimited number of customized reporting options.

The proposed reporting tool has the capabilities to deliver daily raw data transaction files via a dial-up connection, VPN, or mainframe-to-mainframe connection to merchants upon request (i.e., FTP). The raw data file allows Agencies to import transaction level detail into their Agency system. This provides the freedom and flexibility to warehouse data and develop reports based on specific needs. In addition to the reporting feature, ClientLine® offers "action queries" which allows specific searches online to be performed such as: Interchange Qualification, Bank Deposit and Card Usage History.

The combination of these reports and action queries within ClientLine® allows for a robust reporting package that merges the need for standardized ad hoc reporting capabilities. Once custom report requirements are defined, a project request is submitted through the Account Manager.

n.	Describe the ability to search for credit card transaction(s) or refunds by merchant number, credit card number (using a portion of the credit card number {example: first 6 and last 4 or first 4 and last 6}, dollaramount or date range. Search results must include transaction date and authorization number.

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Response:

To search credit card transactions or refund by merchant, the User will use the selected Search feature to assist with any research activities. Whether it's researching cardholder activity or looking up information on one of the State outlets, designed to assist with researching needs.
Enter ID and select corresponding level if you would like to search for a specific location or hierarchy level outside of the standard view. Additional transaction features to search by include:

- Card Number/ Invoice Number/Token
- Date Range/Date Type (Submit Date, Transaction Date)
- Amount Range

- Card Type (Both, Credit, Debit)

When searching by the cardholder number either the full card number or just the last four digits needs to be entered (ex. 1234567891234567 or *1234).

Click on Cardholder Number hyperlink to view Credit Transaction Detail. This will include the date and authorization information for the transaction. When the End-User logs onto the ClientLine® online reporting
portal, the search option is selected and the following screen appears:

There are two ways to perform a Card Search:
1. Cardholder Activity
2. Card Issuer Information

The search feature details each occurrence based on credit or debit card numbers over time, the card number entered, and the specific time period selected. Once the selection is completed, the End-User can generate a report to assist with researching needs. There are five (5) card search options when generating reports:
1. Transactions
2. Authorizations
3. Chargebacks
4. Retrievals
5. Gift Cards

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o.	Describe how to search by card number, batch number or batch total.

Response:

The search by card feature for, card, batch and batch total numbers for the State and its Agencies can be achieved via the ClientLine® online reporting portal as described in answer N above. Similar to credit card transactions, which includes searching by refunds by merchant number, credit card number (using a portion of the credit card number. dollar   amount, or date range), the same search rules would apply.

The Batch Summary feature can be found under the Business Track section of ClientLine®. The reporting dashboard displayed below includes the count and amount breakdown by batch for transactions processed over a seven (7) day period. The breakdown shown includes funded batches vs. batches pending funding to the Merchant's bank account. The State and its Agencies can adjust the date range to view previous batches.
The State has the ability to export the data into a searchable spreadsheet where they can search by batch total and batch number.

p.	Describe the transaction retention period. The State requires a minimum of 13 months.

Response:

Most historical ClientLine® online reporting data is readily available to merchants for summary data for a period of twenty-five (25) months, archive data for a period of twenty-four (24) months. Additional transaction data is kept off-site for a period of one year per Fiserv or as long as the Visa/Mastercard brands require. Upon request, the Account Manager can retrieve up to seven (7) years of transaction data.

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q.	Describe the capability to search on a date range. The range must include specific criteria such as beginning date, ending date and by a specific month. The minimum search criteria must include the time,account number, order ID, MID, transaction date, authorization number, amount, card type approvals anddeclines.

Response:
The reporting tool has the capability to search criteria based on the time, account number, order ID, MID, transaction date, authorization number, amount, card type approvals and declines as well as much more:

The search criteria(s) highlighted below details the following results:

Date Range -Reports can be generated and filtered by time/date range configurable down to the minute.

Fiserv Takes Reporting to the Next Level

- Normalize domain models and access hierarchies across various platforms

- Self-service experience through a single API entry point

- Enhanced reporting exists within the already established ClientLine platform

  – Unifies multiple hierarchies, outlets, and terminals into a single access point

  – Capability to drill down, slice and dice the data, in a clean, easily viewable format

- Reconcile authorizations versus settlement, settlement versus batch, chargebacks and more, are not at the fingertips of the user (coming soon)

- Download options conducive to the client's environment

  – S3 bucket, Dropbox, Single File Transfer and more

Selected Locations – The State or it's Agencies will have the ability to generate and use data available by location, selected group type or across multiple locations.
Drill Down Capabilities – ClientLine® offers "action queries" that allow you to perform specific searches online, review information such as downgrades, Interchange qualifications, bank deposit and card usage history.

The combination of reports and action queries within ClientLine® online reporting tool allows for a robust reporting package merging the need for standardized reporting with ad hoc request capabilities.

r.	Describe the ability and the process to initiate manual authorizations and manual credits.

Response:

Fiserv supports the ability for Agencies to perform manual authorizations, transactions and credit. The process of completing manual authorizations and manual credits is dependent on the gateway and device being used.

Additionally, Fiserv provides a voice authorization transaction processing system in which the cashier

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	calls an 800 number and manually keys the transaction data into a Voice Response Unit system. Stand-alone, cellular-enabled POS terminals can be used as a backup solution.
s.	Describe the process to return or refund all or part of an order.

Response:

The proposed solution supports a variety of ways to refund a transaction, both through an API and Administration portal. Once an authorization is executed, a transaction ID is assigned. Prior to the daily settlement, if a merchant wishes to return the money, they can issue a void against that transaction ID, which immediately cancels the authorization and the corresponding hold on the customer's account. Note: that not all issuing financial institutions support voids. Once a settlement occurs (or if a merchant doesn't wish to immediately release funds), a refund can be issued against the transaction ID, which will return the funds back to the customer's account, following the standard settlement times.

If a partial refund is desired, a refund can be issued against a transaction ID for an amount less than the original amount. Fiserv will keep track of the total amount refunded and will prevent a refund greater than the amount that's part of the transaction ID.

The process of completing a refund depends on the gateway and device currently in use.

t.	Describe the ability and procedure used to void an order.

Response:

When an authorization is executed, a transaction ID is assigned. Prior to the daily settlement, if a merchant wishes to give back the money, they can issue a void against that transaction ID, which immediately cancels the authorization and the corresponding hold on the customer's account. Note: Not all issuing banks support voids. The process of completing a void is dependent on the gateway and device currently in use.

u.	Describe how the agency can review user access to the online solution. Allowing agency managers to view employee access and terminate access with role or staff changes.

Response:

The assigned Account Manager manages User access via the Business Track reporting tool. The State would work with the Account Manager to update or terminate access. If using the SnapPay solution, user access is role-based and can limit or enable permissions to both users and groups. If using a third party gateway, user access would be dependent on the gateway and the State would work with their Vendor contact to make any necessary changes.

FR 5 – Transaction Batching, Authorizations, and Processing

a.	Provide a diagram reflecting the processing of a credit card transaction beginning with the point of sale (either internet or terminal) to the deposit of funds. The diagram must indicate the functions performed by the contractor and those performed by others including subcontractors along with dates when each function occurred.

For Managed Service Fees (MSF): The above flow represents functions performed when the State utilizes the suggested SnapPay Gateway.

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Example FR 5-1- SnapPay Solution Flow. The Certified Vendor Flow, as seen below, represents processing utilizing a certified vendor terminal or gateway.

- The terminal/gateway sends a request to the contractor's front-end authorization platform;
- Fiserv sends the request to the appropriate authorizer;
- The authorizer searches its records to determine if it is approved or declined;
- The authorizer sends the approval or decline code and the response or reply, back to contractor;
- Fiserv records the code and other data then sends the response to the terminal/gateway; and
- Lastly, the terminal/gateway prints the receipt and sends the end of transmission to Fiserv; this process takes as few as 4 seconds.

Example FR 5-1- SnapPay Solution Flow

Throughout the day, all transactions are logged and stored until the settlement time established by the client. The files are forwarded to the contractor's backend processing platform. The backend processor sends the files via ACH to the Federal Reserve. The Federal Reserve distributes funds to the bank. The bank distributes funds to the merchant's account.

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Example FR 5-1- Certified Vendor Solution Flow. The Certified Vendor Flow, seen below, when utilizing one of the many certified vendors.

Example FR 5-1 - Certified Vendor Solution Flow

Transaction Steps
1. Customer submits a transaction via the State Solution
2. The State submits the transaction to the Vendor for processing
3. Vendor submits transaction to Fiserv Front End via certified integration
4. Fiserv Front End authorizes transaction with the brands and settles with Fiserv Back End
5. Fiserv Back End sends reporting data to the ClientLine repository
6. Fiserv Back End sends funds to the State bank account
7. ClientLine information is available to the State for reconciliation

b.	Describe available government discount rates are available and explain how the State can qualify.

Response:

Comprehensive guidance is provided to government agencies in support of discount rates and ongoing support of compliant procedures for the assessing and processing of Managed Service fees. If implemented, the State nor its Agencies will not incur any gateway, transaction, or Interchange and assessment fees charged by the card brands.

Fiserv has a Managed Service Fee model (convenience fee), that adheres to the rules and regulations of card brands. The specialized team dedicated to support the State of Nebraska will handle all aspects of servicing, processing, setup, and the collection and administration of the convenience fee account(s) for the State and its Agencies.

Managed Model:
- The State never has to deal with the service/convenience fee funds.
- The only funds the department will see; will be the transaction of the payment.
- The State or its Agencies will not incur gateway fees, transaction fees, or Interchange and assessment fees charged by the card brands.
- The managed service (convenience) fee for the transaction will go into a DDA account owned by Fiserv.
- All of the payment card processing fees will be withdrawn from the DDA account owned by Fiserv.

The Visa Partner Program ("VPP") and the MasterCard Participating Program ("MPP") are programs unique to each Merchant. Merchants can only be set up for one program per card brand. Below is a list of additional program availability:

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• Visa Utility Program • Visa Debt Repayment Program • Visa Performance-based Fee Structure (Retail and Supermarket Tiers) • Visa Government and Educational Payment Program • Visa Government to Government (G2G) Program • Visa Member Supplied Fee Program (MSI) • Visa Co-Brand Interchange Programs • Visa SIGIS IIAS Certification • Visa VPP Interchange Program • MasterCard Tier Threshold Programs • MasterCard Charity Interchange Programs • MasterCard MPP Interchange Program The Visa Government and Education Payment Program allows participating merchants to assess cardholder fees on approved transaction types. The program allows a variable or a flat/fixed service fee on Visa consumer debit, Visa consumer credit, and Visa commercial products. This fee is called a Service Fee. This is not a Convenience Fee as the rules differ for a Service Fee. Only merchants enrolled in the Visa Government & Education Payment Program may implement this Service Fee model. **Eligible Merchant Category Codes are defined below:** • 8211 – Elementary and Secondary Schools • 8220 – College Tuition • 8244 – Business Schools • 8249 – Trade Schools • 9211 – Court Costs • 9222 – Fines • 9311 – Tax Payment • 9399 – Miscellaneous Government Services

c.	Describe any program(s) that would assist agencies to use best processing practices to avoid downgraded transactions.

Response:

To assist Agencies with best processing practices when avoiding downgraded transactions, Fiserv hosts webinars to review new information with Merchants directly. Typically these webinars are scheduled to be released during Spring and Fall. However, special initiatives may warrant additional webinars. Webinars allow Merchants to learn about upcoming changes and ask questions in real-time.

Internal Interchange Monitoring. Recognizes and addressed the needs for a system capable of merchant-level monitoring of Interchange by creating a patent-pending, web-based analysis tool called Interchange Management System ("IMS").

IMS. Is a powerful web-based application that offers users the ability to quickly and easily monitor Interchange performance. IMS is capable of generating a series of alerts based on historical trend comparisons that identify analysis of qualification shifts resulting in increased Interchange costs. The alert reporting functionality of IMS displays the origin of adverse shifts in Interchange performance down to the merchant location level.

IMS also allows for the review of Visa/Mastercard reclassification advices. The IMS reclass report details critical reclass information such as sales and transaction totals that reclassed to and from

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	Interchange categories, including incremental Interchange cost. IMS allows for Interchange analysts to quickly view daily qualification statistics and recognize abnormalities that may exist.
	Relationship Support. In addition to the technological tools used to manage Interchange, Fiserv Customer Relations Support personnel have the knowledge and capabilities to not only provide ad-hoc reports focusing on Interchange Management but truly serve as a consultant offering you recommendations for expense reduction related to Interchange.
	As part of Fiserv daily Interchange Management or Quarterly Review process, any and all recommendations to reduce the costs associated with Interchange, rather its downgraded transactions or opportunities to improve qualification, the Agencies are notified immediately. Additionally, Level 2/3 discount interchange rates are available when using the SnapPay API.
	Fiserv will provide you with monthly/quarterly and annually Interchange Analysis Reports. These reports are extremely useful because they show Visa®/MasterCard® transactions by the specific Interchange category.
	The effective Interchange rate and average ticket are shown for each category. The report also details the downgraded transactions. Finally, the report produces an overall Best Qualification Rate which shows the percentage of all transactions that qualified for the best possible Interchange rate. Typically, Fiserv customers qualify over 99% of their Visa/MasterCard transactions for the best possible rate(s).
d.	Describe the ability to identify and eliminate duplicate transaction and batches, how is the notification provided? Detail how duplicate batches are handled and how notification is provided.
	Response: Fiserv detects duplicate transactions based on order number. If a duplicate order is placed, the gateway will detect and reject duplicates. A separate API will be provided to show the original order status. The State or its Agencies will determine the applicable duplication lockout time window. Duplication is detected at the settlement layer which automatically checks for duplicate transactions. As part of the duplicate detection, a repository of transactions is maintained of each settled transaction, which is then matched against a prior transaction to ensure the same transaction criteria has not been processed. If a match is detected the transactions are rejected from the settlement. The same procedure is followed to eliminate duplicate transactions regardless of the card brand (i.e. Mastercard, Visa, American Express, Discover and PIN-debit card types). Once a reject is detected in the system, a notification is sent to the email address on file. Additionally, a Root Cause Analysis is completed if the settlement issue occurred at the settlement layer.
e.	Provide a list of all card brands supported and any details regarding those card brands.
	Response: Fiserv supports the following forms of electronic payment: Visa®, Mastercard®, Diners Club®, American Express®, Discover®, JCB®, Internet Payments, Payroll, Debit, Electronic Benefits Transactions (EBT), Private Label, Stored Value (Gift), Loyalty Programs and more.
f.	Describe the batch transaction process. Detail any limitations on the number of transactions in a batch or the number of batches submitted in a day per Merchant ID Number or Merchant Chain.

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Response: The Fiserv batch interface allows the State to integrate payment functionality via an off-line mode. This interface can be used by any integrator which does not require a real- time response to an authorization request. In order to transmit batch files, the State or its Agencies must first contact customer service and request a File Transmission Protocol ("FTP") Account designated to send and receive files to a Secure FTP (SFTP) site. There are no limitations on the number of transactions processed daily. Depending upon how authorizations are obtained. EDC Batch file has a limit of 999 and PTS has a limit of 999,999. Automatic batch closures will be determined by the State and configured on a MID by MID basis.

g.	Describe the ability to offer both real time and batch processing. Provide details for both options.

Response: Fiserv supports real-time authorizations that can be originated from terminals, websites, and many other systems. Most gateways support automatic closure of batch also referred to as auto settlement. If manual batch closing is required, Fiserv supports this feature by API and Web Portal. The services detailed below utilizes information to shape up retry logic in real-time or deferred mode: • Issuer Behavior and Profiling • Payload Optimization to confer to technical specs as issued by network • Account Updater services • Customer Spending Pattern to formulate Deferred Retry **Premium Authorization Optimization (Dynamic Retry, Deferred Retry, Real Time Account Updater)** Fiserv works on behalf of the State and its Agencies to formulate the best retry logic for a declined transaction. New PAN\expiry or account closure statuses are promptly provided back to the State and its Agencies to use for their subsequent transactions. The State and its Agencies will decide which transactions should go through Authorization Optimization and which transactions should not. Thus, providing the State and its Agencies with absolute control over the services at the transaction level. With Premium Authorization Optimization, the State and its Agencies will benefit from the ability to leverage the largest segment of acquiring data, formulated into actionable rules. Fiserv has successfully recouped approximately ten (10%) percent of all credentials of all on-file declines. **Batch Account Updater** – This service enables the State and its Agencies the opportunity to inquire on all their customer PAN, in addition to receiving the latest information about new PAN, new expiry or changes in account status (Closed\Contact Customer). In partnership with the State and its Agencies industry best practices will be shared in order to take advantage of this service. Batch Account Updater can provide excellent benefits to merchant-initiated transactions. Fiserv supports Visa, Mastercard, Discover and American Express account updater services.

h.	Describe in detail what transmission methods are available. Describe what monitoring and notification processes exist if a transmission fails.

Response: Fiserv supports a 24/7 Network Operations Center ("NOC") which is responsible for monitoring network availability and performance. Since Fiserv networks are designed for redundancy, customers will not experience degradation in service. The redundant network paths is designed for load balancing

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and hot failover. Although performance may be impacted if one path fails, the systems will continue processing. Authorization systems include hot backup to allow instantaneous recovery into separate physical locations.

In the event the client elects not to have a redundant or backup network solution and a failure were to occur, the Fiserv NOC would notify the customer's designated network operations of the network failure. Fiserv utilizes a client notification system to communicate global-impacting issues to the State. These notifications will be delivered via SMS text or email depending on the preference of the State.

Authorizations are processed simultaneously at the primary and disaster recovery locations. In the event of the loss of either authentication site, customers transparently fail over to the alternate.

Fiserv supports all major data connection methods, individual locations or a centralized corporate location by way of Dial, MPLS, Internet, Gateway and Satellite. For authorizations, an MPLS circuit is recommended for optimal transaction processing performance. For settlement or any other files, Fiserv recommends a leased line using SFTP.

i.	Describe the average time for terminal authorizations for both peak and non-peak hours.

Response:

The Fiserv network response time shown below includes the communication method in addition to peak vs. normal response times recorded per second.

Fiserv average response time is 2.1 seconds. Fiserv achieves this time or better 99.5% on all of the transactions processed. This interval response time is monitored and defined from the time the inquiry is received to the network until the time a response message is issued to the network. However, it does not include any latency to and from the originating POS terminal or register.

Average System Response Times (seconds)		
MPLS	1.5 - 3.83	1.5 - 2.81
Dial	10.83	8.81

Fiserv does not guarantee a minimum response time when external parties are engaged outside of our control, who transmits transactions to the Fiserv network. The response time is dependent on four (4) key factors:

1. Fiserv processing/switching
2. Propagation delay inherent to telecommunications
3. Card Brand/Issuer processing/switching and its' related telecommunications
4. The State and its Agencies equipment and related telecommunications.

The first two factors: The Fiserv processing/switching and Propagation delay inherent to telecommunications are relatively static, show very small deviation, and are within Fiserv control.

The remaining two factors: Card Brand/Issuer processing/switching and its' related telecommunications and the State and its Agencies equipment and related telecommunications, are outside the Fiserv parameters and we cannot effectively measure these factors because we have no control over them.

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j.	Describe the average time for internet authorizations for both peak and non-peak hours.

Response:

Fiserv has one (1) of the best network availability statistics in the industry, maintaining a 99.95% or better uptime monthly. Fiserv maintains multiple-site, geographically diverse data centers with each center having the capability to handle 100% of its peak volume. All production systems are maintained in a secure data facility which is monitored 24/7 to ensure continuous processing capability to give the State and its Agencies confidence in Fiserv's ability to process all transactions with speed, accuracy and efficiency.

Fiserv data centers are fully redundant processing platforms offering dual-site, continuous processing capability. The authorization platform consists of numerous platforms installed in geographically-diverse data centers in Omaha, Nebraska and Phoenix, Arizona. These platforms are scalable for ensuring overall transaction processing capacity. With the merger of Fiserv and First Data there will be an additional add of three (3) data centers for a total of five (5) by the end of 2021.

Capacity is maintained well above what is needed within each redundant online environment (terminal-driving and switching). Each online environment runs in multiple data centers. The authorization system is capable of performing, even at peak periods, with the loss of one (1) data center.

k.	Describe in detail the procedures to reverse an incorrect authorization.

Response:

The procedures to reverse an incorrect authorization/same-day reversals, once detected, can be reversed and/or returned through the Merchant's POS terminal, if permitted by the POS application. These reversals/returns are transparent to the cardholder. After an authorization, the cardholder will see reversals or return/adjustments on statements if the transaction was not performed on the same day. Each issuer varies in time period until reversals are adjusted and credited back to the cardholder's account. If the POS system used does not allow for authorization reversal, then the cardholder's issuing bank must be contacted immediately.

Once an authorization is run, a transaction ID is assigned. Prior to the daily settlement, if a merchant decides to return money, they can issue a void against that transaction ID, which immediately cancels the authorization and the corresponding hold on the customer's account. Note: not all issuing banks support voids. Once the settlement occurs (or if a merchant doesn't wish to immediately release funds), a refund can be issued against that transaction ID, which will return the funds back to the customer's account, following the standard settlement timing. If utilizing the SnapPay API solution, the same process hold true.

If a partial refund is desired, a refund can be issued against a transaction ID for an amount less than the original amount. The total amount refunded will be tracked to prevent a refund greater than the amount of the transaction ID.

While not recommended, for the average merchant, refunds without a transaction ID (sometimes called refund without reference) will be issued. Typically, only a few specialists within a Merchant organization will have this capability. This prevents a malicious user from issuing themselves credits to their own personal cards or other unauthorized behavior specific to transactions.

l.	Describe how to authorize international credit card transactions.

Response:

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	Since all transactions are identified as US Dollars, credit cards issued internationally will run through the same rails as domestic cards and settled in US Dollars.
m.	Describe the ability to handle seasonal merchant activity. Do seasonal merchants receive a break inmerchant fees during months there is no activity?
	Response: The account management team is able set the account to an inactive status after the final batch has been submitted and funded to State's bank account. To activate a seasonal account that have been deactivated, it is recommended reaching out to the Account Manager 2-3 business days, prior to the start of business to ensure activation is complete. The proposed fee structure is either interchange plus or managed fee for each agency or merchant. In both of those fee structure, costs to agencies are only incurred when charges are processed, so limited or no activity would reduce or eliminate costs to merchant.
n.	Describe what is needed for an agency to set up a seasonal MID. Can a MID be changed to seasonalafter it is already set up? If so, describe what is needed to change a MID to seasonal.
	Response: For an agency to set up a seasonal/non-seasonal MID, a request for set up will be required and completed. The below requirements must be met to for an account to qualify as seasonal: • Activity must be consecutive, not sporadic; • Closed at least one or more months per year; and Lastly, an account can be updated to reflect a seasonal status by sending a request to the assigned Account Manager if the MID has already been created.
o.	Provide the system availability statistics for the last 12 months. Provide the longest period that you were unable to authorize transactions in the last year, including the source of the problem and how long it took to resolve the issue.
	Response: Fiserv standard Service Level Agreement ("SLA") for system uptime is 99.95% and measured monthly. Fiserv top of the line systems have a 100% system availability record for both current and past years. Successfully, there has not been any period experienced where authorized transactions were unable to be processed on processing platform.
p.	Describe the communication options available to advise of system outages.
	Response: Fiserv supports a 24/7 Network Operations Center ("NOC") which is responsible for monitoring network availability and performance. Since Fiserv networks are designed for redundancy, customers will not experience degradation in service. In the event a client declines a redundant or backup network solution and a failure were to occur, the Fiserv NOC would notify the customer's designated network operations of the network failure. Fiserv utilizes a client notification system to communicate global-impacting issues to the State of Nebraska. These notifications will be delivered via SMS text or email depending on the preference of the State. Unless a specific path of communication has been established within the written agreement between

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	Fiserv and the customer, notification would be made through the customer's normal relationship management channels with Fiserv.
q.	Describe when and how often updates are made to the credit card system. What is the average downtime caused by the updates?
	Response: There are scheduled maintenance windows for application updates and code changes. The State and its Agencies will be notified of this downtime via bulletins, in addition to the monthly statements generated, Fiserv includes account changes via a newsletter. There are no scheduled network downtimes. System updates can vary in frequency based card acceptance changes issued by the Credit Card Associations and system improvements
r.	Describe the methodology to process fuel payments and detail how fuel transaction acceptance variescompared to a regular credit card transaction.
	Response: Fuel payments require processing on specific platforms, gateways and devices. Not all solutions have the ability to accept fuel cards. Fiserv has the capability to support full service processing of fuel cards and is currently integrated with the State's existing fuel service Vendor. The State will have the option to allow Fiserv to offer full service entitlement for Wright Express and Voyager cards. Full Service Entitlement includes: Disputes, reconciliation and funding research. Fiserv also offers the State the option for a direct agreement with these established partners. If the State choses the direct agreement, then the fuel cards will be settled and funded by Wright Express and Voyager.
s.	Describe the methodology to simultaneously process routine credit card transactions.
	Response: Authorizations are processed simultaneously at the primary and data recovery locations. In the event of a loss of either authentication site, the State fail over would default to the alternate data recovery location. Authorization systems include hot backup to allow instantaneous recovery into separate physical locations. Fiserv supports a redundant network path for load balancing and hot fail over. In case one path fails, this configuration allows the systems to continue processing.
t.	Describe the ability and the methodology to provide a hosted payment page that is secure and can beredirected from the agency website and is PCI compliant.
	Response: The proposed SnapPay API solution, which is PCI compliant provides a hosted payment page that is secure and can be redirected from the Agencies website. This solution offers multiple variants of hosted payment pages. All hosted payment pages are PCI compliant and returns secure tokens along with the payment data to the merchant. Additionally, each page can be configured to support the name, address data, and up to ten (10) custom data fields. These data fields will be stored as part of the transactional data at the gateway and SnapPay SaaS application levels. Managed Service Fees are also available as part of the solution. SnapPay offers a redirect page, a JavaScript Modal window, as well as an embedded iframe option.

FR 4 – Online access for Merchant Activity

u.	Describe what payment types can be processed on the hosted payment page.

Response:

Credit, Debit and ACH are available via the SnapPay hosted payment pages. Managed Service Fees are also available as part of the solution.

v.	Describe bidder's ability to process NCSPC credit card transactions as described, including any additional process improvement opportunities. Receipt information made on the website is entered by the payor and redirected to the contractor's website and transmitted to the contractor. A report of the previous day's payments is retrieved from the contractor's website and contains an excel spreadsheet with the totals and payors' information (name, phone number, and Agency Related Person(ARP) ID) and a text file is retrieved from their website in a NACHA CIE format that populates database tables withinKidCare.

Response:

The Fiserv gateway allows the State the ability to process standard and custom data fields with each transaction processed. These custom data fields are available for use via a user-friendly web portal. The State authorized user can create and download a custom file at will, with as many or as few of the desired data fields necessary, including a file to include the name, phone number, and ARP ID. This data is also available via API, if direct integration is desired.

Describe bidder's ability to process NCSPC credit card transactions as described, including any additional process improvement opportunities. The automated phone system processes payments in a similar manner. The payor is assigned a unique bank card ID which identifies his/her payor information. Once the phone system has identified the payor, the payor can proceed to enter their credit card information NCSPC employees log into their website to retrieve credit card payment information for credit card transactions made by phone. Kiosk bank card payments are retrieved on their website and the CIE file is downloaded in the same manner as web and IVR payments.

Response:

The Fiserv gateway allows the State the ability to process standard and custom data fields with each transaction processed. These custom data fields are available for use via a user-friendly web portal.

The State authorized user can create and download a custom file at will, with as many or as few of the desired data fields necessary, including a file to include the name, phone number, and bank card ID/secure token. This data is also available via API, if direct integration is desired.

Describe bidder's ability to process NCSPC credit card transactions as described, including any additional process improvement opportunities. The day the funds are received from the bank and the data is gathered from the terminal and E-Payment website, the payments are posted through KidCare Queue Manager and given the proper effective date. A cut off time of 11 PM CT was established, and funds received at the bank are carried over to the next business day if received between 11 PM CT and 12 AM CT. The amounts per the bank information reporting system are compared with the data downloaded into KidCare and statements from the merchant processor and the settlement reports generated by the lone terminal.

Response:

The Fiserv gateway allows the State the ability to process standard and custom data fields with each transaction processed. Data can be sorted and combined on a MID by MID basis, as desired. These custom data fields are available for use via a user-friendly web portal, along with all the standard processing data fields.

FR 4 – Online access for Merchant Activity

The State authorized user can create and download a custom file at will, with as many or as few of the desired data fields necessary, including a file to include the name, phone number, and bank card ID/secure token.

Fiserv is excited to discuss additional options that can improve and/or streamline processes and functionality, as this data is also available via API, should direct integration be desired. This would help automate the reconciliation and data import process. The SnapPay API offers a single front end entry for ACH and credit/debit card payments servicing multi- channel integrations: ecommerce, MOTO, card present and more. SnapPay offers access to PCI P2PE Validated devices, enabling the most secure payments and the deepest PCI Compliance scope reduction. There are also hosted iframe tools available to enhance ecommerce applications with secure tokens and keep web servers from ever seeing an account number.

Describe bidder's ability to process NCSPC credit card transactions as described, including any additional process improvement opportunities. NCSPC also receives receipts from payments taken by acollection representative. The recovery staff member uses a credit card terminal to get immediate approval on the payment. These amounts are later compared to the settlement report credited the following day from the terminal the card was processed on and the merchant's previous day's bank statement. The NCSPC also uses web portal for bank card items that will be applied towards bad debt. NCSPC employees retrieve an .xml file containing all recovery payments made via the web portal.

Response:

The Fiserv gateway allows the State the ability to process standard and custom data fields with each transaction processed. Data can be sorted and combined on a MID by MID basis, as desired. These custom data fields are available for use via a user-friendly web portal, along with all the standard processing data fields.

The State authorized user can create and download a custom file at will, with as many or as few of the desired data fields necessary, including a file to include the name, phone number, and other custom fields.

Fiserv is excited to discuss additional options that can improve and/or streamline processes and functionality, as this data is also available via API, should direct integration be desired. This would help automate the reconciliation and data import process.

Describe bidder's ability to process NCSPC credit card transactions as described, including any additional process improvement opportunities. NCSPC charges a 2.49% surcharge for web, phone and Kiosk credit card transactions; however, the surcharge does not apply on debit card transactions and thesurcharge is waived when payments are made via the terminal and recovery web portal.

Response:

The SnapPay solution offering will include registration into the Visa Government and Higher Education program. This will allow the State to offer a Managed Service Fee on all forms of payment types, which can exclude debit at a competitive price point. The SnapPay Managed Service Fee program works in ecommerce, over the phone, and in card present transactions. SnapPay offers PCI Validated P2PE devices for maximum PCI scope reduction, cyber-attack prevention, and enhanced security.

FR 4 – Online access for Merchant Activity
Describe bidder's ability to allow DOR to continue using current contractors, Official Payments and Brown Paper Tickets, including any additional process improvement opportunities. If keeping current contractors is not an option, bidder must provide DOR with a product description, system capabilities, a sample application or website if available for consideration. DOR does not absorb any merchant fees associated with card payments. Bidder must disclose all the potential user fees associated with the transaction processing reporting or file creation for this type of program in the cost proposal of the RFP, including any fees charged to the taxpayer. DOR and the State Treasurer's Office will give final approval prior to solution implementation.

Response:

Fiserv offers two primary options that meet or exceed the State's requirements:

- The ability to support DOR's current environment with new Merchant IDs, keeping the process as it is currently.
- Official Payments are already certified with Fiserv and Brown Paper Tickets are supported as part of the integration.

The recommendation is to transition the DOR to the SnapPay solution. The SnapPay solution offering will include registration into the Visa Government and Higher Education program. This will allow you to offer a Managed Service Fee on all forms of payment desired at a competitive price point. The SnapPay Managed Service Fee program works in ecommerce, over the phone, and in card present transactions. SnapPay offers PCI Validated P2PE devices for maximum PCI scope reduction, cyber-attack prevention, and enhanced security.

Describe bidder's ability to provide DOR the information required, including any additional process improvement opportunities. The card payment origination services transmit payments to the merchant contractor for authorization and processing with funds settling to an account at the direction of the State Treasurer. Additionally, electronic files containing payment card transactions are transmitted to DOR in the NACHA standard CCD+ or PPD+ formats. These files will not include any reversal transactions. The vendors also provide a daily report of detailed payment transaction information by Merchant ID with the settlement date. File and reports must be made available for DOR to pick up through FTP via Secure Socket Layer by 5:00 AM CT on the day following the effective settlement time.

Response:

Bank Response:

Yes, reports can be pushed to the State using SFTP by the required time in addition to being available through Business Banking Online.

Subcontractor (Fiserv) Response:

The Fiserv gateway allows the State the ability to process standard and custom data fields with each transaction processed. Data can be sorted and combined on a MID by MID basis, as desired. These custom data fields are available for use via a user-friendly web portal, along with all the standard processing data fields.

The State authorized user can create and download a custom file at will, with as many or as few of the desired data fields necessary, including a file to include the name, phone number, and other custom fields.

Fiserv is excited to discuss additional options that can improve and/or streamline processes and functionality, as this data is also available via API, should direct integration be desired. This would help automate the reconciliation and data import process.

FR 4 – Online access for Merchant Activity
ac.	Describe bidder's ability to provide NGPC with the following requirements, including any additional process improvement opportunities. NGPC uses POYNT.net to review all locations via an HTML dashboard. Configurable settings ensure the use of virtual terminals, reports, and electronic receipts. Each location is unique and may have 20 or more users logging into a MID, each with unique user ID's and passcodes. Refunds through the POYNT device are possible via the dashboard or the device that processed the original transaction. Refunds may be less than the original transaction but may not be more than the original transaction. Refunds may be processed through the dashboard by management.

Response:

Poynt solutions is currently integrated with Fiserv using the Credit Call Gateway and the ability to support this environment if the connection is presently in use. It is recommended to move from the NGPC environment to the SnapPay Gateway with corresponding PCI validated P2PE Devices for ease of use functionality.

Describe bidder's ability to provide NGPC with the following requirements, including any additional process improvement opportunities. NGPC uses POYNT.net to review all locations via an HTML dashboard. Configurable settings ensure the use of virtual terminals, reports, and electronic receipts. Each location is unique and may have 20 or more users logging into a MID, each with unique user ID's and passcodes. Refunds through the POYNT device are possible via the dashboard or the device that processed the original transaction. Refunds may be less than the original transaction but may not be more than the original transaction. Refunds may be processed through the dashboard by management.

Response:

Poynt solutions are currently integrated with Fiserv using the Credit Call Gateway and the ability to support this environment if the connection is presently in use. It is recommended to move from the NGPC environment to the SnapPay Gateway with corresponding PCI validated P2PE Devices for ease of use functionality.

ad.	Describe the process used to assist the University of Nebraska to connect the POS system.

Fiserv currently has certifications with the gateways and POS systems being utilized by the University of Nebraska. During the implementation phase the assigned Implementation Manager will work with the State to ensure all gateways connections are complete and POS devices are programmed accordingly.

It is suggested that the University consider the universal SnapPay API to take advantage of additional features that will support the Managed Service Fee program, which eliminates the University's costs for interchange and other processing fees.

ae.	Describe the options available to accept mobile transactions.

Response:

Fiserv supports the use of mobile payment methods as a way for merchants to increase sales volume and market share while minimizing PCI scope and additional expenses. Today, Fiserv can provide access to a suite of various alternative payment solutions through a single integration point. The Fiserv card present and card-not-present environments and platforms support digital wallets, PayPal, Alipay, Apple Pay, Google Pay, Samsung Pay and ACH on file.

FR 4 – Online access for Merchant Activity
If the State wishes mobile application development, the Universal SnapPay API works across all modern devices, including cell phones, tablets, laptops and other devices.

FR 6 – Daily Settlement Report	
a.	Describe what time the settlement reporting is available in a method which is easy to use and not requireState staff to look up each individual MID.

Response:

Debit transactions are processed seven days a week. The cut-off time for end-of-day processing is 3:00 pm ET. A daily reconciliation file (user file) is sent to The State and its Agencies each day by 6:00 p.m. ET for debit transactions and is used to do a compare against the posted transactions by the cardholder's host authorization system. Any differences identified are adjusted by you to the cardholders' accounts or charged back.

All of the networks in which the State is connected to and provide settlement reports, as well as files to assist with this process will be supported by Fiserv. Reporting includes break downs by network including volume, fees and Interchange revenue. Additionally, the settlement system provides an accounting function for the exchange of transactions between The State or State Agencies and other financial institutions (ATM activity) and/or merchants POS activity. All of the monetary information that the State receives or sends each day is balanced and reconciled. The end result of this accounting function is a net settlement dollar amount to the State or State Agencies. In addition, all reports and data files are also produced as a result of this process. The net settlement can be positive or negative. A negative net settlement amount means you have a higher outgoing amount than incoming for the processing day. A positive net settlement amount means you have a higher incoming amount than outgoing ticket exchange. The actual transfer of money for debit transactions occurs through an automated clearinghouse (ACH) transfer.

Daily settlement of funds flow via ACH from the account you designate. You have the option of moving funds into a General Ledger ("GLs") for daily transactions, Global/Signature debit funding, adjustments, surcharges, Interchange and billing. Participant Accounting Summary report, which summarizes both issued and acquired total activity by service class (ATM, POS, etc.), also separating out any adjustments by total debit and total credit by service class for reporting purposes will be provided.

b.	The settlement report must include the following information: transaction processed date, MID name and number, merchant chain number, and the batch total for each MID. (no bank account numbers should belisted on the reports). Describe the ability and methodology used to comply with the requirements and provide a sample of this report.

Response:

The State and its Agencies will have access to one of the most robust and merchant-friendly reporting solutions in the payment processing industry. The Web-based ClientLine® online reporting tool contains over 80 prebuilt reports and gives you the ability to generate a variety of reports on demand. You can create reports on a daily, weekly, monthly, and annual basis by card number, date and location, and in a variety of formats – Microsoft® Excel®, Word®, PDF and comma separated values CSV.

For reconciliation, ClientLine® provides access to centralized and comprehensive payment processing information. Reports are easy to generate and use with data available by location, selected groups or across multiple locations. Users can access information virtually anywhere for greater flexibility and effectiveness in managing the State of Nebraska needs. With ClientLine®, you will have the ability to

FR 6 – Daily Settlement Report

efficiently conduct sales audits, manage processing fees, investigate chargebacks, and reconcile The State of Nebraska checking account.

To help you report at different hierarchies, ClientLine® can provide reporting at a location, merchant identification (MID) prefix, chain and master chain level. The group builder module within ClientLine® allows user-defined group reporting; the user picks from the location he/she owns to create custom groups that may be permanent or temporary. Access is granted at any of the mentioned levels to allow users to view only their locations, or particular departments within a corporate office to view only certain regions. This hierarchy is defined up front, so the appropriate chaining convention can be used.

Report Availability
The ClientLine® Graphical User Interface ("GUI") provides access to over 80 prebuilt standard reports. Listed below is a small sample of the standard reports that are available:

- Transaction Summary
- Batch Summary
- Transaction Listing
- Chargeback Summary
- Retrieval Listing
- Funding Reconciliation
- Bank Deposit Adjustment Detail
- Qualification Analysis Summary

Data File Manager
If the State or State Agencies prefers to download raw data files directly to the State of Nebraska systems. The Fiserv Data File Manager, product provides the user-friendly, web-accessible tools to automate this critical process. Data File Manager brings a best practice approach to this often time-consuming process, with a focus on flexible, self-service capabilities so you get just the data you need, right when you need it.

This self-service, automated toolset allows you to receive raw data files with just the records and data

FR 6 – Daily Settlement Report

elements you specify, delivered daily or on demand with historical data. Record options include:

- Transaction detail
- Interchange
- Funding
- Dispute and chargeback records
- Summary records by location or for the entire file

Chargebacks with Dispute Manager

Fiserv's Dispute Manager service is a highly secure Web-enabled front-end interface to help merchants and/or customers effectively manage sales disputes (chargebacks and retrievals) with greater efficiency in a real-time environment. This Web-based tool was created to assist merchants simplify back office processing and expedite response time on retrieval requests, as well as improve response times that can result in reduced non-response chargebacks. Dispute Manager can also provide information to merchants to help them gain control of their sales dispute expense management.

Dispute Manager is easy for the State or State Agencies to use and provides the following key features:

- Sends merchants confirmation and acknowledgement that response has been received
- Alerts merchants if all required documentation has not been submitted (can reduce chargebacks for non-response)
- Provides work queues of all outstanding chargebacks and retrievals in need of a response
- Provides the ability to query or sort chargeback or retrieval requests online for prioritization and management of disputes (by cardholder, sale amount, etc.)
- Offers imaged cardholder, bank and other supporting documentation, as well as provides the merchant the ability to scan in documentation to support fulfillment
- Provides the ability to manipulate images, e.g., magnify, rotate, flip, scroll, for optimal viewing capability
- Assists merchant with navigating the Dispute Manager program, and provides educational information that can be updated with new release information through Online Help

Custom reports can be made available according to the State of Nebraska needs. Once custom reporting requirements are defined, the State and/or Agency will submit a project request, and a project manager will subsequently be assigned to assist with the request.

Ad Hoc Reporting

Along with custom reporting development, ad hoc reporting is available via ClientLine®, allowing you to report on virtually any data point or element captured in the database. Many of the States Fiserv serves uses raw data files to download merchant processing activities into the State internal and/or proprietary reconciliation tools. The combination of reports and action queries within ClientLine® online reporting allows for a robust reporting package merging the need for standardized reporting with ad hoc request capabilities.

In addition, the Data File Manager application brings a best practice approach to this often time-consuming process, with a focus on flexible, self-service capabilities so you get just the data you need, right when you need it. Fiserv does not white-label reporting options.

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c.	Describe the ability and methodology used to download the settlement report in an excel format as well asany other available formats.

Response:

Reports can be exported to a number of formats, including Microsoft Excel where filters can be used to sort information. Within ClientLine®, users can choose from a wide range of standard data fields to personalize, filter and sort transaction information, ad hoc and scheduled reports. Other downloadable reporting formats include PDF, HTML and CSV files.

Through the online merchant portal, the State and its State Agencies can run a myriad of on-demand reports that will allow you to filter through authorizations, transactions and settlements. The authorization detail report provides the authorization decline reason codes so the State can understand why transactions were declined.

d.	Describe the ability and methodology used to view all transactions that make up a batch settlement total.Please provide an example.

Response:

The ClientLine® dashboard offers an easy solution to view all transactions within a batch settlement total. You simply click on the batch date under the Batch Summary. You will be taken to a breakdown of the batch detail. There is an option in the righthand corner to export to PDF/CSV/EXCEL. Please see the Batch File Transactions View.

FR 6 – Daily Settlement Report
The State can also set-up a report to be generated via email or ClientLine® mailbox daily, weekly, monthly. Please see Reporting Frequency Options.   **Reporting Frequency View**   **Specify Report TYPES/Desired REQUENCY**

Pinnacle Bank

FR 6 – Daily Settlement Report

e.	Describe the methodology used to create a customized report showing settlement data.

Response:

Fiserv supports multiple reporting systems based on Agency needs. Depending on the software and gateways being utilized the solution(s) the data may appear various formats. Below are two examples of the Cardpointe reporting tool, representing gateway reporting and ClientLine® representing processing reporting.

ClientLine® reporting:

Once the State has selected the type of report needed, the data will appear. There are a variety of options available when viewing or generating reports.

Cardpointe Reporting:

Click on Advanced Customization Button Result: The customize report screen will appear. The fields available in the report selected will appear. The fields can be reordered by dragging the fields above or below in the Columns Present in Report box. Fields can also be removed if they are not needed by clicking on the field name and using the << button.

Pinnacle Bank

FR 6 – Daily Settlement Report

Customize Report

Available Columns

Column Name

Columns Present in Report

Column Name	Group By	Options
Merchant ID		
External MID		
DBA Name		
Transaction Date		
Submit Date		
Funded Date		
Currency Code		
Sales Count		
Sales Amount		
Refund Count		
Refund Amount		
Rejected Count		
Rejected Amount		
Average Ticket		
Processed Amount		

Back

FR 7 – Settlement and Availability of Funds

a.	Describe the transaction processing/transmission cutoff times for the Central Time Zone. Describe the process to adjust the nightly settlement time to ensure the settlement report exactly matches daily funds deposited into the Treasurer's bank account.

Response:

Transactions are processed based on processing platforms, alliance relationship and products or features used by the State and its Agencies. Once an implementation plan is determined, the State and its Agencies is provided a settlement cut-off time to ensure transactions are processed within the daily funding cycle. The State has the ability to change its settlement time to match the bank's nightly settlement time, but funding may be delayed by one business day.

FR7-01. Funds Availability Schedule. Below includes a payment schedule for debit transactions.

FR7-01. Funds Availability Schedule				
The following table outlines when the Agency customers should expect to receive funds following transaction settlement.				
Agency Transaction Day	**Settlement File sent to Fiserv (Cut-off time before 12:30 p.m. CT)**	**Interchange Processing**	**Fiserv Initiates ACH**	**ACH Posted by Agency Bank to DDA**
• Monday	• Tuesday a.m.	• Tuesday	• Tuesday	• Tuesday
• Tuesday	• Wednesday a.m.	• Wednesday	• Wednesday	• Wednesday
• Wednesday	• Thursday a.m.	• Thursday	• Thursday	• Thursday
• Thursday	• Friday a.m.	• Friday	• Friday	• Friday
• Friday	• Saturday a.m.	• Saturday	• Monday	• Monday
• Saturday	• Sunday a.m.	• Sunday	• Monday	• Monday
• Sunday	• Monday a.m.	• Monday	• Monday	• Monday

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Payment for Visa®, Mastercard®, Discover®, American Express®, Diners Club® and JCB® transactions can occur the next business day if you elect a wire transfer option or you maintain a DDA account with one of Fiserv's partner banks and the batch is submitted to us for processing by 10 p.m. CT.

In this Funds Availability Schedule, funding for Fridays, Saturdays and Sundays would be funded on Mondays. Please keep in mind that bank holidays might delay funding.

b.	Describe how MIDs can have different settlement times and how those various settlement times can be supported.

Response:

Fiserv supports different batch settlement times down to the terminal level. For example, if a location has two terminals, batches are able to be closed at different times throughout the day. However, they will need adhere to the settlement cut-off time that will be provided to the State during implementation.

c.	Describe the process used to have transactions settle automatically or manually as selected by the agency and how you support the best settlement time for the agency.

Response:

The State has the option to settle their own transactions automatically or manually. The process for settlement will be dependent on the device or gateway being used at each location. During

implementation all MIDs will be set up properly to support the Agencies and ensure settlements are received without issue.

| d. | Bidders answering questions i. – vi. should assume there are no banking holidays included and Saturday/Sunday are the only non-business days. Bidders should also assume that State Agencies haveeither closed the batches manually in time for bidder's processing cutoff's or are having batches auto- close in time for the bidder's cutoff.

Bidders should use this sample calendar dates to provide their answers:
• Thursday, October 29
• Friday, October 30
• Saturday, October 31
• Sunday, November 1
• Monday, November 2
• Tuesday, November 3
• Wednesday, November 4 |
| i. | If the transaction is processed and batched on Thursday, October 29, what day and time will funds settle into the State's bank account? |

Response:

Funds processed and batch on Thursday, October 29, would be delivered to the bank Friday, October 30, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

FR7.02. Funds Settlement Schedule

Date Payment Processed	Payment Method	Number of Transactions	Amount	Date Settled to S[ ] Account
Thursday 29-Oct.				
	American Express	27	32,568.05	Oct 30th
	VISA	370	130,099.82	Oct 30th
	MasterCard	176	69,977.37	Oct 30th
	Discover	22	12,844.61	Oct 30th
	E-check	2405	11,893,528.65	Oct 30th
	Other payment types offered			

| ii. | If the transaction is processed and batched on Friday, October 30, what day and when will funds settle into the State's bank account? |

Response:

Funds processed and batch on Friday, October 30, would be delivered to the bank Monday, November 2, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

| iii. | If the transaction is processed and batched on Saturday, October 31, what day and time will funds settle into the State's bank account? |

Response:

Funds processed and batch on Saturday, October 31, would be delivered to the bank Monday, November 2, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

iv.	If the transaction is processed and batched on Sunday, November 1, what day and time willfunds settle into the State's bank account?

Response:

Funds processed and batch on Sunday, November 1, would be delivered to the bank Monday, November 2, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

v.	If the transaction is processed and batched on Monday, November 2, what day and time will funds settle into the State's bank account?

Response:

Funds processed and batch on Monday, November 2, would be delivered to the bank Tuesday, November 3, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

vi.	If the transaction is processed and batched on Tuesday, November 3 what day and time will funds settle into the State's bank account?

Response:

Funds processed and batch on Tuesday, November 3, would be delivered to the bank Wednesday, November 4, in the AM. Exact settlement time(s) will dependent upon the platforms funding run, which will be communicated during the implementation phase.

e.	Describe how the State can use multiple settlement bank accounts depending on how the merchantwishes to structure funds settlement.

Response:

Agencies will be set up for multiple DDAs to drive deposits and withdrawals. Agencies can have up to five (5) DDAs on file regardless of the financial institution. The most common is a dual DDA set up where one (1) account is designated for deposits and one (1) account is designated for withdrawals.

f.	Describe how settlement amounts will be listed separately on the bank statement either by chain numberor by MID. Bidders should detail how Saturday and Sunday transaction activity will be listed on the bankstatement (will funds be co-mingled with another day's activity or listed individually). Please provide an example.

Bank Response:

Each deposit will be listed separately by MID batch. Batches submitted for deposit after 6:00 pm central time, will show on the next days business. Batches submitted for deposit after 6:00 pm central time on Friday, will show on Monday's business day. Any Batches submitted for deposit on a Bank holiday will post to the account the following Business day.

Subcontractor (Fiserv) Response:

The State has the option to decide how funding will be sent to their bank account(s). There are three (3) ways in which funds can be transferred by: location MID, Chain MID and Corporate MID. Activity occurring on Saturday and Sunday will be sent to the banks separately and treated individually.

g.	Describe how the settlement of funds will be made to the State's bank account. State will not accept afunds availability schedule or settlement that would net merchant fees from the daily credit card batch settlements for any State Agency.

Response:

Depending on the State preference, settlements or batches can appear on the State of Nebraska bank statement in one of four ways. **As shown in FR7-03 Bank Statement Appearance Options**. The Roll Up Code Indicator drives how these appear on The State of Nebraska account statement and can be manipulated at any time. This type of change comes as no cost from Fiserv but suggest reaching out to the financial institution to ensure the bank does not regulate the number of debits and/or credits that can pass through the State checking account within a specified date range/timeframe.

Fiserv has variable setups for funding ways including lump sum, break down by type/card. Saturday/Sunday funding is sent and will fund on the following business day but will show in reporting as separate days.

FR7-03. Bank Statement Appearance Options Settlements appear on State of Nebraska bank statements in four different ways depending on preference.	
Roll-up Code	**Indicator**
Roll Up 0	The State sees every debit and credit transferred to your bank account. It may also increase bank charges as some banks bill a per transaction fee for each entry to the account. Example: $100.00 deposit and $5.00 statement fee each show up as a separate entry.
Roll up 1	The State receives all credits/deposits generated on the same day as one transfer, and all debits generated to their account on one day as a separate transfer by category (fees/discount/Interchange). Example: The Merchant submits deposit in the amount of $100.00 and another for $50.00 but has the following fees. A $5.00 statement fee and $20.00 Interchange Fee, The Merchant sees three transfers – one transfer for the deposit and two transfers for the fees – one transfer for each category.
Roll up 2	Within this transfer, all debits and credits for one day are combined. Example: A $100.00 deposit and a $5.00 statement fee shows as a net deposit of $95.00.
Roll up 3	The State sees every credit transferred to your bank account. All debits are generated to your account on one day as one transfer.

FR 8 – Credit Card Customer Service and Support

a.	Describe how customer support will be available toll-free 24x7x365 to State Agencies. Customer supportmust be able to help resolve terminal, authorization, and transmission issues at a minimum. Provide detailed information about the services offered by customer support.

Response:

Fiserv strategically aligns our services with the needs of the State to simplify and improve the overall experience. The Fiserv collaborative approach to relationship and service management consists of four primary roles, which include: executive sponsorship, senior account executive, account manager and as-needed services.

Additionally, Fiserv offers a truly interactive customer support help desk 24/7 through our call centers. Representatives have online, real-time access to the transaction database as they are processed. They also have access to merchant and terminal profiles that contain the information necessary to provide

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technical assistance. The satisfaction of the State, its Agencies, and customers are the primary focus of our representatives, and measurable performance standards are in place to provide high-quality assistance.

FR8-01. State of Nebraska Service Operations Team Responsibilities	
Title	**Functional Responsibilities**
Senior Account Executive	• Manages contract • Conducts rate/fee inquiries • Owns holistic relationship across verticals • Identifies product solution opportunities • Partners with account manager • Develops and leverages strong, collaborative relationships • Conducts business reviews
Account Manager	• Serves as operational point of contact across all State of Nebraska products • Manages daily State of Nebraska needs • Facilitates operational escalations • Conducts strategic servicing with State of Nebraska communic (Association Release) • Trains customers with new tools/product offerings • Manages projects for strategic initiatives • Updates the State of Nebraska profile information • Focuses on the State of Nebraska satisfaction at the transactic level • Retains expert-level knowledge of systems/tools • Maintains product level expertise • Delivers high-quality service

The Account Executive will manage communications at the State level. The Account Manager will work with States individual departments on a day-to-day operational basis. All assigned individuals are committed to providing a solid solution with excellent delivery and service to the State and they are ready to partner with you to harness the technologies needed to meet your goals. State's assigned account manager will be assigned during the contract negotiation phase.

The State of Nebraska Client Service Operations (CSO) support team assignments will be identified later in the selection process and will consist of the support referenced below. FR8-01. State of Nebraska Service Operations Team Responsibilities.

The CSO support team has additional resources available to assist with product development, front-end authorization network, telecom, network planning/engineering, activations and conversions, settlement, interchange, compliance, retrievals and chargebacks as described in **FR7-05.** The State of Nebraska Additional Help Desk and Call Center Support.

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FR8-02. State of Nebraska Additional Help Desk and Call Center Support	
Support Teams	**Functional Responsibilities**
Help Desk	Our Customer Services Help Desk will be your first lir contact. A toll-free number allows us route calls throu automatic call distributor (ACD) to Customer Service Help Desk representatives trained to answer question pertaining to your specific account. Our client service: terminal Help Desk teams are staffed 24/7 with knowledgeable and experienced personnel. We strive first call resolution on every call. In the event an issue not resolved on the first merchant contact, most resea and resolution is completed within 72 hours, and the highest priority issues impacting operations are assig resources first. Our customer service team is focused the customer experience by measuring your custome voice through first call resolution and other continuou: monitored and analyzed performance measures.
Technical Help Desk	Our Technical Help Desk is truly interactive, operating 24/7. Representatives have online, real-time access t transaction database as transactions are processed. addition, they have access to merchant and terminal profiles that contain the information necessary to prov technical assistance. We can also be the first/front lir contact point for many POS partners. If the problem i: determined to be external to us, our representatives r the caller to the next level or outside contact.
Call Centers	We support primary call centers in Omaha, Nebraska Hagerstown, Maryland; Marietta, Georgia and Coral Springs, Florida. In addition, we have a small call cen presence in Toronto, Canada, supporting our Global Gateway. Some functions are outsourced, as needed

b.	Describe the length of time Merchant activity (specify by months, days) is available to customer supportstaff and the ability to view and provide batch detail information to the caller immediately. If research isrequired due to older information, what is the time frame the information will be available?

Response:

Fiserv Customer Service Support centers have access to thirteen (13) months of batch detail readily available to assist the State immediately. Customer Service Support has access to summary data for a period of twenty-five (25) months, archive data for a period of twenty-four (24) months. Additional transaction data is kept off-site in a secure location for a period of one (1) year after contract expiration per Fiserv policy or as long as the Visa/Mastercard brands require.

Upon request, your Account Manager can retrieve up to seven (7) years of transactional data. If research is required, we ask for a time frame of 2-3 business days in an effort to gather the requested

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	information.
c.	Describe service/performance level reports for customer service, technical support, ticket resolution,phone authorizations, and merchant onboarding.

Response:

All SLAs are negotiated and mutually agreed upon during the contract negotiation phase. Below are examples of the Fiserv SLAs stages and measurements of performance.

Help Desk

The response times for selected metrics are as follows:

Help Desk average speed of answer – 45 seconds or less

Help Desk Service Level – 80 percent of calls answered within 45 seconds

Help Desk abandoned rate – Less than 4.9 percent of calls greater than 45 seconds

System Performance Service Levels

The minimum system performance service levels are:

99.95 percent host availability

95 percent of transactions processed at the host in less than 3 seconds

Average time within the host – 3 seconds or less

Notification

Notification is made by the State or State Agencies relationship manager or the business consultant.

Fiserv conducts multiple, on-going satisfaction surveys with all Clients that include major milestones, products, specific transactions and the overall relationship status. Measuring the effectiveness of Fiserv delivery. The Client survey programs focus on Sales, Solution(s), Implementations, Service & Support, and the Overall Relationship.

These survey programs help Fiserv promote a superior Client experience by ensuring the Clients' voices are consistently at the forefront of strategic business decisions, account management strategies, and product and service investments. Executive Leadership, Business Leaders, and their teams monitor results and follow-up with Clients based on the feedback provided.

d.	Describe the process used for notification of scheduled and non-scheduled down time.

Response:

Fiserv supports a formal Issue Management program, administered by the Global Service Desk. Downtime for upgrades and maintenance are scheduled at times with the least potential for negative impact. With Fiserv dual-system redundancy, when one system is brought down for maintenance, the remaining system handles the load with no noticeable impact. Clients are notified of this downtime either through bulletins or Fiserv Documentation.

Fiserv will provide the State with at least ten (10) days' notice of scheduled maintenance window, with the exception of temporary freezes, which are communicated as they are announced. Outages resulting from implementation changes received from third party vendors will be excluded from all SLAs. Fiserv tries to ensure minimal downtime as much as possible when performing scheduled maintenance. Unplanned emergency maintenance is performed when there is a customer or possible customer

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	impacting issue that needs to be remedied or when a government mandate needs to be implemented due to changes in financial laws. Notification times can vary depending on the nature and severity of the issue. In the event of a disruption, clients can expect to be notified by their Client Relationship Manager as soon as reasonably possible following the event assessment conducted as part of the incident management process. Fiserv provides Agencies a view of Fiserv's major systems and their current operational status as well as alerting Agencies of upcoming maintenance. With this tool, Agencies can receive updates via email and/or SMS text notification and allows Fiserv to notify clients much quicker for improved awareness of production impacting issues. All Agencies will be setup to receive status updates. Fiserv Operational Status Board.
e.	Confirm bidder will provide an account representative as a single point of contact responsible for the Stateand describe how this position handles escalation of contract related processing issues.
	Response: The State and its Agencies will be assigned an Account Manager as the single point of contact. Escalated matters follow the Chain of Command for problem resolution and escalation as outlined below: There is a comprehensive Fiserv Escalation Procedures document that is solidified at the time of implementation, enabling the State and its Agencies to have multiple escalation levels. The Chain of Command for issue resolution is as follows: - Level 1 – Customer Service/Help Desk - Level 2 – Account Manager - Level 3 – CSO Management - Level 4 – Account Executive - Level 5 – Vice President of Relationship Management Issues are logged, managed and escalated using Customer Relationship Management (CRM) tracking solutions. The resource at each level is empowered to engage the resources necessary for a quick and permanent resolution. Issues are assigned priorities with those impacting operations receiving the highest priority. **Service Change Requests:** The State and its Agencies will work with the assigned Account Manager. **Special Project Requests:** The State and its Agencies will work with the assigned Account Manager. **Afterhours and Emergency Support:** Customer Service and Help Desk representatives are available 24/7. Account Managers and account executives are available 8 a.m. – 6 p.m. ET.
f.	Describe how the agencies will be informed of upcoming changes related to terminals, online merchant portal and/or brand regulations.
	Response: Agencies will be informed of upcoming changes related to terminals, online merchant portals and/or

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brand regulations via the Card brand release. These releases happen during the Spring and Fall in addition to monthly compliance notifications.   Terminal notifications are communicated by initiatives at which time alerts are generated and sent to the agencies. Fiserv has a dedicated product team that communicates changes and updates for Fiserv related equipment. These notifications are generated from the product team and coordinated with the State of NE should there be an impact to the State.

FR 9 – Chargebacks, Reversals and Refunds	
a.	Describe how quickly a merchant is notified of a chargeback once the contractor is notified. Describe theprocess of sending all chargeback information directly to the State agency responsible for the MID the chargeback relates to.

Response:

The State will be notified within 24 hours of the intail dispute notification to Fiserv.

Chargeback Management

Fiserv uses an internal process known as the Integrated Dispute System ("IDS") to provide the most accurate and efficient chargeback processing in the industry. There is a 100% review of chargebacks by a proprietary, expert, business rule-based system (over 100 timeframe and rule edits, by reason code) that encompasses all pertinent Visa and Mastercard rules.

In addition, electronic file handling of case images and data speeds resolution. Prior to a chargeback being returned to the merchant, this expert system interrogates the chargeback against a predetermined set of parameters to determine work-flow resolution and output to the merchant. In some cases, this results in automatic resolution of incoming chargebacks. As part of the business rules and internal procedures, Fiserv validate issuer and cardholder requirements as part of the overall dispute investigation.

The State and its Agencies are required to provide all applicable sales transaction documentation by attaching it to the letter received with the request. If additional pages need to be included, you must ensure the case number is written on each page. The information should be faxed to the number provided on the request letter by the due date. Please retain the fax confirmation for your records.

Merchants will have up to twenty (20) calendar days to respond to the Payment Card Company Retrieval Requests. A second notification request/reminder for fax and Dispute Manager as described below is setup on the 18th day for items not previously fulfilled. Currently, several options are available for the State and its Agencies to receive and respond to retrieval notifications, which are all driven by merchant setup. Those options include fax, electronic file, Dispute Manager, or standard and special delivery mail options.

Incoming merchant responses from electronic delivery methods or fax are received through a network of 24/7 high-speed, high-capacity fax gateways that capture:

- The image sent
- The time the item was received
- The incoming fax number
- Date received

All responses received via electronic delivery, fax, or mail are downloaded into the back office systems for processing. These responses are permanently stored in the dispute management system. Also all retrieval requests and responses received are subjected to a full end-to-end audit to safeguard the

process.

Fiserv also provides confirmation on items received for those merchants that are set up for fax and the Dispute Manager service. If the item is not a valid response; i.e., wrong item, missing values, etc., it will be updated to enable the merchant to provide an accurate response. second notification request/reminder for fax and Dispute Manager as described below is setup on the 18th day for Payment Card Brand retrieval requests not been previously fulfilled for fax and Dispute Manager Merchants.

Dispute Manager

Dispute Manager is a highly secure, web-enabled front-end interface to help merchants and/or customers to effectively manage sales disputes, chargebacks and retrievals with greater efficiency in a real-time environment. Fiserv created this tool to help merchants simplify back-office processes and expedite response time on retrieval requests. The improved response time that Fiserv customers experience can result in reduced non-response chargebacks. Dispute Manager can also provide information to the State and its Agencies to help gain control of the sales dispute expense management system.

b.	Describe what options are available and the process for chargeback information notification back toagencies.

Response:

Merchants are informed of disputed chargebacks either by mail, fax, electronic file or Dispute Manager based on available functionality and merchant setup. A Chargeback Notification form is provided for all disputes adjusted to the merchant, and the debit will appear on the merchant's bank statement as well as other reporting tools. The merchant will have access to this process electronically through the Dispute Manager Service. Reversal of a debit will occur when a remedy has been supplied within the required timeframe.

As part of the business rules and internal procedures, we are able to validate select issuer and

Business Track Online Solutions Suite

ClientLine Reporting	Dispute Manager	Data File Manager
View payment processing information such as sales, bank deposits, and statements.	Receive, view and respond to chargeback and retrieval disputes online.	Create, test, manage, and generate raw data files daily or on demand as needed.
Tax Center	Alerts	Gift Card Reporting
Access and manage your gross reportable sales reports, and retrieve a copy of your 1099-K.	Receive notifications by email for events related to Reconciliation and Dispute activities.	Access to your prepaid program data.

cardholder requirements as part of the overall dispute investigation. In terms of reporting, the merchant can utilize the ClientLine® reporting tool, accessible within the Business Track online solutions suite to be notified of disputes that Fiserv was able to reverse back to the issuer upfront, thus avoiding merchant impact financially.

c.	Describe what assistance or training the agency will receive to resolve chargebacks.

Response:

The following training will be provided to the State and its agencies to resolve chargebacks:

Initial new merchant training
For each merchant, the assigned Fiserv implementation coordinator organizes and schedules new merchant training. The implementation coordinator works with the merchant team to develop a customized training program to address the different needs of the organization, according to function, group, or whatever configuration is needed.

Ongoing training
On an ongoing basis, courses are provided for the ClientLine® Online Reporting, Fraud Management, and Payment Card Program Management, which includes courses on topics such as: Credit Card 101, Interchange 101, and Retrieval & Chargeback basics. The State and its Agencies will receive comprehensive Payment Card Industry Data Security Standards (PCI DSS) training as well.

Fiserv offers a variety of training options to Agencies for products and services provided by Fiserv, including Train-the-Trainer sessions, onsite instruction and Web-based training.

d.	Describe the percentage of chargebacks, received in 2020, that did not require Merchant intervention/involvement that was successfully resolved (the chargeback was reversed). (These would be cases where a transaction was returned as a duplicate charge, but it was clearly evident there was no duplicate charge to customer.)

Response:

Overall, Fiserv is very effective with representments that are processed. The actual percentage of chargebacks passed on to the merchants may vary by merchant type and category. Approximately 9% in retrieval fulfillment on behalf of the merchants, and 4% in disputes. Fiserv current representment effectiveness rate is approximately 55 % for similar transactions of chargebacks occurring in the face-to-face environment. This number is less significant than in years past because MasterCard and Visa are tightening controls on issuing banks that abuse the chargeback system by sending floods of chargebacks from at-risk card accounts in the hopes of reducing their risk exposure. This is one area where the Fiserv size and dominant presence in the acquiring space to influence rules changes and increased enforcement is a benefit for all state federal and government agencies supported by Fiserv.

Note: Percentages are based on card present transactions for Fiserv overall.

Fiserv uses an internal process known as the Integrated Dispute System (IDS) to provide the most accurate and efficient chargeback processing in the industry. There is a 100% review of chargebacks by a proprietary expert business rule-based system (over 100 timeframe and rule edits, by reason code) that encompasses all pertinent Visa and MasterCard rules. In addition, electronic file handling of case images and data speeds resolution. Before a chargeback is sent to the merchant, this expert system interrogates the chargeback against a predetermined set of parameters to determine workflow, resolution, and output to the merchant. In some cases, this results in automatic resolution of incoming chargebacks. As part of the business rules and internal procedures, Fiserv validates issuer and cardholder requirements as part of the overall dispute investigation.

e.	Describe the methodology used to provide card reversals/chargeback procedures required by DOR. Cardreversals or chargebacks are not to be debited through the banking system. The following steps are to be taken in situations regarding card payment reversals and chargebacks.
	a. The contractor must notify DOR in writing or through a web interface before any action istaken associated with a card payment reversal or chargeback.
	b. The notification from the card service provider must contain the original paymenttransaction information.
	c. DOR will research the payment to determine that the payment has not been refundedand will then send a notice of approval authorizing the card service provider to invoiceDOR for the amount of the payment (net of fees).
	d. DOR will process the invoice and generate a payment to the card service provider.

Response: Fiserv will work with the State to ensure chargebacks and reversals are invoiced rather than debited from the banking system. Fiserv will work with the State during contract negotiations to ensure that all DOR chargeback and reversal processes and are outlined prior to implementation.

f.	Describe how the State bank account will be debited for chargebacks. Provide an example of how a chargeback will be shown and identified on the bank statement.

Response: Our subcontractor, Fiserv has the ability to have the chargebacks debited as a separate line item when sent to the bank. Pinnacle Bank will display chargebacks as separate line items in the online banking application and in reports.

g.	NCSPC requires that all returns (refunds, reversals and chargebacks) be debits to their bank accountrather than offsetting daily credits, describe in detail how this requirement can be met.

Response: Fiserv will ensure that NCSPC is set up with the proper roll up codes to ensure debits to the account are not netted from the daily transaction funding.

h.	Explain the arbitration process and the pass-through fees associated with the process.

Response: Fiserv has an arbitration process in and adhere to arbitration procedures set forth by the card brands. Fiserv can initiate arbitration to Mastercard. The issuer initiates the pre-arbitration for Visa. . Fiserv supports arbitration and allows the cases to go to ruling when Agencies have provided a valid remedy to their disputes. Fiserv does not charge fees to initiate arbitration.

FR 10 – Contract Management

a.	Describe how State Agencies' credit card transaction information will be reviewed on an annual basis.Provide recommendations on how the State Agencies can reduce merchant processing fees.

Response: The Fiserv Account Manager will meet annually with each merchant in the State portfolio to evaluate credit card patterns such as average ticket size, card brand choice, channel and other available data and then collaborate on a strategy that may be used to aid in minimizing merchant fees.

b.	Describe how new services will be offered to Merchants.

Response:

FR 10 – Contract Management

The Fiserv Account Manager and Fiserv Account Executive collaborate regularly on the existing production performance and outstanding needs for each merchant in the State of Nebraska portfolio. In this regular cadence, the Account Manager identifies enhancements required or technology gaps to be addressed for each merchant and then formulate a solution roadmap or strategy that makes use of all available Fiserv solutions. The Account Manager and Account Executive then meet with the State and the specific merchant to present Fiserv findings and determine if an additional schedule with a new service offering should be incorporated into the Statewide agreement and made available to all merchants for use.

c.	Discuss what key performance measures are tracked and how this information is relayed to Merchant clients.

Response:

All SLAs are negotiated and mutually agreed upon during the contract negotiation phase. Below are examples of the Fiserv SLAs stages and measurements of performance.

Help Desk

The response times for selected metrics are as follows:

Help Desk average speed of answer – 45 seconds or less

Help Desk Service Level – 80 percent of calls answered within 45 seconds

Help Desk abandoned rate – Less than 4.9 percent of calls greater than 45 seconds

System Performance Service Levels

The minimum system performance service levels are:

99.95 percent host availability

95 percent of transactions processed at the host in less than 3 seconds

Average time within the host – 3 seconds or less

Notification

Notification is made by the State or State Agencies relationship manager or the business consultant.

Fiserv has a dedicated team for our "Voice of the Customer" ("VOC") initiative along with the Customer Experience Strategy. This team manages the design, data collection, analysis and communication of the feedback customers provided. Additionally, a transactional outbound phone survey is conducted within 24 to 48 hours of the State and its Agencies/customers call into any of the Fiserv call centers. There are roughly 2,000 surveys completed monthly, as well as monthly VOC meetings with Senior Leadership, Operations, Training, Quality and other areas of the business to discuss trends and results.

Fiserv is deeply committed to customer feedback regarding implementations and solicit feedback via multiple channels starting with the assigned project management team, which oversees the implementation. The project management team utilizes Key Performance Indicators to measure implementation progress.

d.	Describe how monthly reports will be sent to the contract manager. Two monthly reports are required. First report must include each MID and the transaction volume and counts, including any credits processed. Second report must include each MID and the types of transactions processed. Reports will be sent by the 10th calendar day of the following month.

Response:

FR 10 – Contract Management
ClientLine® is a web-based tool, where the contract manager will be able to create/modify reports to be automatically generated and sent via email. Monthly statements, summary (MID/Volume/Count) and detail (MID/Transaction detail) are available online to be downloaded or can be sent via email or paper statement. In addition to the statements, reports can be generated to include summary or transaction details in CSV, HTML, TXT or PDF format to be received daily, weekly and monthly.

e.	Describe the notification process to the contract manager in the event of a disaster, including the approximate length of time the contract manager will be notified after a disaster occurs.

Response:

If any issues are detected or reported with the service or a customer account, the appropriate Fiserv personnel are notified and work begins to identify, prioritize and resolve the problem. Incidents are tracked and resolved using an issue tracking (trouble ticket) system with each assigned a unique ticket number that is referenced on all related communications. Regular status updates are communicated to designated client contacts according to a defined escalation/priority status.

Timely communication is a critical element in minimizing adverse effects on Fiserv and our clients during any disruption or disaster. Communication methods are in place for use from initial notification through the recovery effort. These methods are used for managing communications to Fiserv staff, clients, business partners, vendors, service providers, processors and regulatory agencies.

In the event of a disruption, the Fiserv Crisis Management and Communications Teams, as well as their designated backups, will take a proactive approach by providing status updates to our clients that address the current situation including any alternate procedures and estimated time to recover operations. Communication methods may include any or all of the following methods:

- Email
- 800 number voice status line
- Fax
- Telephone
- Web Portal
- Regular mail or courier service

The Account Manager will sign you up for alerts via system related issues known as status page.

FR 11 – Compliance Issue Support

a.	Describe how assistance and support will be provided to State Agencies to interpret Card Associationrules and regulations, how will agencies be informed of new rules and regulations.

Response:

Card brands have Spring and Fall releases. Webinars will be set up to review new information directly with the State and its Agencies. however, special initiatives may warrant additional webinars. Webinars allow Clients to learn about upcoming changes and ask questions in real-time. In addition to the Spring/Fall releases, Fiserv provides monthly compliance notifications as well.

b.	Describe the process to train and inform agencies on changes and updates to Card Association rulesand regulations, fraud-management and compliance mandates.

FR 11 – Compliance Issue Support

Response:

The State and its Agencies will receive a notification to join via email. This affords the State and its Agencies the opportunity to participate in a training webinar sponsored by the Fiserv compliance team regarding Spring and Fall releases at which time, the State is informed of all industry changes.

c.	Describe the process to assist and support State Agencies in maintaining PCI DSS compliance. Participation in meetings and providing support services as necessary with compliance or data security issues is required.

Response:

Fiserv may be a resource for understanding PCI-DSS requirements and can help advocate a merchant's position to the PCI-DSS Council, or the Card Brands, if necessary to assist a merchant.
Fiserv has a growing suite of security products which help customers maintain PCI compliance. Fiserv has the TransArmor Solution. The TransArmor Solution is a bundle of the following products that bring a multi layered approach to a merchant payment card environment.

- TransArmor Data protection provides encryption and tokenization services to help protect card holder data while in motion as well as at rest.
- PCI Rapid Comply is an easy-to-use online tool established to assists level 4 merchants understand, achieve and maintain PCI DSS compliance. The PCI Rapid Comply solution includes a guided, step-by-step SAQ tool help to complete the annual questionnaire with ease, an integrated scanning tool for merchants that are required to pass quarterly scans and comprehensive support available online and via chat, email and phone to ensure questions get answered.
- POS Software Monitor is a downloadable agent for POS systems which performs a series of scans, to identify vulnerabilities, areas of concern and over all network health.
- POS Hardware Monitor is a terminal inventory management tool, which allows the merchant to identify each terminal with its location and validate that it has not been tempered with.
- Liability Wavier is provided up to $100,000 per for an expenses that may be incurred should a breach occur.

d.	Describe requirements needed to add credit card payment options to an agency website.

Response:

After initial implementation, if the State opts to accept the additional payment options, the State will partner with their Account Manager to acquire the necessary addendum/contract as a new payment option which may require a new project/implementation to board within the ecommerce environment.

e.	After a new MID is set up, describe the amount of time to complete PCI requirements before a Non-compliance fee is charged. If there is a time difference per level, detail the time for each level.

Response:

Once a merchant signs up with Fiserv they have ninety (90) days to become compliant before being charged a monthly non-receipt of PCI validation fee. There is not a difference in the time period per level.

f.	Currently the State is grouped into three levels for PCI Compliance. State Agencies are a level 2, the University is a level 3 and the State Colleges are level 4. Describe the ability and methodology that will be used to continue these levels of compliance.

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Response:

The PCI DSS merchant level, Payment Card Industry Data Security Standard Merchant level is a ranking of merchant transactions per year. Ranges are broken down into four (4) levels. The chart below represents the four (4) levels of the merchant criteria.

	Merchant Criteria
Merchant Level: 1	Any merchant, regardless of acceptance channel, processing more than 6,000,000 Visa transactions per year. Any merchant that has had a data breach or attack that resulted in an account data comprom Any merchant identified by any card association as Level 1.
Merchant Level: 2	1 million – 6 million Visa or MasterCard transactions annually (all channels).
Merchant Level: 3	Merchants processing 20,000 to 1 million Visa or MasterCard e-commerce transactions annu
Merchant Level: 4	Less than 20,000 Visa or MasterCard e-commerce transactions annually, and all other merch processing up to 1 million Visa or MasterCard transactions annually.

The Payment Card Industry ("PCI") uses merchant levels to determine risk and ascertain the appropriate level of security for their businesses. Specifically, merchant levels determine the amount of assessment and security validation that is required for the merchant to pass PCI DSS assessment.

PCI Compliance Validation
Clients have two (2) options to achieve their PCI compliance status:
- 1. Complete their PCI requirements through PCI Rapid Comply (Level 4 only)

- 2. Send in PCI Compliance requirements from a Qualified Security Assessor (QSA) to Fiserv.

PCI Compliance will contact the assigned AM to notify them when a client is due or past due for their PCI Compliance validation. The Account Manager is responsible for notifying the client.
Fiserv recommends utilizing a combination of secure payment tokens and PCI Validated P2PE devices to keep payment cards from ever entering into the State of Nebraska's network, storage systems or other electronic payment environments. The SnapPay universal API works with hosted iframes as well as the above mentioned P2PE devices. Most merchants who completely implement the SnapPay solution choose to use SAQ A for their annual assessment.

g.	Currently the University and the State Colleges provide PCI details through an online portal provided bythe current contractor. Describe how level 3 and 4 Merchants are to provide details relating to each MID's compliance. What options are available to report PCI compliance?
Response:	

Fiserv has an expansive suite of security products which helps the States and their Agencies
maintain PCI compliance. The TransArmor Solution is a bundle of the following products that bring a

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multi-layered approach to the merchant payment card environment:

- **TransArmor Data** - protection provides encryption and tokenization services to help protect card holder data while in motion as well as at rest.
- **PCI Rapid Comply**- is an easy-to-use online tool established to assist level 4 merchants understand, achieve and maintain PCI DSS compliance. The PCI Rapid Comply solution includes a guided, step-by-step SAQ tool help to complete the annual questionnaire with ease, an integrated scanning tool for merchants that are required to pass quarterly scans and comprehensive support available online and via chat, email and phone to ensure questions get answered.
- **POS Software Monitor**- is a downloadable agent for POS systems which performs a series of scans, to identify vulnerabilities, areas of concern and over all network health.
- **POS Hardware Monitor**-is a terminal inventory management tool, which allows the merchant to identify each terminal with its location and validate that it has not been tempered with.
- **Liability Wavier** is provided up to $100,000 per for an expenses that may be incurred should a breach occur.

The TransArmor Support Experts provides assistance when a merchant contacts Fiserv regarding questions about the TransArmor Solution or PCI Compliance questions.

The State and its Agencies Account Manager will work with a Channel Compliance representative on issues related to Credit and Debit PCI-DSS merchant obligations. Which includes:

1) Notification of the merchant's PCI level (based upon previous year transaction counts).
2) Notification of the merchant's PCI compliance obligation (since each level may require difference validation steps).
3) Tracking the merchant's compliance through automatic feeds from the merchant's assessor.
4) Conducting conference calls with the merchants, if requested and desired.
5) Explaining PCI-DSS and PA-DSS compliance requirements, if requested or desired by the merchant.
6) As required, escalating or advocating on the merchant's behalf for matters that should be discussed or addressed with the PCI Council (Visa, MC, etc.).
7) If requested, attending joint conference calls with the Merchant, their Assessor, and if needed, a Visa or MC representative.
8) Monthly and quarterly reporting to VISA, MC, and Discover to help avoid non-compliance fines.
9) Other interventions as requested to help the merchant work towards their compliance obligation.

To assist the Channel Compliance with these efforts or any items that require escalation, Fiserv supports a dedicated PCI Compliance team within its TPO organization.

FR 12 – Disaster Recovery

a.	Describe how often the disaster recovery plan is tested including but not limited to the data replicationprocess including real-time failover between various data centers.
Response:	

The Fiserv disaster recovery program is formally outlined in the 2020 Enterprise Business Continuity and Disaster Recovery Standard. Business Resiliency Plans are updated, approved, and tested annually. Simulated exercises are conducted to test and validate all business continuity plans and any associated dependencies. A full-scale test includes full functional test with business end-user validation of

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connectivity, application functionality, data integrity (if applicable) and event management involvement.

b.	Describe an incident where the disaster recovery plan was implemented. How long was the disaster recovery solution implemented for? How quickly after the disaster were the credit card transactions processed?
	Response:
	This information is considered proprietary. Should the Client be impacted by an incident they would be notified by their Account Manager. Fiserv has a 100 %system availability and has not experienced any period where transactions were unable to be authorized on the proposed processing platform designated for the State of Nebraska.
c.	Describe any instance that the **merchant services reporting** has been down. Describe the disaster recovery solution to implement for reporting.
	Response:
	Fiserv has no instances to report where reporting has been down. In the event of a full outage, Fiserv has a fully redundant disaster recovery environment in which traffic would be routed to ensure reporting is not down or compromised and available to Clients without interruption.
	In the event of a network issue that affects reporting, Fiserv is committed to correcting all reporting errors as soon as the accurate information is corrected and settled with the appropriate networks. Fiserv will create and send the corrected reports as soon as verified and settled.
d.	Describe any instance that **bank reporting** has been down. Describe the disaster recovery solution toimplement for reporting.
	Response: Our Business Premium site is hosted by a Thrid Party vendor that has hosted sites in Dallas and Austin. So if one site should go down, they can role to the second site to keep the one data center active while the other is down.

FR 13 – Online Bank Reporting
a.	Describe how a secure online solution to view bank activity can be provided.
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	Response: We will provide the State of NE access to our secure encrypted Business Premium website. Login access is a multifactor authentication system with a secure access code.
b.	Describe hardware requirements for the online solution for bank transactions related to credit cardactivity.
	Response: NA
c.	Provide a link to demo the online bank solutions. If no demo is available, provide details for standardreports.
	Response: Reports available are: Balance and Activity Statement, Cash Position – Previous Day(s), ACH Activity – Previous Day(s), Checks Paid, Previous Day(s), Wire Activity – Previous Day(s), ZBA Activity – Previous Day(s), Wire Activity – Current Day, Balance and Activity Statement – Current Day, ACH Activity – Current Day, Checks Paid, Current Day, and User Defined Reports for both Current and Previous Day.

FR 13 – Online Bank Reporting	
d.	Describe available user security levels and/or user entitlements for the online solution, including whethersecurity levels can be set by user, account, or dollar amount.
	Response: Within our Business Premium website the State of NE will be given access to their portal for the Administrator. The Administrator(s) have the ability to set dollar limits for each user. We also have dual control transaction processing for Wires, ACH, and Stop Payments as well as adding non-transaction items like adding or updating user roles. A varity of custom alerts, history alerts, and on-line transaction alerts are available as well as general reminders.
e.	Describe the security measures the State's Treasurer's Office will be responsible for.
	Response: The State of NE is responbile for protecting against any unauthorized access to Business Premium. The State of NE shall retain data on file adequate to permit re-creation of Entries for seven (7) days following the date of orginiation by Bank. The State of NE shall keep confidential all personal identification numbers, test codes, security procedures, system programs, documentation, components, accessories, and equipment conprimising the Bank's fund transfer system and all similar material utilized or develop by the Bank. This is outlined in detail in the Bank's Internet Banking Agreement.
f.	Describe the bank firewalls to protect customer information.
	Response: Next generation stateful inspection firewall that examins the flow of data in and out of our network using rules to decide if the traffic is allowed.
g.	Describe the additional types of user authentication available besides user ID and password.
	Response: We utilize a secure access code (multifactor authentication) as well as soft token or hard token devise. Client can select either Hard Token or Soft Token.
h.	Describe the number of users the State can allow access to the online solution and how many can be onat one time.
	Response: The State of NE is not limited to the number of users that can have access to the Bank's website portal at any one time.
j.	Describe how the previous day reporting will be available by 8:00 AM CT.
	Response: The State of NE can assign specific users the ability to set reports to run at any time after 1:00 am., from the preceding business day.
k.	Describe when funds are available to transfer after settlement (same day, next day, etc.).
	Response: Funds would be available same day.
l.	Describe the deposit information listed on the previous day report and how each deposit can be tied backto the agency and provide an example.
	Response: Each Agency will be assigned a MID by Fiserv, and each merchant deposit is identified by MID within the description of that deposit.
m.	Describe all reports available online. Describe how the reports can be customized.
	Response: The reports that are available are standard reports. The State of NE can create custom reports based on criteria available within Business Premium.

FR 13 – Online Bank Reporting

n.	Describe information available on current day and previous day reporting. Example: Merchant ID ormerchant name and amount.

Response: State of NE could see any Memo Post activity for the current day. Information available for the current day would be – date, amount, & MID. See Question j. for previous day reporting information.

o.	Describe the ability to view, print, and download daily reports for previous day and current day activity,include all formats available.

Response: PDF, CSV and BAI2 foramats are available for download.

p.	The contractor must charge the State for all banking fees, excluding merchant fees, on a monthly analysisstatement. Describe the ability to provide monthly analysis statements online. The account analysis must be made available online no later than the 15 of each month for the previous month's charges. Onlinereporting must be downloadable in an editable file format. List available formats.

Response: The State of NE monthly statements will be available to download by the first business day following the last day of the month. This includes the monthly analysis statements. The format available are PDF.

q.	Describe the length of time data is retained and how to retrieve it. Explain any options for extending thedata retention time frames.

Respond: Records are retained within Business Premium for 25 months. However, if the State of NE would like records dated longer than 25 months, those are available for seven (7) years by contacting the Bank directly to request those documents.

r.	Describe how to initiate and complete wires, as well as make book transfers using the online solution.

Response: Our Business Premium website is a self Admin site and the Admin users can set up wire templates or single use wires as well as transfers between accounts, The Admin can control the users that would have access to this function as well as the amounts of the transactions and if any transactions needed approval.

s.	Describe the method used to accept real-time payments and post them the same day.

Response: We currently accept Same Day ACH both receiving and sending.

t.	Describe how repetitive wire templates can be set up online and for call in wires. Describe the process toset up and process both options.

Response: Within our Business Premium website, Admin users have the ability to set up wire templates as well as single use wires. Admin's can also set both dollar limits and approval limits for these transactions.

u.	Describe the notification received by the Treasurer's office for incoming and outgoing wires and how it willbe provided. Please provide a sample notification.

Response: Our Business Premium website offers self administered alerts. Each user can set alerts for both outgoing and incoming wire activity.

v.	Describe the method used to provide a daily Comma Separated Value (CSV) export of transactions onthe bank account's prior day activity by 8:00 AM CT.

Response: The State of NE can set up a scheduled CSV report to run at specific time, after 2:00 a.m. CT.

FR 13 – Online Bank Reporting

w.	Describe the layout of the CSV format to be exported.

Response: The column heading are as follows for a user defined previous days report: Date, routing number, currency, account number, account name, BAI Code, CR Amount, DB Amount, Serial Number (Check Number), Reference Number, Description.

x.	Describe how earning credits are calculated and provide a list of the prior 12 months Earning Credit Rate(ECR) used for bank analysis also include the current rate.

Response: The Earnings Credit is currently at .25% and is calculated on the monthly positive average ledger balance. There is no minimum balance required before the Earnings Credit rate is applied.

FR 14 – Implementation and Post Implementation Support

a.	Provide a detailed example that includes a step by step process of the implementation plan.

Response:

Fiserv will serve as the lead in the management of the project, partnering with the State to ensure that a seamless conversion is achieved. Fiserv will provide a dedicated startup staff to the State and asks that you assign a dedicated startup team for the project as well to ensure resource availability.

The Implementation Team is comprised of a dedicated staff of technical analysts, technical data mappers and business project managers. This is the most experienced team in the industry with senior implementation management possessing over 110 years of combined experience. These individuals are divided into teams to ensure that portfolios are seamlessly implemented onto the Fiserv System. Each team consists of both implementation personnel and project coordinators who perform the specific tasks outlined within the project plan.

The following graphic depicts the phases of the State's implementation process:

State of Nebraska Implementation and Post Implementation Support.

Phase One
Discovery & Planning

- Initiate conversion Planning
- Complete due-diligence
- Define business/technical requirements

Phase Two
Development

- Establish system/portfolio configurations
- Develop data conversion program
- Define software development & functional testing
- Planning for Adequate Systems capacity

Phase Three
(Delivery, Mock, Testing, M Cycle).

- Validate mock conversions
- Complete testing (integration/client acceptance)
- Implement production software
- Execute conversion

Phase Four
Post Implementation

- Implement production support program
- Complete post implementation review

Implementation and conversion projects require the commitment from dedicated resources from the

FR 14 – Implementation and Post Implementation Support
State of Nebraska and Fiserv. The required resources are defined, as the size and scope of the project and development effort are determined. Fiserv will work with the State through the Discovery process to determine the specific resources needed

b.	Provide an implementation timeline giving estimated lengths of time.

Response:

Typically, the timeline for implementation is six (6) to eight (8) weeks. Fiserv implementation team will work with The State and its Agencies to determine the appropriate implementation plan based on the desired rollout schedule, resource availability and business needs. This planning activity will typically happen during project kick-off meeting with all of the key stakeholders are present.

Fiserv has a proven methodology for implementation, refined over the years and improved with advances in technology and time-saving solutions. Fiserv methodology has consistently focused on meeting the following objectives:

- Provide a single point of contact for all stakeholders during the implementation lifecycle;
- Manage the implementation project from initial scope to the final rollout;
- Ensure new customers are properly implemented, fully trained and processing with all elected entitlements.

The State of Nebraska will be assigned an experienced and skilled implementation team to walk you through each step in the process, to ensure a smooth and expeditious transition. This includes an implementation coordinator, who will work closely with the Fiserv relationship management team to ensure that all requirements are properly addressed, and the communication flow is steady throughout the project. **FR14-01. State of Nebraska- Implementation Timeline.**

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The following steps outline the major components of the implementation methodology:

1. Initiation – During Initiation, request are reviewed, consult the implementation team, and introduce any appropriate partners required for project execution;

2. Requirements – At the Requirements phase, we evaluate the current set up, compare functionality, define scope and review implementation options identified for the State;

3. Planning – The Planning phase involves defining the approach in detail; reviewing and analyzing the State portfolio; defining mappings; and determining what equipment, software providers and third-party support will be required;

4. Set up – At project set up, mapping tasks are completed and systematically upload to the account demographic/pricing;

5. Testing – During the testing phase, we run quality check programs and confirm production readiness;

6. Implement – In the Implement phase, we redirect, deploy/activate, and update software;

7. Closure – Once implementation is complete the closure phase begins. This includes monitoring, validating and transitioning to normal business support activities.

Fiserv develops and customizes each conversion to meet the needs of the State and establishes a set of

FR14-01. State of Nebraska Implementation Timeline	
Defining Business Requirements – The implementation process is initiated during contract execution, followed by internal evaluation and completed initial discovery meeting.	Week 1
Project Scoping – Initiate exchange of technical information for authorization and settlement interface specifications.	Weeks 2 – 4
Store Profiles/Setup – We add the merchant scheme to the host establishing all settlement files and implementing all desired and approved card types.	Weeks 2 – 4
Communications – Installing and testing network connectivity between Fiserv and the State of Nebraska	Weeks 2 – 6
Certification Stage – Although we are proactively supporting the development process, we begin a three-week certification process to certify the application once all development and communication tasks are complete.	Ongoing
Pilot and Beta Testing – Following certification, the State of Nebraska can begin processing transactions	2 Weeks
Full Conversion Begins	Determined Prior to Start of Implementation

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conversion specifications. Exact timeframes are defined and conversion dates are secured as a result of the due- diligence and conversion mapping processes in place.

A generic project plan is used as a guideline for planning and implementing a projects. It includes all critical milestones and due dates for meeting the final implementation date. Fiserv maintains the project plan and continuously republishes it for review with the State to ensure all parties are aware of project progress and critical timeframes.

An Implementation Analyst will be assigned to oversee the implementation process and work with resources within the necessary Fiserv departments to complete projects with minimal to no impact to the State. Throughout the course of the conversion, the Implementation Analyst serves as a consultant on product and service functionality, technical and operations planning. The Implementation Analyst manages those conversion tasks assigned to the various internal "fulfillment" departments within the Fiserv organization (e.g., training, quality assurance, technical departments, etc.).

This will ensure that each department(s) understands the scope of the conversion; and be prepared to execute its respective assignments within the targeted timeframes prescribed within the master project plan.

Prior to conversion, the Implementation Analyst ensures that the technical environment is certified using established quality assurance processes. Following successful certification, the conversion is staged into the production environment and the State is notified that testing can begin.
At the time of conversion, the Implementation Analyst and the necessary technical resources monitor the conversion, ensuring that each facet of the conversion operates in accordance with the
State's expectations. Following validation, the implementation analyst turns over the successful conversion to support day-to-day activities within Fiserv.

c.	Describe the resources that will be available during the implementation plan, including but notlimited to technical support, on-site visits and weekly or monthly calls.

Response:

Throughout the onboarding process, Fiserv Implementation team will assign an implementation advisor to ensure the onboarding of your Agencies exceed expectations. This individual will work with you on a daily basis to monitor status and address any onboarding questions. The Fiserv team maintains an action item log to ensure all support activity is tracked and responded to according to the State expectations. Weekly meetings will be held with the State to review the project status. Depending on project needs, meeting frequency may fluctuate.

Fiserv is dedicated to meeting the State objectives at all phases of the project lifecycle. The State project team – senior account executives, Account managers and implementation coordinators – will deliver quality and enforce accountability, capturing Fiserv view of a responsive and collaborative approach to relationship management. A dedicated implementation team is assigned to complete the State conversion. This includes an assigned implementation coordinator or project manager whose contact information is provided later in the selection process. During the discovery phase for the State's , specific personnel can be named that will take responsibility for merchant implementation and training.

A dedicated implementation team is assigned to complete the State of Nebraska conversion.
- Director
- Implementation Manager/Coordinator
- Key personnel representing Account Management, Business Management, IT Systems, Customer

FR 14 – Implementation and Post Implementation Support

Service, Training, Accounting, Settlement, Deployment and any other departments deemed essential to the conversion

Post Implementation/Support also includes:
- Monitoring of initial days of activity to ensure the State's achieves the most cost-effective Interchange qualification.
- Review of reconciliation process with the State's through first complete statement cycle
- Address and resolve any open issues
- Complete turnover to relationship manager and service executive for ongoing maintenance/servicing when applicable

When the State account has fully transitioned to Fiserv, you will have an assigned account manager to address your maintenance needs as they arise.

	d.	Describe the methods used to communicate industry updates, rules and regulations. How often are they distributed or published?

Response:

Agencies will be informed of upcoming changes related to terminals, online merchant portals and/or brand regulations via the Card brand releases. These releases happen during the Spring and Fall in addition to monthly compliance notifications.

Terminal notifications are communicated by initiatives at which time alerts are generated and sent to the agencies. Fiserv has a dedicated product team that communicates changes and updates for Fiserv related equipment. These notifications are generated from the product team and coordinated with the State of NE should there be an impact to the State.

	e.	Describe any on-going training available as upgrades or system changes occur.

Response:

As upgrades and system changes occur, Fiserv provides "train the trainer" and "end-user training" programs; these are customized training plans. Participants and topics will depend on the solution offering and support options chosen by the State. Training materials are tailored to the services provided so information can be communicated accurately to the State customers.

	f.	Describe the warranty on any terminals, including all hardware components Detail how terminals are supported post implementation to provide uninterrupted service.

Response:

Equipment provided by Fiserv includes a one (1) year warranty. The equipment is deployed, programed, and ready for processing when received by the State. Updates are pushed to devices automatically and the technical support team is available to address any trouble-shooting issues and provide resolution.

	g.	Describe how trained maintenance staff will be available and must be capable of diagnosing and isolating issues with the terminals.

Response:

The Technical Help Desk is interactive, operating 24/7. Representatives have online, real-time access to the transaction database as transactions are processed. In addition, they have access to merchant and terminal profiles that contain the information necessary to provide technical assistance. Fiserv can also be the first/front line contact point for many point-of-sale (POS) partners. If the problem is determined to be external to Fiserv, and representatives route the callers to the next level or outside contacts.

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h.	Describe how credit card terminals that no longer function as designed will be replaced at no cost tothe State.

Response:

For all merchants who have elected to enter into a maintenance agreement with Fiserv, all POS equipment will be swapped/replaced in an expeditious manner. The decision to overnight a replacement unit is initiated while helping the State and its Agencies problem-solve to see if the issue can be resolved locally. If the merchant elects not to pay for a maintenance agreement, the merchant is directed to send damaged equipment or hardware to the Fiserv deployment facility for repair or replacement at a flat rate fee. The Account Manager will assist as needed. The pricing addendum includes for cost details. The State will work with the State Vendor of the third- party equipment for replacement options and pricing (if applicable).

FR 15 – Other

a.	Describe what types of training will be offered on bank processes and procedures during the transition.

5. Response: The Bank will assist the State of NE will training on our Business Premium website and how to add users within the State's banking portal. We can provide training via on site training, or Teams or Zoom calls.

b.	Describe how test cards can be used. Will test cards be provided upon request? What is their functionality and features? What is the lead time to set this up? Will there be a charge to provide testcards?

Fiserv Test cards are available in several sets depending on testing requirements and supplied by b2ps.com. The lead time to setup a testing environment is approximately ten (10) business days. Shipping of Test cards are dependent upon the type of set required. Fiserv will work directly with the State of NE and its Agencies to accommodate UAT and/or the certification process.

The global card set was specifically designed for Fiserv to perform UAT application development, testing, training support personnel and perform demonstrations. This set includes cards from a range of countries and currencies. All cards are English -language, contain a chip, and magstripe. Individual cards denoted as "Dual Interface" support EMV contactless. Additionally, some cards will contain Dual Application Identifiers ("AID").

Test cards designed specifically for the U.S. market includes a set of 21 EMV test cards.. Individual cards noted as "Dual Interface" operate in both EMV contact and EMV contactless modes. The Mastercard dual interface cards support both contactless EMV and contactless Magnetic Stripe Data ("MSD"). The Visa, Amex and Discover dual interface cards support contactless EMV only and do not support contactless MSD.

	Example of Cards Sets are Highlighted Below:
Test Card 01	Visa, 476173******0119, Dual Interface, Online Only, Online PIN
Test Card 02	Visa, 476173******0119, Dual Interface, Offline Capable, Offline PIN
Test Card 03	Visa, 476173******0119, Online Only, Signature
Test Card 04	Visa, 476173******0010, NO CVM
Test Card 05	Visa, 476173******0267, Chip Error (Technical Fallback)

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Test Card 06	Mastercard, 541333******4111, Dual Interface, Online Only, Signature	
Test Card 07	Mastercard, 541333******4111, Dual Interface, Offline Capable, Offline PIN	
Test Card 08	Mastercard, 541333******0011, ARPC Verification Fails (Chip Decline)	
Test Card 09	Mastercard, 541333******0029, Chip Error (Technical Fallback)	
Test Card 10	Mastercard, 541333******0011, Empty Candidate List (Fallback)	
Test Card 11	Interac, 450644******1933, Canadian Interac, Debit, Online Only, Offline PIN	
Test Card 12	Amex, 374245*****1006, Dual Interface, Online Only, Online PIN	
Test Card 13	Amex, 374245*****1003, Dual Interface, Online Only, Signature	
Test Card 14	Amex, 374245*****1006, Chip Error (Technical Fallback)	
Test Card 15	Discover, 651000******0133, Dual Interface, Online Only, Online PIN	
Test Card 16	Discover, 651000******0216, Dual Interface, Online Only, Offline PIN	
Test Card 17	Discover, 651000******0331, Chip Error (Technical Fallback)	
Test Card 18	DNA, 400000******0028, Debit Network Alliance, Online PIN	
Test Card 19	Visa, 476173******0135, U.S. Debit (Global and Common AIDs), Single Funding Acct	
Test Card 20	Mastercard, 541333******9130, U.S. Debit (Global and Common AIDs), Single Funding Acct	
Test Card 21	Mastercard, 222360******0329, Mastercard "222360" BIN	

c.	Describe any fines received for violation of rules or regulations of any Card Association not caused by amerchant customer, include when it happened and what it was for.

Response:

Subcontractor (Fiserv) response: Any material claims, and judgments are listed and publicly available In our SEC filings.

Bank (Pinnacle Bank) Response: We are not aware of any fines received for violations of regulations related not to Merchant customers

d.	Describe how the merchant will be notified of any interchange and assessment fee changes.

Response:

Fiserv attends the payment card release meetings with each of the major brands, and several Fiserv teams are dedicated to the understanding and implementation of the brand changes. Training is provided to all support staff for the release changes, and communication to clients and vendors is completed through a variety of methods. Fiserv Clients receive communications through our online portal, Business Track. They also receive an invitation to attend a live seminar with the Payments Acceptance subject matter experts through their account management team. These communications are completed in the Spring and Fall to align with the card brand releases.

e.	Describe what supplies or signage can be provided or purchased to be used in conjunction with services offered.

All supplies for hardware can be obtained by the account management team, such as thermal paper, terminal cleaning supplies. Decals for Visa/MC/AMEX/DISC can also be obtained by the Fiserv account management team.

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f.	Describe how adjustment will show on the merchant bank statement for pricing errors for a specificagency.
Response: The adjustment will show and a debit or credit on the customer's statement. The adjustment will reflect any description that is passed with the ACH file.	
g.	List all industry-related associations or organizations your company is a member or in which it has direct representation. Including but not limited to any company representation on MasterCard or Visa's boardsor committees.
Response: Fiserv executives sit on the advisory councils and committees for Mastercard, Visa and Discover. Fiserv provides input related to new products, business lines, releases and best practices. With Fiserv strong working relationship with Mastercard and Visa, Fiserv is a regular consultant on potential industry impacts (e.g., issuers, acquirers, merchants and technology) that might arise in the event of card brand rule change. The dedicated senior executives from both Mastercard and Visa ensures Fiserv is aware of Payment Card Brand-sponsored venues for participation. Fiserv and the Payment Card Brands meet to discuss and understand industry changes. **Mastercard and Visa Representation** At this time, Fiserv participates in the following Mastercard Committees and advisory groups: • Mastercard Acquirer Advisory Group • Mastercard Commercial Products Group • Mastercard Customer Alliance Program • Mastercard POI Advisory Additionally, Fiserv participates in the following Visa committees: • Visa Acquirer Steering Committee for QPCA (Qualified Payment Card Agent) • Visa Acquirers Steering Committee • Visa CISP Stakeholder Group • Visa Senior Executive Risk Council In addition, Fiserv also participates in the following: • National Grocers Association (NGA) • Discover Acquirer Advisory Committee • Discover Acquirer Operations Advisory Council (AOAC) – Member • Merchant Advisory Group (MAG) • National Association of Convenience Stores (NACS) • National Automated Clearinghouse Association (NACHA) • PCI Security Standards Council Board of Advisors – Elected Representative • SmartCard Alliance • Special Interest Group for IIAS Standards (SIGIS) – Founding member and Board of Directors • AMEX, Alipay, China Union Pay – Advisors Fiserv is also a member of the board directors for the Electronic Transaction Association (ETA), the National Retail Federation (NRF), the Association of Financial Professionals (AFP), National Grocers Association (NGA), National Association of Convenience Stores (NACS), a member of numerous regional and local trade organizations. Fiserv is also a direct member of Visa and Mastercard in Australia and	

FR 14 – Implementation and Post Implementation Support

	throughout Europe. In addition, Fiserv has a portfolio of BIN sponsors that are represented at Visa and Mastercard.
h.	Describe how the State will receive assistance ensuring each MID is collecting all information required toavoid a downgraded transaction.

Response:

The ClientLine® reporting tool is extremely user friendly. The State can review and download MID activity via the ClientLine® Reporting tool. For this reason, Fiserv does not activity monitor MID activity unless a threshold is reached. Once the Report is downloaded by the State, the Fiserv Account Manager will assist the State with interpreting the report findings. The State Account Manager does periodic reviews, audits, and checks for any downgrades and areas of improvement.

i.	Describe how the State will receive assistance with Fraud Identification, including but not limited to thethresholds in place and how notification would occur.

Response:

During the creation of each account, per agency, a threshold would be determined based on high ticket, average ticket, and total amount processed per month. Anything above the agreed upon threshold, per merchant account, will be flagged. The account and the State would be notified and asked to respond for confirmation.

The Fiserv Fraud Detect solution, a loss prevention platform for eCommerce, is an integrated, intuitive, cutting edge fraud detection and analytics tool that can address total loss prevention needs for payment and non-payment fraud. Powered by machine learning models, Fraud Detect helps detect more fraud than conventional rules-based eCommerce fraud solutions and enables the State and its Agencies to keep more of your profits while saving time and thousands of dollars in potential chargeback losses. Fraud Detect can detect subtle anomalies and signs of fraud without requiring new code or new configurations. This continuous feedback loop allows detection rates to increase over time. Every transaction is evaluated in less than one second, using a best-in-class fraud prevention engine and an extensive payments history database to provide, accept, review or decline recommendations.

The Fraud Detect solution is one of the strongest omni channel, enterprise solutions in the market today that is architected from the ground up to detect payments fraud using machine learning at big data scale. The comprehensive risk management platform is designed to meet the current fraud detection needs of merchants and to be future proof against evolving fraud patterns.

Fraud Detect helps you successfully address current challenges surrounding fraudulent transactions, reduce the number of flagged orders requiring review and lower false positive rates. Fraud Detect adapts to newer fraud patterns with greater agility through a fully integrated modeling and run-time environment. Unlike traditional rules-based solutions that rely on hard-coded rules thresholds. Fiserv machine learning platform uses profiles to compute thresholds that are updated with each incoming transaction as it happens. the State or State Agencies receives a single fraud prevention solution, including both rules engine and machine learning, to make payment and operations safe across all card-not-present channels.

Fraud Detect exposes the growing fraud threats in eCommerce and card-not-present channels. The underlying objective is to deliver a centralized solution that meets the high expectations of system accuracy, performance and flexibility. The success of Fraud Detect is tied to three key business objectives:

- Reduce potentially fraudulent transactions thereby reduce chargeback activity
- Improve customer satisfaction by reducing false decline rates
- Improve the efficiency of resources dedicated to managing at-risk transaction case reviews

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Fraud Detect Product Components

Machine Learning Technology Platform: Protected by the hardened data infrastructure of Fiserv, the high-speed machine learning server processes Fraud Detect proprietary algorithms and external third-party models is scalable to 2,400 transactions per second. This server has been built and optimized to cope with the low latencies required for in-flight payment transaction scoring.

Rules Engine: Fraud Detect powerful visual rules editor allows the State or State Agencies' users to easily create, manage and update fraud prevention rules. Rules can be defined based on expert knowledge about fraud patterns and business needs. Furthermore, the rules engine is tightly integrated with a list management system supporting both white and blacklist(s).

Live Scoring Engine: Real-time in-memory engine processes and scores 100% of transactions, enabling in-flight transaction scoring. This engine ingests all required data, continuously tracking and updating metrics of each individual entity (account, merchant, channel, etc.). Additionally, it performs complex analytical computations and continuously monitors business data to uncover complex and unknown patterns.

Device Fingerprinting: is SDK embedded in the State website or mobile application, up to 160 data elements from the cardholder device will be extracted and passed to Fraud Detect as part of the scoring model. This data has proven to be incredibly predictive in detecting potential fraud.

Automated Fraud Scoring: The scoring process will collect and compile transactional, merchant and chargeback data (and potentially other Fiserv internal data or third party data sources) from the data modeling environment to analyze the fraudulent nature of transactions and provide an Accept, Review or Reject result.

Works with TransArmor tokens: Data is never exposed to third parties as Fraud Detect can score tokens from the Fiserv proprietary tokenization and encryption solution, TransArmor

Transparent Results: Fraud Detect white box machine learning algorithms provide full transparency into the factors driving risk scores. Fraud analysts will be provided with clear and understandable reasons behind the score for each transaction.

Recognizes Customers, Not Segments: Fraud Detects "Segment of One" approach drives superior accuracy by continuously profiling every single customer.

Intuitive Dashboards: Web-based reporting and administration dashboards are accessible from any standard browser without the need for the State or State Agencies installation.

Case Management System: Single portals allow you to monitor both alerts generated by the fraud prevention engine, as well as manage all open investigative cases as result of those alerts. With a strong emphasis on usability and fraud analysts' productivity, it provides a complete solution for fraud prevention operations.

Fraud Detect with First API Integration for data access
As consumers have come to expect the ability to order and pay anywhere, any way and from any device as new technology is introduced into the marketplace, which leverages Fiserv extensive experience, partnerships and capabilities to capitalize on these emerging themes and developed an integration that works with any payment gateway technology. Therefore allows ease when integrating Fraud Detect securely and receive real-time scoring responses through a single API integration solution.

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Through the propose API, the State and its State Agencies can access Fraud Detect services through a simple Web Service integration independently of the State current gateway connectivity. This can be used in combination with multiple solutions and is compatible with multiple technologies and gateways. Fiserv solutions allows the State to easily integrate to Fraud Detect with simplified RESTful APIs.

Addendum Acknowledgement

Per Section II, Terms and Conditions, A General – We acknowledge the following Addenda.

Name of Addendum	Date of Addendum
Addendum One - Questions and Answers Statements June 2020 July 2020 August 2020 September 2020 October 2020 November 2020 December 2020 January 2021 February 2021 March 2021 April 2021 May 2021	06/25/21
Addendum Two - Questions and Answers - Round Two	07/14/21
Addendum Three - Additional Questions and Answers - Round Two	07/16/21
Addendum Four - Intent to Bid	07/26/21

Addendum will become part of the Request for Proposal and should be acknowledged with the Request for Proposal response.

Per RFP requirements, we acknowledge the above Addendum(s) which will become a part of the Request for Proposal and therefore a part of the final contract.

Appendices

Appendix 1 – Financial Statements

Appendix 2 – Professional Services Agreement (PSA)

Appendix 3 – Full Sample of Processing Statement

Pinnacle Bancorp, Inc

Independent Auditor's Report and Consolidated Financial
Statements and Supplementary Information
September 30, 2020 and 2019

Pinnacle Bancorp, Inc.
September 30, 2020 and 2019

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Omaha, Nebraska

Report on the Financial Statements and Internal Control

We have audited the accompanying consolidated financial statements of Pinnacle Bancorp, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements. We also have audited Pinnacle Bancorp, Inc.'s, internal control over financial reporting as of September 30, 2020, based on criteria established in the *Internal Control – Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management also is responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Report of Management.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the entity's internal control over financial reporting based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement and whether effective internal control over financial reporting was maintained in all material respects.

An audit of consolidated financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of consolidated financial statements also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

An audit of internal control over financial reporting involves performing procedures to obtain evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risk that a material weakness exists. An audit of internal control over financial reporting also involves obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA), our audit of Pinnacle Bancorp Inc.'s internal control over financial reporting included controls over the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and with the instructions to the Consolidated Financial Statements for Bank Holding Companies (Form FR Y-9-C).

An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pinnacle Bancorp, Inc. and its subsidiaries as of September 30, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, Pinnacle Bancorp, Inc., maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on criteria established in the *Internal Control – Integrated Framework* (2013), issued by the COSO.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

Omaha, Nebraska
December 1, 2020

Pinnacle Bancorp, Inc.
Consolidated Balance Sheets
September 30, 2020 and 2019
(amounts in thousands except share data)

Assets

	2020	2019
Cash and cash equivalents	$ 1,168,48	$ 774,625
Interest-bearing time deposits in banks	9,140	11,366
Securities	3,080,949	2,586,133
Loans, net of allowance for loan losses of $130,368 and $115,395 at September 30, 2020 and 2019	9,493,722	8,159,726
Premises and equipment, net	227,350	212,080
Interest receivable	71,406	64,865
Nonmarketable equity securities, at cost	8,754	7,058
Goodwill	119,822	119,822
Intangible assets	11,271	15,213
Other assets	50,387	59,758
Total assets	$ 14,241,288	$ 12,010,646

Liabilities and Stockholders' Equity

		2020		2019
Liabilities				
Deposits				
Demand	$	1,500,663	$	1,164,117
Demand-interest bearing		535,073		548,413
Savings		8,349,414		6,445,973
Time		1,858,951		2,121,639
Total deposits		12,244,101		10,280,142
Federal funds purchased and securities sold under				
agreements to repurchase		266,745		217,550
FHLB advances and other borrowed funds		102,918		111,869
Subordinated debentures		126,620		140,720
Deferred tax liability		844		705
Interest payable and other liabilities		88,110		69,193
Total liabilities		12,829,338		10,820,179
Stockholders' Equity				
Common stock, voting, $.0001 par value,				
authorized 2020 and 2019 - 2,550,000 shares; issued and		-		-
outstanding 2020 and 2019 - 2,112,190 shares				
Common stock, nonvoting, $.0001 par value,				
authorized 2020 and 2019 - 2,450,000 shares; issued and				
outstanding 2020 and 2019 - 2,029,359 shares		-		-
Additional paid-in capital		608		608
Retained earnings		1,343,947		1,171,210
Accumulated other comprehensive income		65,024		16,220
Total Pinnacle Bancorp, Inc. stockholders' equity		1,409,579		1,188,038
Noncontrolling interests		2,371		2,429
Total stockholders' equity		1,411,950		1,190,467
Total liabilities and stockholders' equity		$	$	12,010,646

Pinnacle Bancorp, Inc.
Consolidated Statements of Income
Years Ended September 30, 2020 and 2019
(amounts in thousands)

	2020	2019
Interest and Dividend Income		
Loans	$ 433,957	$ 409,425
Securities	57,456	50,488
Dividends	380	360
Federal funds sold and deposits with other financial institutions	6,621	8,669
Total interest income	498,414	468,942
Interest Expense		
Deposits	61,976	74,849
Federal funds purchased and securities sold under agreements to repurchase	1,303	2,964
Federal Home Loan Bank advances and other borrowed funds	3,376	3,097
Subordinated Debentures	3,153	851
Total interest expense	69,808	81,761
Net Interest Income	428,606	387,181
Provision for Loan Losses	15,656	5,017
Net Interest Income After Provision for Loan Losses	412,950	382,164
Noninterest Income		
Customer service fees	18,822	21,543
Net realized gains (losses) on available-for-sale securities	2	(7)
Unrealized gain (loss) on equity securities	1,112	(678)
Other	75,553	69,488
Total noninterest income	95,489	90,346
Noninterest Expense		
Salaries and employee benefits	176,538	159,027
Occupancy and equipment	32,616	30,130
Amortization of intangible assets	3,940	4,845
Other	74,367	73,955
Total noninterest expense	287,461	267,957
Income Before Income Taxes	220,978	204,553
Provision for Income Taxes	47,847	44,259
Net Income	173,131	160,294
Net Income Attributable to Noncontrolling Interests	394	809
Net Income Attributable to Pinnacle Bancorp, Inc.	$ 172,737	$ 159,485

Pinnacle Bancorp, Inc.
Consolidated Statements of Comprehensive Income
Years Ended September 30, 2020 and 2019
(amounts in thousands)

	2020	2019
Net Income	$ 173,131	$ 160,294
Other Comprehensive Income		
Unrealized appreciation on available-for-sale securities	63,089	83,371
Reclassification adjustment for realized (gains) losses included in net income	(2)	7
Net tax effect	(14,283)	(19,592)
Net of tax amount	48,804	63,786
Comprehensive Income	221,935	224,080
Less: Comprehensive Income Attributable to Noncontrolling Interests	394	809
Comprehensive Income Attributable to Pinnacle Bancorp, Inc.	$ 221,541	$ 223,271

Pinnacle Bancorp, Inc.
Consolidated Statements of Stockholders' Equity
Years Ended September 30, 2020 and 2019
(amounts in thousands except share data)

	Common Stock - Voting		Common Stock - Nonvoting		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests	Total
	Shares	Par Value	Shares	Par Value						
Balance, September 30, 2018	2,112,190	$ -	2,029,359	$ -	$ 608	$ -	$ 1,158,432	$ (35,225)	$ 2,31	$ 1,126,127
Net income	-	-	-	-	-	-	159,485	-	809	160,294
Cumulative effect of accounting change	-	-	-	-	-	-	12,341	(12,341)	-	-
Other comprehensive income	-	-	-	-	-	-	-	63,786	-	63,786
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	(692)	(692)
Dividends paid, $38 per share	-	-	-	-	-	-	(155,720)	-	-	(155,720)
Purchase of treasury stock	(49,938)	-	(47,980)	-	-	(33,338)	-	-	-	(33,338)
Sale of treasury stock	49,938	-	47,980	-	-	33,338	(3,328)	-	-	30,010
Balance, September 30, 2019	2,112,190	-	2,029,359	-	608	-	1,171,210	16,220	2,429	1,190,467
Net income	-	-	-	-	-	-	172,737	-	394	173,131
Other comprehensive income	-	-	-	-	-	-	-	48,804	-	48,804
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	(452)	(452)
Balance, September 30, 2020	2,112,190	$ -	2,029,359	$ -	$ 608	$ -	$ 1,343,947	$ 65,024	$	$ 1,411,950

See Notes to Consolidated Financial Statements

Pinnacle Bancorp, Inc.
Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019
(amounts in thousands)

	2020	2019
Operating Activities		
Net income before attribution of noncontrolling interests	$ 173,131	$ 160,294
Net income attributable to noncontrolling interests	394	809
Net income attributable to Pinnacle Bancorp, Inc.	172,737	159,485
Items not requiring (providing) cash		
Depreciation and amortization	21,442	20,248
Provision for loan losses	15,656	5,017
Amortization and accretion	11,681	8,788
Net realized (gains) losses on available-for-sale securities	(2)	7
Unrealized (gain) loss on equity securities	(1,112)	678
Deferred tax benefit	(14,423)	(680)
Net loss on sale of premises and equipment	(3,069)	(117)
Changes in (net of acquisitions)		
Interest receivable	(6,541)	(5,719)
Other assets	9,371	4,714
Interest payable and other liabilities	18,917	1,661
Noncontrolling interests in subsidiaries	394	809
Net cash provided by operating activities	225,051	194,891
Investing Activities		
Purchases of securities	(1,226,658)	(667,521)
Proceeds from sales, maturities and paydowns of securities	784,641	312,058
Net decrease in interest-bearing deposits with banks	2,226	4,710
Net (increase) decrease in nonmarketable equity securities	(1,696)	491
Net originations of loans	(1,349,652)	(475,278)
Purchases of premises and equipment	(38,212)	(30,809)
Proceeds from sale of premises and equipment	8,511	1,195
Net cash paid to sellers for acquisitions	-	(9,762)
Net cash used in investing activities	(1,820,840)	(864,916)

Pinnacle Bancorp, Inc.
Consolidated Statements of Cash Flows - Continued
Years Ended September 30, 2020 and 2019
(amounts in thousands)

		2020		2019
Financing Activities				
Net increase in deposit accounts	$	1,963,959	$	1,003,747
Proceeds from FHLB advances and other borrowed funds		12,795		130,475
Payments on FHLB advances and other borrowed funds		(21,746)		(85,230)
Issuance of subordinated debentures		-		140,720
Payments on subordinated debentures		(14,100)		-
Net change in federal funds purchased and securities sold under agreements to repurchase		49,195		2,194
Purchase of Common Stock		-		(33,337)
Sale of Common Stock		-		30,010
Dividends paid		-		(155,720)
Other		(452)		(423)
Net cash provided by financing activities		1,989,651		1,032,436
Increase in Cash and Cash Equivalents		393,862		362,411
Cash and Cash Equivalents, Beginning of Year		774,625		412,214
Cash and Cash Equivalents, End of Year	$	1,168,487	$	774,625
Supplemental Cash Flows Information				
Interest paid	$	69,092	$	80,518
Income taxes paid	$	55,352	$	55,790

In 2019, the Company paid net cash of $9,762,000 to acquire substantially all of the assets and assume all of the liabilities of Pinnacle Data Services as described in Note 3. In conjunction with this acquisition, assets acquired and liabilities assumed were as follows (in thousands):

Assets acquired	$	10,436
Noncontrolling interest acquired		270
Less: cash paid		(10,554)
Liabilities assumed	$	152

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Pinnacle Bancorp, Inc. ("the Company") is a multi-bank financial holding company whose principal activity is ownership and management of its majority-owned subsidiaries.

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries: Pinnacle Bank, Lincoln, Nebraska; Pinnacle Bank – Wyoming, Cody, Wyoming; Bank of Colorado, Fort Collins, Colorado; Pinnacle Bank, Fort Worth, Texas; PFS Insurance Group, LLC, a company which provides various insurance services to its customers and Skybank, LLC, a company which provides flight services.

The Company is engaged in banking and insurance services primarily in the Midwestern United States, primarily in the states of Nebraska, Colorado, Texas, Wyoming, Missouri, New Mexico, Kansas and Arizona. The Banks are subject to competition from other financial institutions. The Banks are subject to the regulation of certain federal and state agencies and undergo periodic examinations by those regulatory authorities.

Principles of Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation.

Variable Interest Entities

A legal entity is referred to as a variable interest entity ("VIE") if any of the following conditions exist: (1) the total equity investment at risk is insufficient to permit the legal entity to finance its activities without additional subordinated financial support from other parties, or (2) the entity has equity investors that cannot make significant decisions about the entity's operations or that do not absorb their proportionate share of the expected losses or receive the expected returns of the entity.

In addition, a VIE must be consolidated by the Company if it is deemed to be the primary beneficiary of the VIE, which is the party involved with the VIE that will absorb a majority of the expected losses, receive a majority of the expected residual returns, or both. The Company has significant variable interests in VIEs that are not consolidated because the Company is not the primary beneficiary.

All facts and circumstances are taken into consideration when determining whether the Company has variable interests that would deem it the primary beneficiary and, therefore, require consolidation of the related VIE or otherwise rise to the level where disclosure would provide useful information to the users of the Company's financial statements. In some cases, it is qualitatively clear based on the extent of the Company's involvement or the seniority of its investments that the Company is not the primary beneficiary of the VIE. In other cases, a more detailed and quantitative analysis is required to make such a determination.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Variable Interest Entities - Continued

The Company generally considers the following types of involvement to be significant:

- Assisting in the structuring of a transaction and retaining any amount of debt financing (for example, loans, notes, bonds or other debt instruments) or an equity investment (for example, common shares, partnership interests or warrants)
- Writing credit protection (for example, guarantees, letters of credit, credit default swaps or total return swaps where the Company receives the total return or risk on the assets held by the VIE)

The Company regularly monitors unconsolidated VIEs to determine if any reconsideration events have occurred that would cause the VIEs to be consolidated.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the fair value of financial instruments.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all which have original maturities of 90 days or less.

Interest-bearing Deposits in Banks

Interest-bearing deposits in banks mature within one year and are carried at cost.

Securities

Available-for-sale debt securities are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income, net of taxes. Disproportionate income tax effects for available-for-sale securities are released using the "aggregate portfolio" approach. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Securities - Continued

method. Marketable equity securities are carried at fair value with changes in fair value reported in net income.

For debt securities with fair value below amortized cost when the Company does not intend to sell a debt security, and it is more likely than not the Company will not have to sell the security before recovery of its cost basis, it recognizes the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income.

On October 1, 2018, the Company adopted the new accounting standard for Financial Instruments, which requires equity investments to be measured at fair value with charges in fair value recognized in net income. The adoption of the guidance resulted in a $12,341,000 increase to beginning retained earnings and a $12,341,000 decrease to beginning accumulated other comprehensive income. Due to the change in the fair value of equity securities, $1,112,000 in unrealized gains and $678,000 in unrealized losses were recognized in net income during 2020 and 2019, respectively.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market using the "best efforts" method are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. Mortgage loans originated and intended for sale in the secondary market using the "mandatory delivery" method are valued using the fair value option and recorded at fair value as of the balance sheet date. The fair value of mortgage loans originated includes the servicing value of the loans as well as any accrued interest. Gains and losses on loan sales are recorded in noninterest income.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balances adjusted for unearned income, charge-offs, the allowance for loan losses, any unamortized deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Credit card loans and other personal loans are typically charged-off no later than 180 days past due. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

**Note 1: Nature of Operations and Summary of Significant Accounting Policies –
  Continued**

Loans - Continued

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Discounts and premiums on purchased loans are amortized to income over the expected lives of the loans using methods that approximate the interest method.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance for loan losses when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance for loan losses.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance for loan losses consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance for loan losses is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Company's internal risk rating process. Other adjustments may be made to the allowance for loan losses for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Allowance for Loan Losses - Continued

consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are the subject of a restructuring agreement due to financial difficulties of the borrower.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation and amortization computed on the straight-line method over the estimated useful lives of the assets or the expected terms of the leases, if shorter. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured.

Nonmarketable Equity Securities

The Company, as a member of several of the Federal Home Loan Banks ("FHLB"), is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions of the FHLB, the stock has no quoted market value and is carried at cost. Management reviews for impairment based on the ultimate recoverability of the cost basis in the FHLB stock.

Foreclosed Assets Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure (included in other assets), establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net income or expense from foreclosed assets.

Goodwill

Goodwill is tested annually for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Intangible Assets

Intangible assets with finite lives are comprised of core value of deposits and other intangible assets which are being amortized using the straight-line method primarily over periods of 1 to 15 years. Such assets are periodically evaluated as to the recoverability of their carrying values.

Derivatives

Derivatives are recognized as assets and liabilities on the consolidated balance sheet and measured at fair value. Fair value is based on dealer quotes, pricing models, discounted cash flow methodologies or similar techniques for which the determination of fair value may require significant management judgment or estimation.

Derivative Loan Commitments

Mortgage loan commitments that relate to the origination of a mortgage that will be held for sale upon funding are considered derivative instruments under the derivatives and hedging accounting guidance. Loan commitments that are derivatives are recognized at fair value on the consolidated balance sheet in other assets and other liabilities with changes in their fair values recorded in noninterest income.

Forward Loan Sale Commitments

The Company carefully evaluates all loan sales agreements to determine whether they meet the definition of a derivative under the derivatives and hedging accounting guidance, as facts and circumstances may differ significantly. If agreements qualify, to protect against the price risk inherent in derivative loan commitments, the Company uses both "mandatory delivery" forward loan sale commitments to mitigate the risk of potential decreases in the values of loans that would result from the exercise of the derivative loan commitments. Mandatory delivery contracts are accounted for as derivative instruments. Accordingly, forward loan sale commitments are recognized at fair value on the consolidated balance sheet in other assets and liabilities with changes in their fair values recorded in other noninterest income.

The Company estimates the fair value of its forward loan sales commitments using a methodology similar to that used for derivative loan commitments.

Self Insurance

The Company has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Company has purchased insurance that limits its exposure for individual claims for the employee health benefit programs.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Income Taxes

Income taxes are accounted for in accordance with ASC 740, Income Taxes. The guidance accounts for income tax expense with two components: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of enacted tax law to the taxable income or excess deductions over income. The Company determines deferred income taxes using the liability or balance sheet method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

The Company files consolidated income tax returns with its subsidiaries.

Trust Assets

Assets (other than cash deposits) held in fiduciary or agency capacity for customers are not included in the accompanying consolidated balance sheets, since such items are not assets of the Company or its subsidiaries.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies – Continued

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains on securities available for sale and unrealized losses related to factors other than credit on debt and equity securities, which are recognized as separate components of equity.

Nebraska Department of Banking and Finance Requirements

The audits of the Company are designed to meet the minimum requirements of 45 NAC 25-001 of the Nebraska Department of Banking and Finance for Pinnacle Bank, Lincoln, Nebraska.

Note 2: Restriction on Cash and Due From Banks

The Company is required to maintain average balances on hand or with the Federal Reserve Bank. At September 30, 2019, these reserve balances amounted to $10,478,000. At September 30, 2020, there was no reserve balance requirement.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 3: Acquisitions

During January 2019, the Company paid cash to acquire substantially all of the assets and assumed substantially all of the liabilities of Pinnacle Data Services.

The intangible assets have a useful life of fifteen years and are being amortized using the straight-line method. Amounts paid for intangible assets are expected to be deductible for tax purposes.

As a result of the acquisition, management believes the Company will have an opportunity to increase its customer base and reduce costs through economies of scale. The acquisition has been accounted for as a purchase by recording the assets and liabilities of the acquired company at their estimated fair values at the acquisition date. The consolidated operations of the Company include the operations of the company from the acquisition date. The following table summarizes the values of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Cash and cash equivalents	$	792
Premises and equipment		5,353
Other intangibles		1,284
Other assets		3,007
Total assets acquired		10,436
Other liabilities		152
Total liabilities assumed		152
Noncontrolling interests		(270)
Cash paid for net assets acquired	$	10,554

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 4: Securities

The amortized cost and fair value, with gross unrealized gains and losses at September 30, 2020 and 2019 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
2020				
Securities available for sale				
Debt securities				
U.S. Treasury and federal agency	$ 70,927	$ 2,312	$ -	$ 73,239
U.S. Government-sponsored enterprises ("GSEs")	731,316	11,084	(755)	741,645
State and political subdivisions	418,957	6,805	(84)	425,678
Mortgage-backed (GSE residential)	1,731,859	76,695	(318)	1,808,236
Total debt securities	2,953,059	96,896	(1,157)	3,048,798
Marketable equity securities	18,646	13,559	(54)	32,151
	$ 2,971,705	$ 110,455	$ (1,211)	$ 3,080,949
2019				
Securities available for sale				
Debt securities				
U.S. Treasury and federal agency	$ 260,468	$ 883	$ (41)	$ 261,309
U.S. Government-sponsored enterprises ("GSEs")	583,455	5,745	(108)	589,093
State and political subdivisions	250,639	966	(142)	251,463
Mortgage-backed (GSE residential)	1,435,311	26,667	(1,605)	1,460,373
Total debt securities	2,529,873	34,261	(1,896)	2,562,238
Marketable equity securities	11,494	12,418	(17)	23,895
	$ 2,541,367	$ 46,679	$ (1,913)	$ 2,586,133

The carrying value of securities pledged as collateral to secure public deposits, securities sold under agreements to repurchase, and for other purposes, was $1,490,120,000 and $1,247,139,000 at September 30, 2020 and 2019, respectively.

Note 4: Securities - Continued

The amortized cost and fair value of available for sale securities by contractual maturity at September 30, 2020 are shown below. Actual maturities may differ from expected or contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(in thousands)	
Within one year	$	$ 122,382
One to five years	518,257	532,374
Five to ten years	406,368	409,083
After ten years	175,136	176,723
	1,221,200	1,240,562
Mortgage-backed securities	1,731,859	1,808,236
Totals	$ 2,953,059	$ 3,048,798

For the years ended September 30, 2020 and 2019, proceeds from sales of securities available for sale totaled $9,881,000 and $5,542,000, respectively. Gross realized gains totaled $7,000 during 2020. Gross realized losses totaled $5,000 and $7,000 during 2020 and 2019, respectively.

Certain investments in debt securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at September 30, 2020 and 2019, was $342,253,000 and $559,919,000, respectively, which is approximately 11.1% and 21.7%, respectively, of the Company's available-for-sale investment portfolio. These declines resulted from recent increases in market interest rates, failure of certain investments to maintain consistent credit quality ratings, changes in the market's perception of current risks or failure to meet projected earnings targets.

Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary or are not material.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

Note 4: Securities - Continued

The following table shows gross unrealized losses and approximate fair value, aggregated by investment class and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2020 and 2019:

Description of Available-for-sale Securities	Less than 12 Months Fair Value	Unrealized Losses	12 Months or More Fair Value	Unrealized Losses	Total Fair Value	Unrealized Losses
			(in thousands)			
2020						
U.S. Government-sponsored enterprises (GSEs)	$ 145,407 $	(512) $	39,359 $	(243) $	184,766 $	(755)
State and political subdivisions	18,932	(82)	547	(2)	19,479	(84)
Mortgage-backed securities (GSE residential)	129,928	(263)	8,080	(55)	138,008	(318)
Total temporarily impaired securities	$ 294,267 $	(857) $	47,986 $	(300) $	342,253 $	(1,157)
2019						
U.S. Treasury and federal agency	$ 134,737 $	(31) $	25,062 $	(10) $	159,799 $	(41)
U.S. Government-sponsored enterprises (GSEs)	6,795	-	64,180	(108)	70,975	(108)
State and political subdivisions	-	-	54,664	(142)	54,664	(142)
Mortgage-backed securities (GSE residential)	37,681	(68)	236,800	(1,537)	274,481	(1,605)
Total temporarily impaired securities	$ 179,213 $	(99) $	380,706 $	(1,797) $	559,919 $	(1,896)

Based on an analysis of its investment securities with unrealized losses as of September 30, 2020 and 2019, the Company determined that none of such securities had other-than-temporary impairment and the unrealized losses were primarily the result of interest rate changes, market spreads subsequent to acquisition and other market conditions. The fair value of the investment securities is expected to recover as payments are received and the securities approach maturity. At September 30, 2020, management determined that it did not intend to sell investment securities with unrealized losses, and there was no expected requirement to sell any of its investment securities with unrealized losses before recovery of their amortized cost.

Note 4: Securities - Continued

The following table shows the components of accumulated other comprehensive income from net unrealized gain on securities available for sale for the years ended September 30, 2020 and 2019:

	2020	2019
	(in thousands)	
Balance, beginning of year	$ 16,220	$ (35,225)
Net unrealized holding gain arising during the period	63,089	83,371
Reclassification adjustment for net (gain) loss realized in net income	(2)	7
Income tax expense	(14,283)	(19,592)
Cumulative effect of accounting change	-	(12,341)
Balance, end of year	$ 65,024	$ 16,220

Note 5: Loans and Allowance for Loan Losses

Classes of loans at September 30, 2020 and 2019, include:

	2020	2019
	(in thousands)	
Commercial	$ 1,434,487	$ 643,487
Agricultural	1,758,278	1,771,523
Construction and land development	1,036,208	835,309
Commercial real estate	3,103,337	2,916,074
Residential real estate	2,019,588	1,902,515
Consumer and other	307,464	217,718
Gross loans	9,659,362	8,286,626
Less		
Net deferred loan fees	(35,272)	(11,505)
Allowance for loan losses	(130,368)	(115,395)
Net loans	$ 9,493,722	$ 8,159,726

At September 30, 2020 and 2019, loans collateralized by real estate totaling approximately $4,524,324,000 and $4,273,338,000, respectively, were specifically pledged as collateral for FHLB borrowings. Loans sold with recourse provisions totaled approximately $404,070,000 and $118,027,000 at September 30, 2020 and 2019, respectively.

Included in residential real estate loans are loans held for sale of $93,497,000 and $56,772,000 at September 30, 2020 and 2019, respectively.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
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Note 5: Loans and Allowance for Loan Losses - Continued

Residential real estate loans sold for the period ending September 30, 2020 and 2019 is $1,301,425,000 and $675,153,000, respectively

The following table presents the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method at September 30, 2020 (in thousands):

2020	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Allowance for loan losses							
Balance, beginning of year	$ 10,545	$ 24,440	$ 11,294	$ 39,959	$ 26,029	$ 3,128	$ 115,395
Provision charged to expense	9,856	660	2,280	1,793	(571)	1,638	15,656
Losses charged off	(497)	(9)	(109)	(92)	(101)	(1,019)	(1,827)
Recoveries	279	9	29	24	255	548	1,144
Balance, end of year	$ 20,183	$ 25,100	$ 13,494	$ 41,684	$ 25,612	$ 4,295	$ 130,368
Ending balance: individually evaluated for impairment	$ 2,910	$ 395	$ 108	$ 1,514	$ 683	$ 155	$ 5,765
Ending balance: collectively evaluated for impairment	$ 17,273	$ 24,705	$ 13,386	$ 40,170	$ 24,929	$ 4,140	$ 124,603
Ending balance: loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans							
Ending balance	$ 1,434,487	$ 1,758,278	$ 1,036,208	$ 3,103,337	$ 2,019,588	$ 307,464	$ 9,659,362
Ending balance: individually evaluated for impairment	$ 6,081	$ 18,249	$ 732	$ 13,129	$ 7,063	$ 267	$ 45,521
Ending balance: collectively evaluated for impairment	$ 1,428,402	$ 1,739,820	$ 1,035,476	$ 3,089,540	$ 2,012,402	$ 307,197	$ 9,612,837
Ending balance: loans acquired with deteriorated credit quality	$ 4	$ 209	$ -	$ 668	$ 123	$ -	$ 1,004

Note 5: Loans and Allowance for Loan Losses - Continued

The following table presents the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method at September 30, 2019 (in thousands):

2019	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Allowance for loan losses							
Balance, beginning of year	$ 10,331	$ 23,898	$ 10,736	$ 39,207	$ 25,162	$ 3,046	$ 112,380
Provision charged to expense	1,206	514	529	446	1,336	986	5,017
Losses charged off	(1,205)	-	-	-	(688)	(1,289)	(3,182)
Recoveries	213	28	29	306	219	385	1,180
Balance, end of year	$ 10,545	$ 24,440	$ 11,294	$ 39,959	$ 26,029	$ 3,128	$ 115,395
Ending balance: individually evaluated for impairment	$ 1,787	$ 670	$ 140	$ 412	$ 936	$ 21	$ 3,966
Ending balance: collectively evaluated for impairment	$ 8,758	$ 23,770	$ 11,154	$ 39,547	$ 25,093	$ 3,107	$ 111,429
Ending balance: loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans							
Ending balance	$ 643,487	$ 1,771,523	$ 835,309	$ 2,916,074	$ 1,902,515	$ 217,718	$ 8,286,626
Ending balance: individually evaluated for impairment	$ 4,807	$ 21,257	$ 703	$ 4,440	$ 6,857	$ 61	$ 38,125
Ending balance: collectively evaluated for impairment	$ 638,200	$ 1,749,825	$ 834,496	$ 2,910,712	$ 1,894,231	$ 217,655	$ 8,245,119
Ending balance: loans acquired with deteriorated credit quality	$ 480	$ 441	$ 110	$ 922	$ 1,427	$ 2	$ 3,382

Note 5: Loans and Allowance for Loan Losses - Continued

Internal Risk Categories

Loan grades are numbered 1 through 7. Grades 1 through 3 are considered satisfactory grades. The grades of 4 and 5 represent loans with negative trends but do not warrant classified status. The grades of 6, or Substandard, and 7, or Doubtful, refer to assets that are classified. The use and application of these grades by the Company will be uniform and shall conform to the Company's policy.

1 – Prime Quality: Loans that far exceed minimum bank underwriting standards in the following areas: 1) financial strength, in both liquidity and solvency; 2) repayment capacity and secondary source of repayment; and 3) collateral (both margin and marketability must be strong). These loans should be well documented with no critical documentation exceptions. Management and applicable guarantors should be well known to the Company, and character should be considered excellent.

Loans that are fully secured by a properly perfected security interest in CD's issued by the originating bank could also be assigned a risk rating of 1.

2 – Good Quality: Loans that exceed minimum bank underwriting standards in the following areas: 1) financial strength, both liquidity and solvency; 2) repayment capacity and secondary source of repayment; and 3) collateral (both margin and marketability must be strong). These loans possess no identifiable risk of collection, and they conform to bank policy. Documentation exceptions are minimal, are in the process of being corrected, and of a type that would not introduce loan loss risk. Management and character should be considered strong.

3 – Acceptable Quality: Loans that meet or exceed minimum underwriting standards. Exceptions to policy are generally warranted by factors such as strong guarantor support, previous experience with the borrower, or substantial deposits in the originating bank. Identified weaknesses with the credit are not sufficient to warrant a watch or problem loan status.

4 – Watch Credit: Loans that exhibit downward financial condition trends, management issues, or emerging problems beyond the borrowers' control. These conditions would require special attention by the loan officer. Concerns are not significant enough to warrant problem loan status. Loans in this category represent an early warning system for potential problem loan downgrades if the weaknesses are not corrected.

5 – Special Mention: A Special Mention credit has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the credit or the bank's collateral position at some future date. Special mention credits are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

Note 5: Loans and Allowance for Loan Losses - Continued

Internal Risk Categories - Continued

6 – Substandard: A Substandard credit is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Extensions of credit so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the bank will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard credits, does not have to exist in individual extensions of credit classified substandard.

7 – Doubtful: An extension of credit classified as Doubtful has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors that may work to the advantage of or strengthen the credit, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors may include a proposed merger or acquisition, liquidation proceedings, court ruling, capital injection, perfecting liens on additional collateral, or refinancing plans.

Risk characteristics applicable to each segment of the loan portfolio are described as follows.

Commercial: The commercial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

Agriculture: The agriculture portfolio includes loans to agricultural customers for use in financing agricultural related working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's agricultural operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from operations.

Construction and Land Development: Construction and land development loans are usually based upon estimates of costs and estimated value of the completed project and include independent appraisal reviews and a financial analysis of the developers and property owners. Sources of repayment of these loans may include permanent loans, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are considered to be higher risk than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions and the availability of long-term financing. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

Note 5: Loans and Allowance for Loan Losses - Continued

Internal Risk Categories - Continued

Commercial Real Estate: Commercial real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

Residential Real Estate: Residential real estate are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Company's market areas that might impact either property values or a borrower's personal income. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Consumer and Other: The consumer and other loan portfolio consists of various term and line of credit loans such as automobile loans and loans for other personal purposes. Repayment for these types of loans will come from a borrower's income sources that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Company's market area) and the creditworthiness of a borrower.

Note 5: Loans and Allowance for Loan Losses - Continued

The Company evaluates the loan risk grading system definitions and allowance for loan loss methodology on an ongoing basis. No significant changes were made to either during the past year. The following tables present the credit risk profile of the Company's loan portfolio based on internal rating category and payment activity at September 30, 2020 and 2019 (in thousands):

2020	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Unclassified (1-5)	$ 1,426,274	$ 1,676,646	$ 1,035,229	$	$	$ 306,979	$ 9,535,473
Substandard (6)	8,182	81,632	979	18,786	13,227	474	123,280
Doubtful (7)	31	-	-	104	463	11	609
Total	$ 1,434,487	$	$ 1,036,208	$	$	$ 307,464	$ 9,659,362

2019	Commercial	Agricultural	Construction and Land Development	Commercial Real Estate	Residential Real Estate	Consumer and Other	Total
Unclassified (1-5)	$ 637,598	$ 1,676,392	$ 834,235	$	$ 1,891,451	$ 217,435	$ 8,159,264
Substandard (6)	5,769	95,131	1,074	13,921	10,601	265	126,761
Doubtful (7)	120	-	-	-	463	18	601
Total	$ 643,487	$	$ 835,309	$ 2,916,074	$ 1,902,515	$ 217,718	$ 8,286,626

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
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Note 5: Loans and Allowance for Loan Losses - Continued

The following tables present the Company's loan portfolio aging analysis as of September 30, 2020 and 2019 (in thousands):

2020	30-90 Days Past Due & Accruing	Greater Than 90 Days & Accruing	Non-Accruing	Total Past Due	Current	Total Loans
Commercial	$ 2,127	$	$ 5,443	$	$ 1,426,655	$ 1,434,487
Agricultural	8,190	1,026	10,557	19,773	1,738,505	1,758,278
Construction and land development	6,490	329	234	7,053	1,029,155	1,036,208
Commercial real estate	17,017	-	12,094	29,111	3,074,226	3,103,337
Residential real estate	8,212	1,600	4,137	13,949	2,005,639	2,019,588
Consumer and other	1,801	59	192	2,052	305,412	307,464
Total	$	$ 3,276	$	$ 79,770	$ 9,579,592	$ 9,659,362

2019	30-90 Days Past Due & Accruing	Greater Than 90 Days & Accruing	Non-Accruing	Total Past Due	Current	Total Loans
Commercial	$	$ 1,253	$ 3,560	$ 16,106	$	$ 643,487
Agricultural	5,836	6,546	11,579	23,961	1,747,562	1,771,523
Construction and land development	6,891	-	729	7,620	827,689	835,309
Commercial real estate	6,526	3,638	2,423	12,587	2,903,487	2,916,074
Residential real estate	9,095	516	3,352	12,963	1,889,552	1,902,515
Consumer and other	2,017	191	85	2,293	215,425	217,718
Total	$	$ 12,144	$ 21,728	$ 75,530	$ 8,211,096	$ 8,286,626

Note 5: Loans and Allowance for Loan Losses - Continued

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 31010-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans but also include loans modified in troubled debt restructurings.

The following table presents impaired loans for the year ended September 30, 2020 (in thousands):

2020	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Commercial	$ 330	$	$ -	$ 367	$ 20
Agricultural	14,449	15,440	-	15,884	424
Construction and land development	64	68	-	37	-
Commercial real estate	2,883	2,889	-	2,881	50
Residential real estate	2,388	2,427	-	2,087	40
Consumer and other	53	53	-	43	3
Loans with a specific valuation allowance					
Commercial	5,751	6,162	2,910	5,199	153
Agricultural	3,800	3,975	395	4,204	85
Construction and land development	668	915	108	796	20
Commercial real estate	10,246	10,400	1,514	6,019	31
Residential real estate	4,675	6,336	683	5,698	127
Consumer and other	214	214	155	121	1
Total					
Commercial	6,081	6,492	2,910	5,566	173
Agricultural	18,249	19,415	395	20,088	509
Construction and land development	732	983	108	833	20
Commercial real estate	13,129	13,289	1,514	8,900	81
Residential real estate	7,063	8,763	683	7,785	167
Consumer and other	267	267	155	164	4
Total	$ $ 49,209	$ 5,765	$ 43,336	$ 954	

Note 5: Loans and Allowance for Loan Losses - Continued

The following table presents impaired loans for the year ended September 30, 2019 (in thousands):

2019	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Commercial	$ 404	$	$	$ 1,690	$ 23
Agricultural	16,732	17,319	-	28,297	476
Construction and land development	10	10	-	17	1
Commercial real estate	2,823	2,878	-	612	85
Residential real estate	1,686	1,786	-	2,079	44
Consumer and other	34	34	-	27	-
Loans with a specific valuation allowance					
Commercial	4,403	4,647	1,787	3,225	223
Agricultural	4,525	4,608	670	7,243	124
Construction and land development	693	924	140	1,554	11
Commercial real estate	1,617	1,792	412	8,013	88
Residential real estate	5,171	6,721	936	8,005	141
Consumer and other	27	27	21	71	3
Total					
Commercial	4,807	5,051	1,787	4,915	246
Agricultural	21,257	21,927	670	35,540	600
Construction and land development	703	934	140	1,571	12
Commercial real estate	4,440	4,670	412	8,625	173
Residential real estate	6,857	8,507	936	10,084	185
Consumer and other	61	61	21	98	3
Total	$	$	$ 3,966	$ 60,833	$ 1,219

Note 5: Loans and Allowance for Loan Losses - Continued

The following table presents the Company's nonaccrual loans at September 30, 2020 and 2019. This table excludes purchased impaired loans and performing troubled debt restructurings.

		2020	
		(in thousands)	
Commercial	$	5,439	$ 3,066
Agricultural		10,348	11,345
Construction and land development		234	729
Commercial real estate		12,094	2,423
Residential real estate		4,014	3,260
Consumer and other		192	85
Total		$ 32,321	$ 20,908

At September 30, 2020 and 2019, the Company had a number of loans that were modified in troubled debt restructurings and impaired. The modification of terms of such loans included one or a combination of the following: an extension of maturity, a reduction of the stated interest rate or a permanent reduction of the recorded investment in the loan.

The following presents information regarding troubled debt restructurings by segment for the years ending September 30, 2020 and 2019.

Newly classified troubled debt restructurings at September 30, 2020 and 2019 are as follows:

2020	Number of Loans	Pre-modification Recorded Balance	Post-modification Recorded Balance
		(in thousands)	
Commercial	-	$ -	$ -
Agriculture	-	-	-
Construction and land development	1	37	37
Commercial real estate	1	225	225
Residential real estate	3	571	571
Consumer and other	1	162	162
Total	6	$ 995	$ 995

Note 5: Loans and Allowance for Loan Losses - Continued

2019	Number of Loans	Pre-modification Recorded Balance		Post-modification Recorded Balance
		(in thousands)		
Commercial	2	$	76 $	76
Agriculture	2		238	238
Construction and land development	-		-	-
Commercial real estate	1		1,439	1,439
Residential real estate	1		151	151
Consumer and other	1		15	15
Total	7	$	1,919 $	1,919

The troubled debt restructurings described above increased the allowance for loan losses $264,000 during the year ended September 30, 2020. The troubled debt restructurings described above did not increase the allowance for loan losses during the year ended September 30, 2019. There were no charge-offs as a result of the above restructurings during the years ended September 30, 2020 and 2019. At September 30, 2020 and 2019, the Company had $1,924,000 and $3,478,00, respectively, of loans that were modified in troubled debt restructurings and impaired.

There were no troubled debt restructurings at September 30, 2020 and 2019 that represent defaults on loans that were first modified during the current fiscal year that became 90 days or more delinquent or were charged-off during the current fiscal year.

The Company originated U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loans during the current fiscal year. These loans are primarily classified as commercial operating loans. The outstanding principal balance of PPP loans at September 30, 2020 was $934,273,000. The Company received total fees of approximately $35,495,000 from the SBA. The Company is deferring the remaining fees over the life of the loans which is generally 24 to 60 months from origination date. The Company recognized approximately $13,375,000 of these fees within loan interest income for the year ended September 30, 2020.

Note 6: Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment at September 30, 2020 and 2019 is as follows:

	2020	2019
	(in thousands)	
Land	$ 49,832	$ 46,014
Buildings	233,864	222,042
Furniture and fixtures	63,335	60,545
Leasehold improvements	8,393	6,485
	355,424	335,086
Less: accumulated depreciation and amortization	(128,074)	(123,006)
Net premises and equipment	$ 227,350	$ 212,080

Note 7: Goodwill

The changes in the carrying amount of goodwill for the years ended September 30, 2020 and 2019 were:

	2020	2019
	(in thousands)	
Balance, beginning of year	$ 119,822	$ 119,822
Goodwill acquired during the year	-	-
Balance, end of year	$ 119,822	$ 119,822

Note 8: Intangible Assets

The carrying basis and accumulated amortization of recognized intangible assets at September 30, 2020 and 2019 were:

	2020		2019	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(in thousands)			
Core deposits	$	$ (22,757)	$ 34,650	$ (23,821)
Other intangibles	7,039	(3,161)	7,615	(3,231)
	$	$ (25,918)	$ 42,265	$ (27,052)

Note 8: Intangible Assets - Continued

Amortization expense for the years ended September 30, 2020 and 2019, was approximately $3,940,000 and $4,845,000, respectively.   Estimated amortization expense for each of the following five years is (in thousands):

2021	$	3,394
2022		3,206
2023		1,437
2024		786
2025		285

Note 9: Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase, which are classified as secured borrowings, generally mature one day from the transaction date. Securities underlying the agreements had an amortized cost of approximately $295,180,000 and $287,558,000 and fair value of approximately $305,459,000 and $290,700,000 at September 30, 2020 and 2019, respectively. Securities sold under agreements to repurchase are reported at the amount of cash received in connection with the transaction. The Company over-collateralizes the repurchase agreements to protect the purchaser from changes in market value. Additionally, the Company utilizes held-in-custody procedures to ensure the securities sold under repurchase agreements are unencumbered.

The following table represents the Company's securities sold under repurchase agreements, by collateral type and remaining contractual maturity.

	2020		2019	
	Overnight and Continuous		Overnight and Continuous	
	(in thousands)			
U.S. Treasury and federal agency	$	20,701	$	28,463
U.S. Government-sponsored enterprises ("GSEs")		103,875		95,142
Mortgage-backed (GSE residential)		142,169		93,945
	$	266,745	$	217,550

Note 10: Time Deposits

Time deposits that meet or exceed the Federal Deposit Insurance Corporation limit of $250,000 were $565,285,000 and $623,402,000 at September 30, 2020 and 2019, respectively.

At September 30, 2020, the scheduled annual maturities of time deposits (in thousands) are as follows:

2021	$	1,358,805
2022		300,550
2023		102,176
2024		72,948
2025		23,771
Thereafter		701
	$	1,858,951

Note 11: Borrowed Funds

Borrowed funds at September 30, 2020 and 2019 consists of the following:

		2020		2019
		(in thousands)		
Long-term FHLB advances	$	102,918	$	105,997
Subordinated debentures		126,620		140,720
Line of credit with a bank		-		5,000
Other		-		872
	$	$		252,589

The FHLB advances are subject to an agreement whereby the subsidiary banks are required to maintain a minimum "required collateral maintenance level" as defined by the agreement and substantially all assets of the Banks are pledged as collateral. Borrowings are subject to collateral requirements established by the FHLB as outlined in an "Agreement for Advances, Pledge and Security Agreement." FHLB advances are due in varying amounts through February 2050. Interest is due monthly at fixed rates ranging from 1.28% to 6.23%. All FHLB advances are subject to prepayment penalties or are not prepayable.

At September 30, 2020 and 2019, the Company has lines of credit with the FHLB to meet short-term borrowing needs. The lines of credit have a variable interest rate (.33% at 2020 and 2.20% at 2019), payable monthly and maturing through July 2021. At September 30, 2020, the Company

Note 11: Borrowed Funds - Continued

had combined remaining borrowing availability for FHLB advances and the lines of credit of $2,756,838,000. The FHLB has sole discretion to deny additional advances.

Aggregate annual maturities of the borrowed funds at September 30, 2020 are (in thousands):

2021	$	18,052
2022		19,821
2023		17,760
2024		31,247
2025		19,129
Thereafter		123,529
	$	229,538

At September 30, 2019, the Company had a line of credit to a related party, in the amount of $10,000,000, without collateral, and with interest due either monthly or at maturity with a fixed rate of 4.18%. The line matured in June 2020 and was not renewed.

The Company has a revolving line of credit with a bank, with maximum available credit of $5,000,000 maturing December 31, 2021. Interest is payable quarterly. At September 30, 2020, the interest rate was 2.00% over the one month London Interbank Offered Rates ("LIBOR") rate (2.15% and 4.09% at 2020 and 2019, respectively). The line is collateralized by 100% of the common stock of the Company's subsidiary banks. The line requires the Company and subsidiary banks to maintain certain capital and classified asset ratios.

At September 30, 2020 and 2019, the Company had $126,620,000 and $140,720,000 outstanding, respectively, in subordinated debentures to related parties due in varying amounts through December 2028. Interest is due annually at fixed rates ranging from 2.38% to 2.76%. The subordinated debentures are unsecured and subordinated to the claims of depositors and general creditors of the Company. The subordinated debentures may be included in Tier 2 capital (with certain limitations applicable) under current regulatory guidelines and interpretations.

Interest incurred on the debt to related parties totaled $3,221,000 and $991,000 during 2020 and 2019, respectively.

Note 12: Income Taxes

The Company and one of its subsidiaries files income tax returns in the U.S. Federal jurisdiction and various states' jurisdictions for the years ended September 30, 2020 and September 30, 2019, respectively.

The provision for income taxes includes these components:

	2020	2019
	(in thousands)	
Federal taxes currently payable	$ 56,079	$ 39,433
State taxes currently payable	6,191	5,506
	62,270	44,939
Deferred income taxes	(14,423)	(680)
Income tax provision	$ 47,847	$ 44,259

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown below:

	2020	
	(in thousands)	
Computed at the statutory rate (21%)	$ 46,323	$ 42,786
Increase (decrease) resulting from		
State income taxes	4,890	4,350
Income tax credits	(1,754)	(1,838)
Tax-exempt interest	(1,480)	(1,367)
Other	(132)	328
Actual tax expense	$ 47,847	$ 44,259

Note 12: Income Taxes - Continued

The tax effects of temporary difference related to deferred taxes shown on the balance sheets were:

		2020		
		(in thousands)		
Deferred tax assets				
Allowance for loan losses	$	29,075	$	25,784
Deferred Loan Fees		5,098		-
Deferred Compensation		6,504		5,216
Accrued Expenses		4,682		2,615
Other		1,568		550
		46,927		34,165
Deferred tax liabilities				
Premises and equipment	$	(14,166)	$	(11,521)
Securities available for sale		(25,600)		(10,760)
Intangibles		(6,376)		(5,925)
Prepaid expenses		(1,177)		(1,353)
Other		(452)		(5,311)
		(47,771)		(34,870)
Net deferred tax liability	$	(844)	$	(705)

Note 13: Employee Benefit Plans

The Company has a 401(k) profit sharing plan covering substantially all employees with one year of service. Contributions to the plan are determined by the Board of Directors with certain limitations. Plan expense was approximately $5,748,000 and $5,163,000 for the years ended September 30, 2020 and 2019, respectively.

The Company and its subsidiaries have unfunded deferred compensation agreements with selected key employees which provide for benefits upon termination of employment. Additions to amounts accrued are based on defined formulas. Deferred compensation accrued at September 30, 2020 and 2019, was $28,287,000 and $23,788,000, respectively. Expense recorded was approximately $6,266,000 and $5,748,000 for the years ended September 30, 2020 and 2019, respectively.

Note 14:   Related Party Transactions

At September 30, 2020 and 2019, executive officers, directors, principal shareholders, and, their related interests in which they have significant beneficial ownership were indebted to the Company in the aggregate amount of approximately $48,478,000 and $31,357,000, respectively.

In management's opinion, such loans and other extensions of credit were made in the ordinary course of business and were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectability or present other unfavorable features.

During 2019, the Company paid computer processing fees to a related entity of approximately $4,008,000. The Company acquired substantially all of the assets and assumed all of the liabilities of the related entity in January 2019 as described in Note 3.

The Company has issued subordinated debentures and a line of credit to related parties as described in Note 11.

Note 15:   Regulatory Matters

The Company (on a consolidated basis) and the subsidiary banks are subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the subsidiary banks must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under U.S. GAAP, regulatory reporting requirements, and regulatory capital standards.

Note 15:   Regulatory Matters - Continued

The Company's and subsidiary banks' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulatory capital standards to ensure capital adequacy require the Company and the subsidiary banks to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined) to risk-weighted assets (as defined), common equity Tier 1 capital (as defined) to total risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, at September 30, 2020, that the Company and the subsidiary banks meet all capital adequacy requirements to which they are subject.

As of September 30, 2020 and 2019, the most recent notification from the regulators categorized the Company's subsidiary banks as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based capital, and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed these categories.

The Company is required to maintain a capital conservation buffer consisting of additional Common Equity Tier 1 Capital above the required minimum levels in order to avoid limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses based on percentages of eligible retained income that could be utilized for such actions. The capital conservation buffer requirement began to be phased in starting in January 2016 at 0.625% of risk-weighted assets and will increase each year until fully implemented to an amount equal to 2.5% of risk-weighted assets in January 2019. At September 30, 2020 and 2019, the Company has a capital conservation buffer of 6.22% and 5.29%, respectively, and eligible retained income of $172,737,000 and $3,764,000 respectively. There are no limitations on distributions and discretionary bonus payments under the capital conservation buffer framework as of September 30, 2020 and 2019.

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Note 15: Regulatory Matters – Continued

The Company's and Banks' actual capital amounts and ratios as of September 30, 2020 and 2019 are also presented in the table.

	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)					
September 30, 2020						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 1,434,140	14.3 %	$ 800,862	8.0 %	N/A	N/A
Lincoln	660,233	13.7	386,341	8.0	$ 482,926	10.0 %
Fort Collins	490,237	14.8	265,028	8.0	331,284	10.0
Cody	116,595	14.0	66,754	8.0	83,443	10.0
Fort Worth	165,725	16.0	82,904	8.0	103,630	10.0
Common Equity Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 1,223,123	12.2 %	$ 450,485	4.5 %	N/A	N/A
Lincoln	599,834	12.4	217,317	4.5	$ 313,902	6.5 %
Fort Collins	448,814	13.5	149,078	4.5	215,335	6.5
Cody	106,150	12.7	37,549	4.5	54,238	6.5
Fort Worth	152,769	14.7	46,633	4.5	67,359	6.5
Tier 1 Capital (to Risk Weighted						
Consolidated	$ 1,223,123	12.2 %	$ 600,646	6.0 %	N/A	N/A
Lincoln	599,834	12.4	289,756	6.0	$ 386,341	8.0 %
Fort Collins	448,814	13.5	198,771	6.0	265,028	8.0
Cody	106,150	12.7	50,066	6.0	66,754	8.0
Fort Worth	152,769	14.7	62,178	6.0	82,904	8.0
Tier 1 Capital (to Average Assets)						
Consolidated	$ 1,223,123	8.7 %	$ 563,200	4.0 %	N/A	N/A
Lincoln	599,834	9.8	244,456	4.0	$ 305,570	5.0 %
Fort Collins	448,814	8.7	207,135	4.0	258,919	5.0
Cody	106,150	9.6	44,307	4.0	55,384	5.0
Fort Worth	152,769	9.4	64,832	4.0	81,040	5.0

Note 15:   Regulatory Matters - Continued

	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)					
September 30, 2019						
Total Capital (to Risk Weighted Assets)						
Consolidated	$ 1,251,165	13.6 %	$ 734,978	8.0 %	N/A	N/A
Lincoln	581,450	12.7	365,639	8.0	$ 457,049	10.0 %
Fort Collins	424,953	14.9	228,677	8.0	285,847	10.0
Torrington	100,885	13.2	60,939	8.0	76,174	10.0
Fort Worth	144,257	14.7	78,621	8.0	98,276	10.0
Common Equity Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 1,036,785	11.3 %	$ 413,425	4.5 %	N/A	N/A
Lincoln	526,549	11.5	205,672	4.5	$ 297,082	6.5 %
Fort Collins	389,185	13.6	128,631	4.5	185,800	6.5
Torrington	91,357	12.0	34,278	4.5	49,513	6.5
Fort Worth	132,560	13.5	44,224	4.5	63,879	6.5
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	$ 1,036,785	11.3 %	$ 551,234	6.0 %	N/A	N/A
Lincoln	526,549	11.5	274,229	6.0	$ 365,639	8.0 %
Fort Collins	389,185	13.6	171,508	6.0	228,677	8.0
Torrington	91,357	12.0	45,705	6.0	60,939	8.0
Fort Worth	132,560	13.5	58,966	6.0	78,621	8.0
Tier 1 Capital (to Average Assets)						
Consolidated	$ 1,036,785	8.9 %	$ 467,186	4.0 %	N/A	N/A
Lincoln	526,549	10.4	201,982	4.0	$ 252,478	5.0 %
Fort Collins	389,185	9.2	170,114	4.0	212,642	5.0
Torrington	91,357	9.7	37,664	4.0	47,080	5.0
Fort Worth	132,560	9.6	55,315	4.0	69,143	5.0

One of the principal sources of cash of the parent company is dividends from the bank subsidiaries. The total dividends that can be declared by the subsidiary banks without receiving prior approval from regulatory authorities are limited to a bank's defined net income of that year combined with its retained defined net income from the previous two years.

Note 16: Derivative Financial Instruments

The Company uses derivative financial instruments to manage its interest rate risk on "mandatory delivery" loans. These instruments do not qualify for hedge accounting, but are an economic hedge due to changes in interest rates and carry varying degrees of credit, interest rate and market or liquidity risks. Derivative instruments are recognized as either assets or liabilities in the accompanying financial statements and are measured at fair value.

The change in fair value of the forward sale commitments and the underlying fixed-rate mortgage loans are recorded as gains or losses in noninterest income.

The following table reflects the notional amount and market value of mortgage banking derivatives included in the statements of financial condition as of September 30, 2019:

	Notional Amount	Fair Value
	(in thousands)	
Included in assets:		
Interest rate lock commitments	$ 47,535	$ 184
Included in liabilities		
Forward sales contracts	44,250	818

There were no forward sales contracts as of September 30, 2020. The Company recognized net losses from commitments to originate loans of $818,000 for the year ended September 30, 2020 and net gains from commitments to originate loans of $818,000 for the year ended September 30, 2019.

Note 17: Financial Instruments With Off-Balance-Sheet or Concentration-of-Credit Risk

Credit Related Financial Instruments

The Company is party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

Note 17:   Financial Instruments With Off-Balance-Sheet or Concentration-of-Credit Risk - Continued

At September 30, 2020 and 2019, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	2020	**2019**
	(in thousands)	
Commitments to extend credit	$ 2,396,231	$ 2,186,985
Standby letters of credit	60,386	48,923

Commitments to extend credit are agreements to lend to customers as long as there is no violation of any condition established in the contracts. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments may expire without being drawn upon. Therefore, total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Company, is based on management's credit assessment of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of customers to third parties. The credit risk involved when issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

Collateral Requirements

To reduce credit risk related to credit-related financial instruments, the Company might deem it necessary to obtain collateral. The amount and nature of the collateral obtained is based on the Company's credit evaluation of the customer. Collateral held varies but may include cash, securities, accounts receivable, inventory, property and equipment, various agricultural products and real estate.

Other

The Company grants primarily agribusiness, commercial, installment and residential loans to customers in the trade areas surrounding the Company's physical locations. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on the agribusiness economic sector.

Pinnacle Bancorp, Inc.
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Note 18: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

			Fair Value Measurements Using		
		Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
				(in thousands)	
2020					
U.S. Treasury and federal agency	$	73,239	$ -	$ 73,239	$
U.S. Government-sponsored enterprises (GSEs)		741,645	-	741,645	-
State and political subdivisions		425,678	-	425,678	-
Mortgage-backed (GSE residential)		1,808,236	-	1,808,236	-
Marketable equity securities		32,151	32,151	-	-
2019					
U.S. Treasury and federal agency	$	261,309	$ -	$ 261,309	$
U.S. Government-sponsored enterprises (GSEs)		589,093	-	589,093	-
State and political subdivisions		251,463	-	251,463	-
Mortgage-backed (GSE residential)		1,460,373	-	1,460,373	-
Marketable equity securities		23,895	23,895	-	-
Loans held for sale, at fair value		20,900	-	20,900	-
Derivatives		1,002	-	1,002	-

Pinnacle Bancorp, Inc.
Notes to Consolidated Financial Statements
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Note 18:   Disclosures About Fair Value of Assets and Liabilities – Continued

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy.

Securities Available for Sale

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include marketable equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include U.S. government agencies, state and political subdivisions, corporates and mortgage-backed securities. In certain cases where Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Loans Held for Sale

The fair value of the "mandatory delivery" loans held for sale considers the difference between current levels of interest rates and the contract rates.

Commitments to Originate Loans and Forward Sale Commitments

The fair value of commitments to originate loans and forward sale commitments are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

Note 18:   Disclosures About Fair Value of Assets and Liabilities – Continued

Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

		Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(in thousands)		
2020					
Impaired loans	$	1,363	$ $	- $	1,363
2019					
Impaired loans	$	3,184	$ $	- $	3,184
Foreclosed assets held for sale, net		352	-	-	352

Following is a description of the valuation methodology used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Impaired Loans

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell, which are considered unobservable inputs. The unobservable inputs range from 8-12% with the weighted average rate of 10%. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by the risk management department. Appraisals are reviewed for accuracy and consistency by the risk management department. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by the risk management department by comparison to historical results.

Note 18:   Disclosures About Fair Value of Assets and Liabilities – Continued

Foreclosed Assets Held for Sale

The fair value is estimated using valuations performed by independent appraisers and applying a discount factor to the value and, therefore, foreclosed assets are classified within Level 3 of the valuation hierarchy.

Note 19: General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have material adverse effects on the financial position, results of operations and cash flows of the Company.

Note 20: Subsequent Events

Subsequent events have been evaluated through December 1, 2020, which is the date the financial statements were available to be issued.

Supplementary Information

Pinnacle Bancorp, Inc.
Consolidating Balance Sheet Schedule
September 30, 2020
(amounts in thousands)

	Pinnacle Bank, Lincoln, Nebraska	Bank of Colorado, Fort Collins, Colorado	Pinnacle Bank, Cody, Wyoming	Pinnacle Bank, Fort Worth, Texas	PFS Insurance Group, LLC	Skybank, LLC	Pinnacle Bancorp, Inc.	Eliminations	Consolidated
Assets									
Cash and due from banks	$ 738,876	$ 388,129	$ 14,088	$ 27,394	$ -	$ -	$ -	$ -	$ 1,168,487
Federal funds sold	-	-	87,424	113,477	-	-	-	(200,901)	-
Intercompany cash	-	-	-	-	3,781	115	15,964	(19,860)	-
Interest-bearing time deposits in banks	987	2,470	3,215	2,468	-	-	-	-	9,140
Securities	894,422	1,501,350	265,586	387,464	-	-	32,127	-	3,080,949
Loans, net	4,392,455	3,281,441	751,279	1,068,543	4	-	-	-	9,493,722
Premises and equipment, net	81,675	82,289	16,324	33,587	1,926	7,583	3,966	-	227,350
Interest receivable	34,033	22,504	9,100	5,769	-	-	-	-	71,406
Nonmarketable equity securities, at cost	3,018	3,356	1,355	1,025	-	-	-	-	8,754
Investment in subsidiaries	-	-	-	-	-	-	1,504,539	(1,504,539)	-
Goodwill	22,523	36,484	525	60,290	-	-	-	-	119,822
Intangible assets	1,903	2,081	-	3,417	3,870	-	-	-	11,271
Deferred tax assets	6,913	-	1,135	-	-	-	-	(8,048)	-
Other assets	38,164	6,904	2,440	2,291	96	19	473	-	50,387
Total assets	$ 6,214,969	$ 5,327,008	$ 1,152,471	$ 1,705,725	$ 9,677	$ 7,717	$ 1,557,069	$ (1,733,348)	$ 14,241,288
Liabilities and Stockholders' Equity									
Liabilities									
Deposits	$ 5,205,851	$ 4,553,551	$ 1,029,152	$ 1,475,407	$ -	$ -	$ -	$ (19,860)	$ 12,244,101
Federal funds purchased and securities sold under agreements to repurchase	302,084	165,280	282	-	-	-	-	(200,901)	266,745
FHLB advances and other borrowed funds	33,175	65,032	4,711	-	-	-	-	-	102,918
Subordinated debentures	-	-	-	-	-	-	126,620	-	126,620
Deferred tax liabilities	-	5,596	-	1,128	-	-	2,168	(8,048)	844
Interest payable and other liabilities	37,266	21,398	5,284	4,821	639	-	18,702	-	88,110
Total liabilities	5,578,376	4,810,857	1,039,429	1,481,356	639	-	147,490	(228,809)	12,829,338
Stockholders' Equity									
Common stock	30,000	5,000	5,000	300	-	-	-	(40,300)	-
Additional paid-in capital	67,450	82,229	18,438	156,931	9,038	7,717	608	(341,803)	608
Retained earnings	524,434	394,983	83,128	57,238	-	-	1,343,947	(1,059,783)	1,343,947
Accumulated other comprehensive income	14,709	33,939	6,476	9,900	-	-	65,024	(65,024)	65,024
Noncontrolling interest	-	-	-	-	-	-	-	2,371	2,371
Total stockholders' equity	636,593	516,151	113,042	224,369	9,038	7,717	1,409,579	(1,504,539)	1,411,950
Total liabilities and stockholders' equity	$ 6,214,969	$ 5,327,008	$ 1,152,471	$ 1,705,725	$ 9,677	$ 7,717	$ 1,557,069	$ (1,733,348)	$ 14,241,288

	Pinnacle Bank, Lincoln, Nebraska	Bank of Colorado, Fort Collins, Colorado	Pinnacle Bank, Cody, Wyoming	Pinnacle Bank, Fort Worth, Texas	PFS Insurance Group, LLC	Skybank, LLC	Pinnacle Bancorp, Inc.	Eliminations	Consolidated
Interest and Dividend Income									
Loans	$ 199,402	$ 139,555	$ 39,369	$ 55,631	$ -	$ -	$ -	$ -	$ 433,957
Securities	13,573	31,397	4,618	7,868	-	-	-	-	57,456
Dividends	114	180	44	42	-	-	-	-	380
Federal funds sold and deposits with other financial institutions	3,692	2,655	600	779	77	-	85	(1,267)	6,621
Total interest income	216,781	173,787	44,631	64,320	77	-	85	(1,267)	498,414
Interest Expense									
Deposits	29,721	18,030	6,667	7,714	-	-	-	(156)	61,976
Federal funds purchased and securities sold under agreements to repurchase	1,560	853	1	-	-	-	-	(1,111)	1,303
FHLB advances and other borrowed funds	1,010	1,972	189	-	33	-	172	-	3,376
Subordinated Debentures	-	-	-	-	-	-	3,153	-	3,153
Total interest expense	32,291	20,855	6,857	7,714	33	-	3,325	(1,267)	69,808
Net Interest Income (Expense)	184,490	152,932	37,774	56,606	44	-	(3,240)	-	428,606
Provision for Loan Losses	8,090	3,802	1,725	2,039	-	-	-	-	15,656
Net Interest Income (Expense) After Provision for Loan Losses	176,400	149,130	36,049	54,567	44	-	(3,240)	-	412,950
Noninterest Income									
Customer service fees	7,926	6,316	1,518	3,062	-	-	-	-	18,822
Net realized gains on available-for-sale securities	-	2	-	-	-	-	-	-	2
Unrealized gains on equity securities	-	-	-	-	-	-	1,112	-	1,112
Earnings of subsidiaries	-	-	-	-	-	-	172,295	(172,295)	-
Other	34,788	25,704	5,726	2,813	8,953	1,076	15,104	(18,611)	75,553
Total noninterest income	42,714	32,022	7,244	5,875	8,953	1,076	188,511	(190,906)	95,489
Noninterest Expense									
Salaries and employee benefits	69,763	61,442	12,807	18,623	5,001	35	8,867	-	176,538
Occupancy and equipment	12,509	11,819	2,129	4,942	251	454	538	(26)	32,616
Amortization of intangible assets	875	1,040	-	1,590	435	-	-	-	3,940
Other	38,081	30,676	7,889	12,364	932	528	2,482	(18,585)	74,367
Total noninterest expense	121,228	104,977	22,825	37,519	6,619	1,017	11,887	(18,611)	287,461

Income Before Taxes		97,886	76,175	20,468	22,923	2,378	59	173,384	(172,295)	220,978
Provision for Taxes		20,351	17,754	4,284	4,811	-	-	647	-	47,847
Net Income		77,535	58,421	16,184	18,112	2,378	59	172,737	(172,295)	173,131
Net Income Attributable to Noncontrolling Interests		-	-	-	-	-	-	-	394	394
Net Income Attributable to Pinnacle Bancorp, Inc.	$	77,535 $	58,421 $	16,184 $	18,112 $	2,378 $	59 $	172,737 $	(172,689) $	172,737

Pinnacle Bancorp, Inc.
Consolidating Schedule of Income
Year Ended September 30, 2020
(amounts in thousands)

Payment Solutions Agreement

This Payment Solutions Agreement (**Agreement**) is among the State of Nebraska (**State**); First Data Merchant Services LLC (**First Data**); and MetaBank, National Association (**Bank**).

The parties agree:

1 Services

First Data (along with the Bank or Debit Sponsor Bank, as described in this Agreement) will provide the State with services according to the terms of this Agreement, the services described in Schedule 1 (**SaaS Services Schedule**) and Schedule 2 (**Managed Convenience Fee Schedule**), as well as additional services that the parties agree to in writing (together, **Services**). First Data may provide the Services itself or through its affiliates; and, except for the Bank's or Debit Sponsor Bank's specific responsibilities described in this Agreement, First Data is solely responsible for the Services.

2 Acquiring Services

2.1 Bank's Role. The Bank is a member of the Visa and Mastercard Networks, permitting it to acquire Visa and Mastercard payment transactions. The Bank sponsors First Data as a Member Service Provider under the Network Rules, allowing First Data to process payment authorizations, transmissions, and settlement activities for Visa and Mastercard transactions under the Bank's direction. With respect to Visa and Mastercard transactions that are part of the Acquiring Services described below, references to First Data include the Bank; however, ***the Bank's responsibilities are limited solely to the sponsorship and settlement of certain card transactions submitted in accordance with this Agreement and the Visa and Mastercard Network Rules, and Bank will not have any obligation or liability of any nature in connection with any services of any kind provided by First Data or its affiliates. Specifically, the Bank is: (1) the only entity approved to extend Visa and Mastercard product acceptance to merchants; (2) responsible for educating merchants on applicable Visa and Mastercard Network Rules (available, respectively, at: usa.visa.com/dam/VCOM/download/about-visa/visa-rules-public.pdf and mastercard.us/content/dam/mccom/global/documents/mastercard-rules.pdf), which may be provided through First Data; and (3) responsible for all funds derived from settlement that are held in reserve.*** The Bank's interests or obligations under this Agreement may be assigned or otherwise transferred to another financial institution that is a member of the Networks; further, Bank may assign any of its rights or delegate any of its obligations under this Agreement to a subsidiary, affiliate, or entity that is acquiring all or any portion of its assets.

2.2 First Data will acquire the State's electronic transactions for payment organizations and networks (together, **Networks**) identified below (**Acquiring Services**). First Data will be the State's exclusive provider of the Services during the Term of this Agreement.

2.3 Networks. First Data will provide the State with Acquiring Services for the following Networks:

(1) Visa
(2) Mastercard
(3) American Express
(4) Discover

2.4 Additional Card Acquiring Services

2.4.1 Additional Cards. First Data, and not the Bank, will provide the Acquiring Services to the State for its transactions that are initiated with Cards issued by Networks other than Visa and Mastercard, and that are identified in this Agreement. A Card is a card, code, device, or other means allowing access to a credit, debit, prepaid, stored value, or similar account. An Additional Card is a Card issued by a Network other than Visa or Mastercard

2.4.2 Additional Card Network Agreements. Payment transactions for Additional Cards are subject to separate agreements between the State and the Additional Card issuing Networks (**Additional Card Network**

Agreements). The State will comply with the terms of its Additional Card Network Agreements and obtain any consents required by these Networks to submit Additional Card transactions to First Data for processing. The State will promptly notify First Data if any of its Additional Card Network Agreements expire or terminate. First Data will not be obligated to process the State's Additional Card transactions if State does not have an effective Additional Card Network Agreement with the applicable Network. First Data and the Bank have no responsibility to the State for a Network's performance obligations, responsibilities, or liabilities to the State under their Additional Card Network Agreements.

2.4.3   Processing. First Data will only provide the State with data capture and authorization processing services for transactions initiated with Additional Cards; First Data will not provide settlement services for the Additional Card Networks. First Data will submit settlement files for Additional Card transactions to the appropriate Networks on behalf of the State. Additional Card transactions will be settled directly between the State and the corresponding Network according to their Additional Card Network Agreements.

2.5   Debit Transactions. First Data will also provide the State with Acquiring Services for its debit Card transactions (**Debit Services**). First Data will process the State's debit Card transactions based on: (1) availability of the debit Networks; (2) whether a debit Card is enabled for a particular debit Network; or (3) other factors. First Data will have discretion to choose any available debit Network when routing a particular debit Card transaction for the State, subject to applicable Laws. First Data will provide the Debit Services using a financial institution (**Debit Sponsor Bank**) that is a member of a debit Network that is accessible to the State and can sponsor acceptance of the State's debit Card transactions within the debit Network. First Data will choose the financial institution that acts as the Debit Sponsor Bank for the State's transactions. The Debit Sponsor Bank may assign its interests or obligations under this Agreement to another financial institution that is a member of the debit Networks. First Data may also substitute, or assign, the Debit Sponsor Bank's interest or obligations under this Agreement to another financial institution that is a Member of the debit Networks. References to the term "Bank" in this Agreement include the Debit Sponsor Bank with respect to the Debit Services; however, the financial institution that is the Debit Sponsor Bank is only responsible for the performance obligations described as the Bank's under this Agreement with respect to the State's debit Card transactions.

2.6   Network Rules. The State will comply with all rules, requirements, and standards of each of the Networks (together, **Network Rules**). State acknowledges receipt of First Data's current payments acceptance guide (**Your Payment Acceptance Guide**), which will assist the State with properly accepting and submitting its transactions for processing. Under Network Rules, the State does not own the Card account, Cardholder, personal, or other payment transaction information generated when a payment transaction is processed using the Acquiring Services. The State will not use, retain, disclose, sell, or disseminate any Card or Cardholder information (including, names, addresses, and Card account numbers) obtained in connection with payment transactions except for (1) authorizing, processing, and settling transactions; or (2) resolving chargebacks, retrieval requests, or similar issues related to its transaction. The State will not reproduce electronically captured Cardholder signatures except as requested by First Data or the Networks. A Cardholder is the individual who was issued a Card.

2.7   Locations. First Data will perform the Acquiring Services for payment transactions submitted from all the State's locations in the United States (excluding Puerto Rico, and other U.S. territories).

2.8   Submitting Transactions. The State is responsible for:

(1)   properly transmitting the transaction data (including all transaction detail required by the Networks) to First Data's systems using the format and specifications provided by First Data (the State will maintain and update the systems that it uses to accommodate changing Network requirements as specified by First Data);

(2)   all payment transactions submitted for processing under its merchant identification numbers (**MID**s), including, without limitation, all returns, refunds, or chargebacks, whether charged back by Cardholders or Card issuers;

(3)   preventing its employees, agents, and others from submitting returns or refunds that do not reflect valid returns or refunds corresponding to prior transactions;

(4)   retaining transaction records according to the timelines required by the Network Rules or applicable Laws; and

(5)   maintaining transaction fraud and chargeback rates below thresholds established by the Networks.

2.9   Transaction Acceptance. The State will only accept and submit transactions where:

(1)   the transaction represents a genuine sale of the State's goods or services to the Cardholder;

(2)   the transaction is not materially different than the transactions the State has described to First Data with regard to the products or services sold, the procedures for payments acceptance, or the fulfillment of obligations to the Cardholder;

(3)   the transaction complies with all requirements of the applicable Network Rules, the laws of all relevant jurisdictions, and all other requirements of this Agreement;

(4)   the transaction is not a duplicate of any other transaction;

(5)   the transaction is authorized by the rightful Cardholder for the amount of the transaction in satisfaction of the Cardholder's obligations to the State;

(6)   the transaction is in payment of goods or services provided simultaneously with the payment transaction (except for delayed delivery, advance deposit, or other partial transactions specifically allowed under the Network Rules and explicitly authorized by First Data in writing);

(7)   the transaction is not a refinancing of an existing obligation;

(8)   the transaction is valid, collectible, and is not subject to any dispute, setoff, or counterclaim; and

(9)   in the case of a refund, the transaction is submitted to reimburse the Cardholder for a sale transaction that was previously submitted.

The State represents and warrants that each transaction that it submits will comply with this Section.

2.10   Sales Drafts. The State will provide First Data a copy of any sales draft(s) upon request.

2.11   Settlement

2.11.1   The State will identify a bank account held in the State's name (the **Settlement Account**) that First Data will use in connection with all Services. The State authorizes First Data to initiate: (1) credits to the Settlement Account for proceeds of transactions submitted, and (2) debits to the Settlement Account for any amounts that may be owed or required to be paid under this Agreement. First Data will process credits to the Settlement Account via Automated Clearing House (**ACH**) entry unless the parties agree to transfer funds by wire. State hereby authorizes First Data to process debits to the Settlement Account via ACH entry.

2.11.2   The State may identify more than one bank account as the Settlement Account. If the State designates more than one Settlement Account, credits to any of these Settlement Accounts will satisfy First Data's obligations, and successful debits to any of the Settlement Accounts will satisfy the State's obligations under this Agreement.

2.11.3   Each banking day, First Data will initiate a transfer to the Settlement Account of the funds that the Networks deliver for the State's Card payment transactions, less any amounts due from State for fees, refunds, chargebacks, pass through expenses, or other of its obligations.

2.11.4   The State does not have a property or ownership interest in any proceeds of transactions or funds received by First Data in connection with the State's Card transactions (including any funds held in a Reserve) until those funds are transferred to the Settlement Account. First Data's obligations to fund the State represent a general obligation and not a property interest in any specific funds.

2.11.5   All deposits into the Settlement Account are provisional. Cardholders, Card issuers, and the Networks have the right to require reimbursement of transactions, to impose obligations relating to violations of the Network Rules, to assess additional interchange or other assessments, and to impose fees, fines, or charges relating to the qualification of transactions.

2.11.6   The State must promptly notify First Data if it fails to receive any settlement funding or if there are any changes to the Settlement Account. Transfer of settlement funds may be delayed or misdirected if the State provides inaccurate information about, or fails to notify First Data of changes to, the Settlement Account. First Data is not responsible for settlement errors that arise if the State provides inaccurate information about, or fails to notify First Data of changes to, the Settlement Account.

2.12   MATCH Reporting. Under some circumstances, First Data may be required to report the State to the Member Alert to Control High Risk (**MATCH**) listing or similar listings maintained by the Networks. The State acknowledges that First Data's obligation to State in regard to such reporting is limited to submitting any corrective notice if any such reporting is in error.

2.13   Mark License, Network Decals

2.13.1   First Data grants the State a revocable, royalty free, non-exclusive, limited license that cannot be assigned, transferred, or further sublicensed to use the Networks' trademarks and service marks (together, **Protected Marks**) in the United States according to the applicable Network Rules. This license does not grant the State any other intellectual property right, title, interest, or claim (express or implied, by estoppel, or otherwise) to the Protected Marks. The State will not take any action that impairs an owner's intellectual property rights in its Protected Marks.

2.13.2   The State will discontinue use of the Networks' decals, Protected Marks, promotional, or other materials immediately after termination of this Agreement.

2.13.3   The State will not indicate that its products or services are endorsed by any of the Networks.

3   Financial Information; Audit

The State will promptly provide any financial or other information reasonably requested by First Data to perform credit risk, security, qualification, and other reviews related to the provision of the Services, transactions submitted, fulfillment of obligations to First Data or Cardholders, or the financial condition of the State. The State authorizes First Data to obtain information from third parties when performing credit risk, security, qualification, and other reviews. First Data, the Bank, or their designees may perform a reasonable audit of the State's records related to its performance under this Agreement with 30 days' advance written notice to the State, during the State's normal business hours, and at First Data's or the Bank's expense.

4   Notice of Material Changes; Third Parties

The State will provide First Data with reasonable advance notice of any material change in the nature of the State's business (including any change in control or merger, any liquidation, any transfer or sale of substantially all of its assets, or any change to the State's operations that would materially affect the products or services sold, the procedures for payments acceptance, or the fulfillment of obligations to a Cardholder). The State will provide First Data with written disclosure identifying the third parties, systems, and services the State uses to receive, transmit, process, or otherwise manage information or its information technology systems (e.g., without limitation, encryption or firewall providers) related to the transaction information or payment data processed in connection with this Agreement (these third parties must be registered providers with the Networks).

5   The State's Payment Obligations

The State will pay First Data for:

(1)   all fees and charges for the Services;

(2)   all transactions that are charged back by Cardholders, Card issuers, or the Networks;

(3)   all refunds submitted in connection with the State's transactions;

(4)   all costs, liabilities, or other obligations imposed on First Data by the Networks or other third parties as a result of transactions submitted by the State or the actions taken (or not taken) by the State or its third party service providers; and

(5)   the Early Termination Fee.

6   Reserve

6.1   First Data may require the State to fund a cash reserve (**Reserve**) in an amount that reflects First Data's assessment of risk, as it may determine in its discretion from time-to-time. The Reserve is a payment obligation of First Data, established by holding back transaction proceeds or debiting the Settlement Account in order to potentially offset any obligations that the State may have to First Data. The Reserve is not a segregated fund that the State may claim to own. First Data is obligated to pay to the State any amounts remaining from the Reserve after all other then-current and contingent liabilities or obligations related to the State's payment transactions have expired (as provided for under the Network Rules).

6.2   The obligations due to the State from the Reserve will not accrue interest unless required by applicable Laws.

6.3   First Data will notify the State if a Reserve is established (including its amount) or if the amount of the Reserve is modified.

6.4   First Data may set off any obligations that the State owes to First Data from the Reserve.

6.5   Although the State acknowledges that the Reserve is a general obligation of First Data, and not a specifically identifiable fund, if any person claims that the Reserve is an asset of the State that is held by First Data, the State grants and acknowledges that First Data has a security interest in the Reserve and, at First Data's request, will provide documentation to reflect this security interest.

7   Setoff and Priority

All funds that First Data owes to the State under this Agreement are subject to the State's payment obligations under this Agreement. First Data may set off amounts the State owes to First Data against any funds that First Data owes to the State.

8   Statements, Reporting

First Data will provide the State with statements or electronic reporting (either, **Statements**) reflecting the fees, settlement amounts, and other information related to the Services. The State must review the Statements and inform First Data of any errors within 60 days following the date that the error was, or should have been, reported. The reporting of any errors will enable First Data to recover amounts or prevent the errors from continuing. First Data will have no obligation to provide refunds for errors that the State reports more than 60 days after they were, or should have been, reported. The State and First Data will work together to resolve issues or disputes that arise in connection with the Statements, or the funds credited or debited to the Settlement Account.

9   Term and Implementation Period

9.1   This Agreement commences on the later of the dates it is signed by First Data or the State (that date, the **Effective Date**).

9.2   Following the Implementation Period, this Agreement will continue for an initial term of 5 years (**Initial Term**), unless terminated as allowed under the terms of this Agreement. This Agreement will renew for successive 1-year periods (each a **Renewal Term**), unless either party gives the other 90 days' advance written notice of non-renewal before the end of the Initial Term. Either party may terminate this Agreement for any reason (without cause) during a Renewal Term by giving the other party 90 days' advance written notice of termination. Together, the Initial Term and any Renewal Term(s) are the Term of this Agreement.

9.3   This Agreement's exclusivity requirements will not apply and State will not be charged any Acquiring Fees during the Implementation Period until State processes its first transaction through First Data.

10   Confidential Information

10.1   Confidentiality. No party will disclose non-public information about another party's business (including the terms of this Agreement, technical specifications, customer lists, or information relating to a party's operational, strategic, or financial matters) (together, **Confidential Information**). Confidential Information does not include information that: (1) is or subsequently becomes publicly available (through no fault of the recipient); (2) the recipient lawfully possesses before its disclosure; (3) is independently developed without reliance on the discloser's Confidential Information; or (4) is received from a third party that is not obligated to keep it confidential. Each party will implement and maintain reasonable safeguards to protect the other party's Confidential Information.

10.2   Disclosure. The recipient may disclose another's party's Confidential Information: (1) to its directors, officers, personnel, and representatives (including those of its subsidiaries, affiliates, subcontractors or vendors) that need to know it in connection with the recipient's performance under this Agreement, and are bound by confidentiality obligations materially similar to those required under this Agreement; and (2) in response to a subpoena, court order, request from a regulator, or as required under applicable Laws or Network Rules.

11   Data Security

11.1   The State is responsible for any unauthorized access to any transaction data from the State or from third parties retained by or on behalf of the State.

11.2   First Data is responsible for any unauthorized access to the State's transaction data on First Data's systems.

11.3   The State must comply with Payment Card Industry Data Security Standards (**PCI DSS**) and obtain timely certification of its systems and processes (which must be maintained during the Term) as required under the Network Rules. The State will comply with all additional standards that the Networks may require. The State will allow the Networks, First Data, or the Bank to audit its PCI DSS compliance and information technology systems related to the Services provided under this Agreement.

11.4   First Data must comply with all PCI DSS requirements and the Network Rules that apply to its performance under this Agreement.

11.5   Security Incident.

11.5.1   If the State becomes aware that there has been unauthorized access to transaction data (a Security Incident), it will promptly notify First Data. If requested by First Data, the State will retain a reputable firm that is certified and approved by the Networks that provides forensic information security services and risk assessments in order to: (1) assess the nature and scope of the Security Incident; and (2) identify the access controls or transaction data involved in the Security Incident. The State will take appropriate steps to contain, control, stop, and remediate any Security Incident.

11.5.2   The State will provide reasonable details regarding the Security Incident to, and cooperate with, First Data, any Networks, and the forensics firms that are involved in the investigation and remediation of a Security Incident. The State will take all actions that the Networks require in connection with the investigation and remediation of a Security Incident.

11.5.3   The State will reimburse First Data and/or the Bank for all fines, fees, penalties, assessments, or other obligations of any kind imposed by a Network or a regulator on First Data or the Bank due to a Security Incident caused by the State or its third party service providers (together, **Network Security Fees**).

11.6   Data Use. First Data may use transaction data obtained from providing the Services to the State to fulfill performance obligations under this Agreement and investigate fraud, or suspected fraud, related to the State's transactions. First Data may also use transaction data obtained from providing the Services under this Agreement in aggregated and anonymized form (as required by applicable Laws) for research and development, or to provide services generally.

12   General Suspension; Termination

12.1   General Termination. Either the State or First Data may terminate this Agreement by giving 30 days' advance written notice if the other materially breaches this Agreement and fails to remedy the breach within 30 days of receiving notice of it.

12.2   Risk Termination. First Data may immediately suspend or terminate this Agreement, in its discretion, upon notice if the State:

(1)   engages in fraud, misrepresentation, or intentional misconduct related to its performance under this Agreement;

(2)   experiences excessive chargebacks, irregular, or fraudulent payment transactions (based on Network thresholds), or engages in business practices creating excessive risk for Cardholders or First Data;

(3)   experiences a material adverse change in its financial condition;

(4)   fails to provide notice of a material change in the nature of its business;

(5)   fails to disclose the third parties or systems it uses in connection with the transaction information or payment data processed under this Agreement;

(6)   fails to fund a Reserve when required under this Agreement;

(7)   experiences a Security Incident or fails to comply with PCI DSS or a material Network requirement;

(8)   materially changes its operations, products, services, or procedures for payments acceptance;

(9)   sells substantially all of its assets, undergoes a change in ownership or control, merges, or effects an assignment without obtaining the prior consent of First Data;

(10)   defaults under any other agreement it has with First Data or its affiliates; or

(11)   a Network, a governmental authority, or the Bank instructs First Data to suspend its performance under or terminate this Agreement (in which case the Early Termination Fee will not apply).

Together, the events described in this Section are **Default Events**.

12.3   First Data's and Bank's provision of Services under this Agreement is expressly contingent upon First Data's and Bank's satisfactory completion of their risk, credit and regulatory reviews of State. State agrees to provide First Data and Bank with any documentation and assistance as may be reasonably required from time-to-time to facilitate these reviews. Should First Data and Bank be unable to satisfactorily complete their reviews as described in this Section, the parties agree to terminate the Agreement without penalty, such termination to be memorialized in writing.

13   Early Termination Fee

First Data will suffer substantial injury, and it would be difficult to determine the damages, if the State breaches this Agreement's exclusivity requirements or this Agreement is terminated before the end of the Term due to any Default Event. First Data and the State agree an accurate reflection of the damages caused by an early termination of this

Agreement is an amount equal to 80% of the average monthly fees paid to First Data during the 12-month period preceding the termination, multiplied by the number of months (including partial months) remaining in the Term (the **Early Termination Fee**). The State will pay First Data an Early Termination Fee if this Agreement terminates prior to the end of its Term because the State breaches this Agreement's exclusivity requirements or there is a Default Event (no Early Termination Fee will be due if this Agreement is terminated due to First Data's uncured breach).

14   Indemnification

14.1   The State will indemnify First Data and the Bank (including their respective affiliates, directors, officers, managers, and employees) for losses, damages, costs, or expenses (together, **Losses**) due to third party claims that result from the State's or their third party service providers gross negligence, willful misconduct, or breach of this Agreement. First Data will indemnify the State (including its respective affiliates, directors, officers, managers, and employees) for Losses due to third party claims that result from First Data's gross negligence, willful misconduct, or breach of this Agreement.

14.2   The indemnified party will promptly notify the indemnifying party of any third party claim that is subject to indemnification under this Agreement. The indemnifying party will have the opportunity to defend these claims using counsel it selects and will have the authority to enter into a settlement for monetary damages provided that it pays such amounts. The parties will cooperate with regard to any other conditions of settlement as well as in providing records, access to personnel or other information reasonably necessary to defend any indemnified claims.

15   Exclusion of Damages

First Data, the Bank, and the State will not be liable to each other for lost profits, revenues, or business opportunities, nor any exemplary, punitive, special, indirect, incidental, or consequential damages (whether direct or indirect) under this Agreement; regardless of whether these damages were foreseeable or a party was advised they were possible. Network Security Fees, the Early Termination Fee, and other amounts for which a party is liable under this Agreement (including, without limitation, amounts imposed by a regulatory authority that are specifically due to a party's failure to perform its obligations under this Agreement) are not excluded by this Section.

16   Limitation of Liability

First Data's and the State's aggregate liability to the other for losses arising from any cause (regardless of the form of action or legal theory) in connection with this Agreement will be limited to $500,000.00 (**Liability Cap**). The Liability Cap will not apply to: (1) First Data's obligation to remit the proceeds of the State's transactions that are processed under this Agreement (after accounting for all offsetting obligations); or (2) the State's payment obligations related to the Services, Network Security Fees, the Early Termination Fee, and other amounts for which it is specifically liable under this Agreement (including, without limitation, amounts imposed by a regulatory authority that are specifically due to a party's failure to perform its obligations under this Agreement). The Bank will have no liability to State except for what is set forth in *Section 2.1*.

17   Notices

Written notices (other than normal operations) required under this Agreement will be sent by email, certified mail, or courier (all with tracking and delivery confirmation). Notices will be effective upon receipt.

Notices to the State will be sent to: _____

Notices to First Data will be sent to: First Data Merchant Services LLC, Attn: Legal Department, 4000 NW 120th Avenue, MS/CON – MER, Coral Springs, Florida 33065; with a copy to First Data Merchant Services LLC, Attn: General Counsel, 6855 Pacific Street, Omaha, Nebraska 68106. Emailed notices to First Data will be sent to: legalpapers@fiserv.com

Notices to the Bank will be sent to: MetaBank, National Association, Attn: Vice President - Operations, 5501 South Broadband Lane, Sioux Falls, South Dakota 57108; with a copy to: MetaBank, National Association, Attn: Legal, 5501 South Broadband Lane, Sioux Falls, South Dakota 57108.

18   Third Party Beneficiaries, Providers

There are no third party beneficiaries to this Agreement other than First Data's or the Bank's subsidiaries and affiliates involved in providing the Services to the State. Each party is responsible for the performance of any third parties it uses in connection with the Services, and their compliance with the terms of this Agreement.

19   Waivers

A party's waiver of a breach of this agreement will not be considered a waiver of a subsequent breach.

20   Compliance with Law, Choice of Law, Waiver of Jury Trial

The parties will comply with all laws, rules (including Network Rules), and regulations (together **Laws**) that are applicable to their respective performance obligations under this Agreement. This Agreement will be governed by Nebraska law (without regard to its choice of law provisions). The courts with the appropriate jurisdiction in the State of Nebraska will be the proper venue for legal proceedings brought in connection with this Agreement. First Data and the State each waive their right to a jury trial for claims arising in connection with this Agreement.

21   Entire Agreement, Amendment, Counterparts

The defined term **Agreement** includes its schedules, addenda, and any amendments (capitalized terms used in the schedules, addenda, or amendments without definition will have the meanings given to them in this Agreement). This Agreement is the entire agreement between the parties and replaces any prior agreements or understandings (written or oral) with respect to its subject matter. Schedules, addenda, amendments, or any other modifications to this Agreement related to Services that are provided solely by First Data and not the Bank need only be executed by the State and First Data (references in these Schedules to **party** or **parties** will mean First Data and the State, as applicable, and not the Bank). This Agreement and any addenda, or amendments may be executed electronically and in counterparts, each of which constitutes one agreement when taken together. Electronic and other copies of the executed Agreement are valid.

22   Assignment

The parties may not assign this Agreement without the others' written consent (not to be unreasonably withheld), except as provided in *Sections 2.1* and *2.5*, or otherwise under its terms. This Agreement will be enforceable against a party's permitted successors or assigns.

23   Publicity

State and First Data may make general references about each other and the Services to third parties, such as auditors, regulators, financial analysts, and prospective customers and clients, provided that State or First Data does not breach *Section 10*. First Data may issue a press release regarding this Agreement, including its renewal and the Services provided, subject to State's review and approval, which shall not be unreasonably withheld or unduly delayed. State must obtain prior written approval for any publicity, statements, or references related to the Bank and its role in connection with this Agreement.

[Signature Page Follows]

Authorized Signatures:

_____   **First Data Merchant Services LLC**

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

MetaBank, National Association
as Bank and Debit Sponsor Bank under Section 2.5
By First Data pursuant to a Limited Power of Attorney

By: _____

Name: _____

Title: _____

Date: _____

Acquiring Fee Schedule

1   Acquiring Fees

The State will pay First Data the fees described below (**Acquiring Fees**) for the Acquiring Services. The Acquiring Fees are based on the State's business methods and the types of transactions it will submit for processing that the State disclosed to First Data. First Data may modify the Acquiring Fees if the State materially changes its business methods or the types of transactions that it submits for processing.

Acquiring Fees	Amount	Driver
Transaction[1] (Visa and Mastercard Cards)	$	per transaction
Transaction[1] (Other Cards)	$	per transaction
Transaction[1] (Debit Cards)	$	per transaction
Authorization (Voice)[2]	$	per call
Authorization (IVR)[2]	$	per IVR call
Chargeback	$	per chargeback
Retrieval	$	per retrieval
Adjustment	$	per adjustment
ACH Deposit	$	per deposit
ACH Reject	$	per rejection
Wire Deposit	$	per wire
ClientLine Reporting	$	per month
Paper Statement	$	per statement
Imprinter (includes plate)	$	per imprinter
Activation	$	per POS terminal
Down-line Loads (full)	$	per load
Down-line Load (partial)	$	per load
Implementation Fee	$	per project
Application Fee	$	per application
Maintenance Fee	$	per month
Merchant ID Set-Up Fee	$	per MID
Merchant ID Monthly Fee	$	per MID
PCI Compliance Program Fee (per MID)	$	per year
PCI Non-Compliance Fee (per MID)	$	per month
Custom Reporting	$	per hour
Custom Report (recurring reports)	$	per report

[1] This amount is charged for each authorization attempt (whether approved or declined), purchases, reversals, or returns. This amount includes authorization and data capture for Visa, Mastercard, American Express, and Discover transactions; and settlement for Visa and Mastercard transactions. American Express and Discover charge settlement processing fees separately to the State under separate agreements these Networks have with State

[2] This fee is in addition to the applicable transaction fee

2   Network Fees

The Networks and other third parties impose fees on the State's transactions, some of which are charged to First Data. The State will pay First Data for all fees and charges that are imposed by the Networks and other third parties (together **Network Fees**) on the gross amount of State's transactions that are processed using the Acquiring Services. The Networks and other third parties may modify their Network Fees during the Term of this Agreement. Modifications to the Network Fees will be effective on the dates set by the Networks or other third parties. Network Fees are in addition to the Acquiring Fees and include:

| Interchange |
| Excessive Chargebacks |
| Dues and Assessments |
| Access Fees |
| Debit Network Fees |
| Other Fees (including Network Security Fees) |

Schedule 1

SaaS Services Schedule

This Schedule 1 (**Schedule**) adds the SaaS Services Schedule to the Payment Solutions Agreement (**Agreement**) between First Data and State. The terms of the Agreement and this Schedule apply to the SaaS Services, but if anything in this Schedule conflicts with the Agreement, this Schedule will control. The SaaS is a **Service** under the Agreement and is provided by First Data, for itself and any Affiliates providing services hereunder, and not by Bank. Bank is not a party to this Schedule and is not liable to State in connection with the Service or this Schedule.

The Parties therefore agree:

1. **Agreement**.
   1.1. This Schedule will be effective on the later of the dates it is signed by State or First Data (the **Effective Date)**.
   1.2. First Data, itself or through its Affiliates, agrees to provide to State, and State agrees to obtain from First Data, the SaaS Services and Documentation described in Section 2 (along with certain implementation, conversion, operational and technical support, development, professional, consulting, and training services, collectively the **Deliverables**), subject to the terms in this Schedule and applicable Schedules. An **Affiliate** is an entity that controls, is controlled by, or is under common control with a party, where "control" means the direct or indirect ownership of more than 50% of the voting securities of such entity or party. The SaaS Services, along with other services provided by First Data or its Affiliates under separate agreements, are collectively **First Data Services**.
   1.3. First Data and State understand and agree that: (1) some or all of the SaaS Services may be provided by First Data or its Affiliates, (2) the provisions of this Schedule are deemed to be provided by First Data and apply to First Data and its Affiliates as if they are one entity, (3) First Data may collect Fees on behalf of its Affiliates for parts of the SaaS Services or other First Data Services provided by First Data or its Affiliates, (4) State's Affiliates may use the SaaS Services only upon First Data's prior written consent, (5) State will pay for the SaaS Services described in the SaaS Services and Fees Schedule, and (6) the Support Services outlined in the SaaS Services Support Schedule apply to the SaaS Services.
   1.4. This Schedule, together with any schedules, appendices, or statements of work related to the SaaS Services, sets forth the terms and conditions that apply to the SaaS Services and supplements the Payment Solutions Agreement (PSA) between Customer and First Data. The terms and conditions of the PSA are incorporated into this Schedule. If there is any conflict between this Schedule and the documents listed below related to the SaaS Services, the conflict will be resolved by giving precedence in the following order: (1) this Schedule; (2) PSA, (3) any appendices, statements of work, or schedules to this Schedule; and (4) any schedules, appendices, or statements of work to the PSA.

2. **The SaaS Services**.
   2.1. First Data and its Affiliates provide merchants with business software and payment solutions, including: system integration gateways that transmits payment information (**Gateways**); software platforms to facilitate the acceptance of payment or payment information (**Platforms**, including the **Hosted Services** and **Payment Pages**, as further defined in the Schedule and SaaS Services and Fees Schedule); and other related services as set forth on SaaS Services and Fees Schedule, (**Professional Services**). Together the Gateways, Platforms, and Professional Services, each as set forth on the SaaS Services and Fees Schedule, are the **SaaS Services**.
   2.2. Any manuals and other written materials provided or made available for use with the First Data Services or the SaaS Services, as amended by First Data, are the **Documentation**. Such Documentation is First Data's Confidential Information.
   2.3. The Gateway includes: (1) the system integration that transmits payment information among State, State's customers, and State's payment services provider, (2) the technical specifications to integrate with the Gateway, and (3) the components described in the corresponding Documentation.
   2.4. The **Platforms** (including the **Hosted Services** and **Payment Pages**) are hosted, web payment forms that are designed to accept internet-based transactions.
   2.5. First Data may provide State with **Professional Services** as described in the SaaS Services and Fee Schedule. The date that First Data provides notice (via e-mail) to State's project manager that the Professional Services have been completed is the **Delivery Date**. After the Delivery Date, State will have 10 days to determine whether the Professional Services materially conform to the specifications that First Data and State have agreed upon (the **Testing Period**). If State provides First Data with detailed written notice of any material errors, defects, or non-conformities that State discovers during the Testing Period, First Data will correct it in such time and manner as is reasonable under the circumstances. A new Testing Period will begin when First Data notifies State on the new Delivery Date. **Acceptance** occurs when State gives First Data written notice of State's acceptance, or if State fails to give written notice of any

errors, defects, or non-conformities during a Testing Period. The date on which Acceptance occurs is the **Acceptance Date.**

2.6. All reports, studies, object and source code (including without limitation the Deliverables and all modifications, enhancements, additions, upgrades, or other works based thereon or related thereto), flow charts, diagrams, specifications, and other tangible or intangible material of any nature whatsoever produced through or as a result of or related to any of the Deliverables (collectively, **Works**) or development of any data analytics or usage models hereunder, and all patents, copyrights, and other proprietary rights related to such Works and models, shall be the sole and exclusive property of First Data or its Affiliates or of their third party providers. Nothing in this Schedule shall convey to State any title to or ownership of any Deliverables, Works, or models. State hereby irrevocably assigns and transfers to First Data all rights, title, and interest in any such Works and models. State may use any Works provided to or rightfully accessed by State solely as necessary to use the Deliverables in accordance with the applicable terms and conditions of this Schedule.

3. State's Systems.

3.1. Any web site(s) or interfaces(s) to the First Data Services that are operated or maintained by State, or on State's behalf, through which transactions are submitted for processing, and all State's other associated systems, are **State's Systems**. State is responsible for accepting, processing, and filling any orders by its customers. First Data provides the technical specifications to State, and State acknowledges that such specifications alone are insufficient to allow State's Systems to function with each Platform. Programming, development, and maintenance of State's Systems and their functionality are State's sole responsibility. State has the sole responsibility to select and employ any competent programming agent(s) to accomplish the programming required to make State's Systems function correctly with each Platform and the payment services contemplated under this Schedule.

4. Fees and Payment

4.1. First Data will invoice State, and State will pay First Data, the **Fees** described in the SaaS Services and Fees Schedule.

4.2. State will pay applicable fees, registrations, assessments, imports, duties, tariffs, and taxes imposed by any international, federal, state, or local authorities with respect to this Schedule.

4.3. First Data may offset against any amounts owed by First Data to Customer under the PSA any amounts owed by State to First Data under this Schedule.

5. Term and Termination.

5.1. This Schedule begins on the Effective Date and runs conterminously with the PSA (**Term**). Any actions or events which operate to extend or terminate the PSA will automatically extend or terminate this Schedule simultaneously.

5.2. Notwithstanding Section 5.1, if this Schedule expires or terminates within the first three (3) years after the Effective Date (**Minimum Term**), then, in addition to any other amounts owed by State to First Data, State will pay First Data an amount equal to the sum of the average monthly Recurring SaaS Fees paid to First Data during the 12-month period preceding the termination plus the average monthly Recurring Transactions Fees paid to First Data during the 12-month period preceding the termination, multiplied by the number of months (including partial months) remaining in the Minimum Term (**Early Termination Fee**).

6. Support Services

6.1. State acknowledges that the successful completion of Support Services may depend on the commitment and quality of the assistance that State provides to First Data. State will provide First Data with assistance as First Data reasonably requests related to the Support Services.

6.2. The terms of this Schedule apply to First Data's provision of the SaaS Services, and the Support for the applicable SaaS Services is outlined in SaaS Services Support Schedule. First Data may amend or replace the SaaS Services Support Schedule, but any amendment or replacement of support will not (without State's prior written consent) materially reduce the scope of First Data's obligations under this Schedule.

7. State's Use Restrictions:

7.1. State agrees that it will:

7.1.1. cause any legal entities, Affiliates, or individuals who access or use the SaaS Services or submit information to the SaaS Services (**Users**) to comply with this Schedule, and State is solely responsible for Users' compliance with this Schedule;

7.1.2. immediately notify First Data of any unauthorized access or use and take necessary steps to prevent further unauthorized access or use;

7.1.3. use the SaaS Services (including devices) only in accordance with Documentation that First Data may provide and

for the purposes set forth by First Data;

    7.1.4. ensure that: (a) each transaction will be genuine and the result of a bona fide transaction for the sale of goods and services sold by State; and (b) State will apply transaction proceeds solely to satisfy the payment obligations owed to State for the sale of goods and services sold by the State and not for other payment obligations of the party that initiated the transaction to include that it may not use First Data Services to receive funds to pay obligations of State's customers or Users;

    7.1.5. obtain all legally required consents for information submitted to the SaaS Services; and

    7.1.6. comply with all applicable Laws.

7.2.   State agrees that it will not, and will not permit Users to:

    7.2.1. permit unauthorized access to or use of the SaaS Services, data in the SaaS Services, or related systems;

    7.2.2. resell, redistribute, or otherwise make the SaaS Services available to any third party and will not use the SaaS Services to provide services to any third party (for example, business process outsourcing, service bureau applications, time-sharing, or third party training) without First Data's express written consent (which may be withheld in First Data's sole discretion and may be subject to additional fees and terms);

    7.2.3. use the SaaS Services to store or transmit infringing, libelous, or otherwise unlawful or tortious material, or to store or transmit material in violation of third-party privacy rights;

    7.2.4. use the SaaS Services to store or transmit viruses, worms, time bombs, or other harmful or malicious code, files, scripts, agents, or programs;

    7.2.5. interfere with or disrupt the integrity or performance of the SaaS Services, or third-party data contained in the SaaS Services;

    7.2.6. send First Data, or give First Data access to personally identifiable information or consumer data;

    7.2.7. attempt to gain unauthorized access to the SaaS Services, or their related systems or networks;

    7.2.8. submit or deposit any transaction in connection with the SaaS Services that is illegal, fraudulent, or not authorized;

    7.2.9. receive funds from any person, User, or customer through a transaction for the purpose of making any payment to a third party on behalf of such person that would constitute the provision of money transmission services for the benefit of such person;

    7.2.10. use the SaaS Services to: (a) process personal data revealing consumer information; or (b) upload, incorporate, process, or otherwise provide First Data with, any "protected health information" within the meaning of the Health Insurance Portability and Accountability Act of 1996, as amended; and

    7.2.11. engage in any activity or submit any Transaction (in connection with the Services) that fails to comply with applicable Laws.

7.3.   State agrees that it is solely responsible for:

    7.3.1. the accuracy, quality, integrity, and legality of all transactions and information it submits to the SaaS Services (**State Data**), and of the means by which it acquired all State Data;

    7.3.2. the security of data residing on servers owned or operated by State or a third party designated by State (other than First Data); and

    7.3.3. maintaining any necessary records of State Data and transactions.

    7.3.4. For clarity, State acknowledges that First Data has no obligation to maintain any State Data other than as necessary for First Data to perform the SaaS Services.

8. System Passwords and Security.

8.1.   **Passwords**. Parts of the SaaS Services are password protected. State will solely and exclusively control the creation and provision of passwords for access to the SaaS Services.

8.2.   State is responsible for the confidentiality of all passwords and access obtained by State passwords, and State is liable for all access to the SaaS Services other than First Data's access.

8.3.   Except for access to the SaaS Services by First Data, or access to the SaaS Services granted by First Data to a third party, State is liable for all access to the SaaS Services.

8.4.   First Data will promptly suspend access rights for a State-generated password if State informs First Data in writing (including via electronic mail) of potentially improper access to or use of the State-generated password.

8.5.   **Security**. State agrees that it is responsible for: (1) the safety, security, and administrative safeguards of its systems, (2) unauthorized access through State's systems, SaaS Services, or First Data systems as a result of State's integration with the First Data's systems, or State's receipt of the SaaS Services, other than access by First Data; and (3) access to State's Systems, the SaaS Services, or First Data systems through State's integration with First Data systems, or State's receipt of the SaaS Services, other than access by First Data. State will promptly reimburse First Data for any fines, fees, assessments, penalties, costs, liabilities or other obligations imposed by a governmental authority, regulator, payment network, or applicable Law due to a breach of this Schedule (**Network Security Obligations**).

8.6.   **Suspension.** First Data may immediately suspend State's access to the SaaS Services if First Data in its sole discretion,

has reason to believe that there has been any unauthorized access or use of the SaaS Services, State's integration with the SaaS Services, or other First Data Services.

9. **Allocation of Risk**.
   9.1. First Data and State will each be responsible for maintaining appropriate technical, physical, and administrative safeguards to prevent unauthorized access to each of their respective systems, the First Data Services, or State's integration with the First Data Services.
   9.2. *First Data disclaims all warranties (express or implied) related to the SaaS Services; including warranties of merchantability, fitness for a particular purpose, non-infringement, accuracy, and uninterrupted or error-free operation*.
   9.3. **Consequential Damages.** *Neither party will be liable to the other under any circumstances for any exemplary, punitive, special, indirect, incidental, or consequential damages, or for any lost profits (except for Fees owed under this Schedule), lost revenues, lost business opportunities, loss of value, or reputational harm; regardless of whether these damages were foreseeable or either party was advised they were possible*. *Network Security Obligations are not excluded by this Section.*
   9.4. **Limitation of Liability.** First Data's (and its Affiliates') total aggregate liability to State for all Losses arising in connection with this Schedule (regardless of the form of action or legal theory) will not exceed the Fees paid to First Data for the use of the SaaS Services provided under this Schedule in the 2 months preceding the event giving rise to such claim.

10. **General.**
    10.1. **Networks** include any national or international payment brands or networks (e.g. Visa, MasterCard), or and any other payment card, payment instrument, or payment system governing organization (e.g. PCI-DSS, Nacha, issuing banks). The **Network Rules** are the rules, requirements, and standards of each of the Networks. Each party will comply with the Network Rules, and any other laws, rules, and regulations that apply to its respective performance under this Schedule (together, **Laws**).
    10.2. Neither party may assign this Schedule without the other's written consent (which will not be unreasonably withheld); however, First Data may assign this Schedule to an Affiliate or an entity that acquires substantially all of the stock, assets, or business unit without State's written consent. Assignments in violation of this Section are void.
    10.3. This Schedule is binding upon the parties, their participating or authorized Affiliates, and their respective successors and permitted assigns. State represents and warrants that it has the authority to bind any participating or authorized Affiliates to the terms of this Schedule, and State and its Affiliates are jointly and severally liable for their obligations under this Schedule.

Authorized Signatures:

State of Nebraska	**First Data Merchant Services LLC**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SaaS Services and Fees Schedule

#	**Product / Services / Offering**	**Unit Price**	**Units**	**Extended Price**	**First Invoice Date**	**Frequency**	**Notes**
1.							
1.1.							
1.2.	SnapPay Set-up / Configuration Fee			$0		Onetime	Reference SoW
1.3.	Integrated Receivables Set-up fees						
1.4.	Enhancements , customization fees					T & M	Billed twice a month
1.5.	Token Conversion			$		Onetime	Specify approximate number of tokens that will be converted
1.6.	Device Acquisition						Specify the device name
1.7.	**Total**						

Onetime Professional Services (heading row, section 1.)

2.	**Recurring SaaS Fees**						
2.1.							
2.2.	Base Technology Foundation Fees					Annual	Based on tiered pricing. Also we may limit number of users in certain cases
2.3.	Electronic Invoice Presentation & Payment (EIPP)					Annual	Based on tiered pricing
2.4.	ERP Integration (identify ERP)					Annual	Based on tiered pricing
2.5.	API Integration					Annual	Based on tiered pricing - Name 3rd party integration
2.6.	Invoice History		— Years			Annual	Based on tiered pricing
2.7.	Bank Reconciliation with ERP					Annual	Based on tiered pricing

						Annual	Based on tiered pricing
2.8.	Device fees					Annual	Based on tiered pricing
2.9.							
	Total						

3.	**Recurring Transaction Fees**						
3.1.							
3.2.	Gateway Fee					Annual	This is fixed annual fee per mid
3.3.	Gateway Per Transaction processing Fees					Monthly	Based on tiered pricing
3.4.	Integrated Receivable - Per Credit					Monthly	Based on tiered pricing
3.5.	Integrated Receivable - Per Invoice Line					Annual	Based on tiered pricing - Name 3rd party integration
3.6.	Integrated Receivable - Per Check Scanned					Annual	Based on tiered pricing
3.7.	Integrated Receivable - Per Check or remittance captured via mobile device		— Years			Annual	Based on tiered pricing
3.8.							
	Total						

SaaS Services Support Schedule

Introduction

This SaaS Services Support Schedule provides an overview of the **Support Services** offered by First Data for multi-tenant SaaS Services. The Support Services described in this document apply only to multi-tenant SaaS Services under this Schedule. First Data will provide these Support Services after the Acceptance Date. First Data reserves the right to alter the solution, Documentation, and specifications without notice.

Technical Support Services

Availability of Technical Support Services. First Data has two Support Tiers:
1. **24 X 7**: 24 hours per day, any day of the year.
2. **Business Hours**: Monday – Friday, 9am to 5pm US Central Time (not including federally observed holidays).

State can contact First Data for Support Services via CRM (*logging detailed tickets*), email, or telephone as follows:

- Email Support: spaysupport@firstdata.com
- Telephone Support: +1 (630) 429-9844 (*Voicemail during Business Hours; Helpdesk after hours*)

Issue Qualification and Response Protocol

First Data classifies State issues by Severity Level to effectively allocate resources and respond to State in a timely manner. Once qualified, issues are treated according to the following response protocols. First Data will provide Technical 24 x 7 Support Services for Critical issues until resolution or a fix has been implemented. First Data will provide Technical Support Services during Business Hours for High and Moderate issues.

Issue Qualification		
(1) Critical	**(2) High**	**(3) Moderate**
• Renders SaaS Services effectively inoperable; • Prevents or significantly delays the completion of transactions; • Causes data loss or data corruption; • Creates a condition wherein necessary work cannot proceed; or • Impacts more than 20% of the users for the above situations.	• Causes significant problems with normal workflow; • Requires highly impractical or unreasonable efforts to resolve; • Produces unsatisfactory, sub-standard, or incomplete final output within the scope of the product in question; or • Impacts more than 33% of the users for the above situations.	• Causes moderate levels of inconvenience or inefficiency with no major impact on the normal workflow; • Is of limited scope and impact; • Has a reasonable, satisfactory work-around; or • Is potentially significant but limited to non-essential functions or features.

Response Protocol			
Severity Level	**Support Tier**	**Acknowledgement of Issue**	**Begin Working on Resolution**
(1) Critical	24 x 7	ASAP after receipt of the Technical Support Request	ASAP from acknowledgement
(2) High	Business Hours	Up to 1 Business Day from the receipt of the Technical Support Request	2 Business Days from acknowledgement
(3) Moderate	Business Hours	Up to 1 Business Day from receipt of Technical Support Request	5 Business Days from the acknowledgement

Support Request Process

To initiate a technical support request, the State must contact First Data Technical Support in order of priority:

Critical:

    a.   Log the ticket in CRM with details (*This ensures that the appropriate Support Services staff receive the acknowledgement email along with State*);

    b.   Send an email to the Support Helpdesk (*spaysupport@firstdata.com*); and

    c.   Call the helpdesk (*Note: This would direct you to a voicemail during Business Hours. After hour calls will be answered by the helpdesk*).

High and Moderate:

    a.   Log the ticket in CRM with details (*This ensures that all the Support staff receives the acknowledgement email along with the customer*); and

    b.   Follow up can be sent to Director of Support / Support Manager if a timely response is not received.

Note: Upon initiation of a support request by phone, the support desk representative will:

1. Record details of the support request logged in to First Data's ticketing system (*This system is internal to First Data. The CRM access provided to the customer would still serve to be the primary ticket logging portal*)
2. The support request may be passed on to a Tier 1 technical analyst to attempt to resolve the issue while the State is on the telephone.
3. The support representative will coordinate with the State and the Technical Analyst through resolution of the support request.
4. Only State Contacts (as defined below) can initiate a ticket. Regular users of SaaS Services may not be able to report tickets.

Contact Prioritization and Escalation
First Data manages the escalation of State issues internally. A call not resolved within the applicable technical resolution period will be escalated to management for resolution.
State may request a call to be escalated to First Data SaaS Services Support Management if the applicable response period has elapsed or First Data has been unable to resolve the issue to the State's satisfaction.

Support Contacts
For security purposes, State must designate at least one primary point of contact authorized by the State (the **State Contacts**) to make decisions regarding the SaaS Services. This person must be fully trained in the system operational environment and be capable of supporting the software. The State must ensure a trained representative is available with the authority to shutdown/work on the system or provide access to the site if required. Any representative of State that submits a request for support may be required to verify his or her identity as the State Contact in accordance with First Data's standard procedures for such verification. First Data will not be liable for any delay or failure to provide Support Services as required by this document to the extent such delay or failure results from the unavailability of a trained representative with proper authority and/or ability to verify themselves as an authorized representative of State, or any failure by State to provide cooperation, input or feedback as reasonably required and on a timely basis.

Schedule 2

Convenience Fee Service Schedule

This Schedule 2 (**Schedule**) adds the Convenience Fee Service Schedule to the Payment Solution Agreement (**Agreement**) between First Data and the State. The terms of the Agreement and this Schedule apply to the Convenience Fee Service, but if anything in this Schedule conflicts with the Agreement, this Schedule will control. The Convenience Fee Service is a **Service** under the Agreement and is provided by First Data and not by Bank. Bank is not a party to this Schedule and is not liable to State in connection with the Service of this Schedule.

1 Convenience Fee Service

1.1　First Data will provide State with the Service as described in this Schedule.

1.2　**Service** means the creation and operation of a portal hosted by First Data and/or Interactive Voice Response (IVR) system and a gateway to allow State to submit internet payments from State customers with an appended convenience fee paid by State customers using credit, PIN debit, signature debit, and pre-paid debit cards and ACH. The Convenience Fee services includes the creation of a portal along with a gateway that allows State to connect to First Data's payments system in order to provide the merchant acquiring services in the Agreement for the payments submitted through the Portal or IVR.

1.3　The Portal will integrate with State's website through a hyperlink. State will be able to provide reasonable input into the basic configuration of client logo, colors and field labels for the Portal.

1.4　The Portal will include the following capabilities:

1.4.1　Provide the option to pay with a debit or credit card or via ACH (ACH requires separate TeleCheck Schedule). Payment pages redirect State consumers to a payment form hosted by First Data. To accomplish this a "Checkout" button is displayed within an HTML form on State's website.

1.4.2　The Portal will inform the customer of the requirement and amount of the convenience fee and obtain consent to levy the convenience fee or allow termination of the transaction. If the customer accepts, Processor will submit the transaction consisting of the amount due to State and the convenience fee for authorization over the applicable debit or credit, network or via TeleCheck.

1.4.3　State customers will be provided the opportunity to provide an email address to receive notification of completion of the transaction.

1.4.4　For convenience fee transactions pursuant to this Schedule, State will receive the principal amount owed to State and First Data will receive the convenience fee through settlement. State shall not be charged transaction authorization fees, gateway transaction fees, or related fees such as interchange or discount fees from the Card Brands or transaction fees related to ACH (eCheck) transactions, which shall be paid by First Data. Chargebacks and associated chargeback fees are charged to State and netted daily. Service does not include dispute management and is State's responsibility.

1.4.5　Processor will daily batch the payments received and generate a payment file of amounts paid. State can receive an online report showing transactions processed on a range date using Processor's Business Track (SM) reporting portal.

1.4.6　Graphical depiction of the typical steps involved in transaction flow:

3

Step	Step Description
Account Look-Up	**STEP 1:** • State customer enters Account number to find amount due and other Account details
Choose to pay	**STEP 2:** • State customer elects to make a payment against the amount due
Collect card or eCheck details	**STEP 3:** • State customer enters payment card or eCheck (ABA/DDA) details, if applicable
Agree to convenience fee	**STEP 4:** • State customer agrees to convenience fee in addition to amount due
Payment processing	**STEP 5:** • If State customer agrees to convenience fee, processor facilitates the payment processing
Payment completion	**STEP 6:** • Processor will notify State customer of payment completion if email is provided. • Processor updates State on payment status

2 Fees

- State customers will pay a convenience fee in the amount of 2.75% of the sum paid to State per transaction.

3 License, Restrictions, and Requirements

3.1 Subject to the terms and conditions of this Schedule (including additional rights and licenses granted in the Documentation or an exhibit to this Schedule), First Data grants to State a non-sublicensable, royalty free, non-exclusive, nontransferable, revocable, limited license to use the Service during the term of this Schedule only for (1) the purpose of submitting payment transactions to First Data for processing, and (2) the purposes described in this Schedule. All references to the Service or its components in this Schedule include the applicable Software.

3.2 Subject to the terms and conditions of this Schedule, First Data grants to State a non- sublicensable, royalty free, non-exclusive, non-transferable, revocable, limited license to use the Documentation during the term of this Schedule only for the purpose of supporting State's use of the Service.

Documentation means all manuals and other written materials in any form provided for use with the Portal, as amended from time to time by First Data; provided, First Data agrees to provide State with notice of any modification thereof. State must strictly comply with all Documentation provided to State, and First Data may amend the Documentation in First Data's discretion. If there is any conflict between the Documentation and the terms of Schedule, the terms of this Schedule will control.

3.3   State acknowledges that the Service and Documentation are First Data's intellectual property, and State must not, and must not cause or permit any third party to:

(1)   Use the Service except as permitted by this Schedule or the Documentation or as permitted by First Data in writing;

(2)   Use the Service or Documentation, either directly or indirectly, for benchmarking purposes or to develop any product or service that competes with the Service;

(3)   Disassemble, decompile, decrypt, extract, reverse engineer, or modify the Service or otherwise apply any procedure or process to the Service in order to ascertain, derive, or use the source code or source listings for the Service or any algorithm, process, procedure or other information contained in the Service;

(4)   Provide the Service or Documentation to any third party, other than to State's authorized employees and contractors who are subject to a written confidentiality agreement, the terms of which are no less restrictive than the confidentiality provisions of the Agreement;

(5)   Use, modify, adapt, reformat, copy or reproduce the Service or Documentation or any portion thereof, except as is incidental to the purposes of this Schedule, or for archival purposes (any permitted copies must contain all appropriate proprietary notices);

(6)   Rent, lease, upload, assign, sublicense, transfer, distribute, allow access to, or time share the Service or Documentation;

(7)   Circumvent or attempt to circumvent any security measures of the Service;

(8)   Attempt to access or actually access portions of the Platform or Service not authorized for State's use; or

(9)   Use the Service in any unlawful manner or for any unlawful purpose.

3.4   The licenses granted under this Schedule may be subject to other licenses currently held by First Data or its subcontractors. If any license held by First Data to certain technology or software is terminated or suspended, the corresponding license(s) granted to State under this Schedule may also be terminated or suspended in First Data's sole and absolute discretion. State acknowledges and agrees to the potential termination or suspension of such licenses. To the extent permitted by applicable law, State waives all damages (whether actual, incidental, or consequential) resulting from termination or suspension of a license granted hereunder.

3.5   Except for the limited licenses granted above, this Schedule does not grant State any rights or licenses (express or implied) in any patents, copyrights, trademarks, trade secrets, or other Intellectual Property Rights in or related to the Service, all of which are and will remain the sole and exclusive property of First Data, its vendors, or its licensors. First Data reserves and withholds all rights, title, and interests associated with the Service that are not expressly licensed to State in this Schedule. First Data may revoke this license if State (1) fails to comply with this Schedule, or (b) misuses the Service.

3.6   If State is acquiring the Software on behalf of any part of the United States Government (the Government), the following provisions apply: Any use, duplication, or disclosure by the Government is subject to the restrictions in subparagraphs (a) through (d) of the Commercial Computer Software-Restricted Rights clause at FAR 52.227-19 when applicable, or in subparagraph (c)(1)(ii) of the Rights in Technical Data and Computer Software clause at DFARS 252.227-7013, and in similar clauses in the NASA FAR Supplement. First Data is the contractor/manufacturer, with the address set forth below. Any use, modification, reproduction, release, performance, display or disclosure of the Software and/or the accompanying documentation by the Government or any of its agencies will be governed by the terms of this Schedule and will be prohibited except to the extent expressly permitted by the terms of this Schedule.

3.7   The limited licenses provided above will automatically terminate when this Schedule terminates. Within five days after termination, State must either return or destroy the Software and the Documentation and must certify to First Data in writing that the return or destruction has occurred.

Merchant Number

YOUR CARD PROCESSING STATEMENT

Account Summary

An overview of your account activity for the statement period.

Page 2	**Total Amount Submitted**	$52,150.69
Page 3	**Chargebacks/Reversals**	-$506.83
Page 3	**Adjustments**	0.00
Page 4	**Fees**	-$819.83
	Total Amount Processed	**$50,824.03**

Your sales were

$52,150.69

this month

which is

▼ **-15.62%**

over last month.

This month you had:

86	13
New customers	Repeat customers

September 2020 insights

$385	Avg ticket size
$400	Avg. $ spend per card transaction
1.0	Avg. number of transactions per customer

What your customers are saying:

Google Avg. Rating:
4.40 ⭐

Yelp Avg. Rating:
N/A

Eric Taylor
(google, 09/18/20)

"Great guys, quick and honest with their work"

Did you know?

If you are interested in some marketing promotions, please contact your Customer Service Center.

Make sure to plan accordingly!

Nebraska Writers Guild Conference at the 7007 Grover Street from Oct 8 -10

NHA Annual Convention at the 12520 Westport Parkway from Oct 21 -23

USL League One - Union Omaha vs Fort Lauderdale is on Oct 25

Merchant Number		
Customer Service	Website -	
	Phone - 1-888-311-6119	

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

IMPORTANT NOTICE: Recently, the Card Organizations announced several operational changes, which are presented on the enclosed document titled "Summary of Fall 2020 Card Organization Changes". To access this document and other valuable information, you can log into or register for www.businesstrack.com. To register, you will need your Merchant Identification Number and your business checking account number. If you have trouble finding the referenced document once logged into the site, please call the customer service number listed on your merchant statement to request a copy.

IMPORTANT NOTICE: STAR 2020 annual fee which should have billed to you in August has been delayed as a result of a billing error. The $16.00 annual fee will be billed with your October 2020 month end billing. This fee is applicable to Merchant locations with STAR processing activity in the month of June 2020. This fee will appear on your statement as a separate line item identified as STAR Annual Network Fee. The fee will bill again in July 2021 and every July thereafter.

SUMMARY BY DAY

Date Submitted	Submitted Amount	Chargebacks/ Reversals	Adjustments	Fees	Amount Processed
09/01/20	$2,374.34	0.00	0.00	0.00	$2,374.34
09/02/20	$1,907.30	0.00	0.00	0.00	$1,907.30
09/03/20	$1,415.35	0.00	0.00	0.00	$1,415.35
09/04/20	$4,529.78	0.00	0.00	0.00	$4,529.78
09/08/20	$2,070.59	0.00	0.00	0.00	$2,070.59
09/09/20	$2,685.56	0.00	0.00	0.00	$2,685.56
09/10/20	$4,665.39	0.00	0.00	0.00	$4,665.39
09/11/20	$3,975.03	0.00	0.00	0.00	$3,975.03
09/14/20	$1,957.16	0.00	0.00	0.00	$1,957.16
09/15/20	$2,576.92	0.00	0.00	0.00	$2,576.92
09/16/20	$986.04	0.00	0.00	0.00	$986.04
09/17/20	$1,827.86	0.00	0.00	0.00	$1,827.86
09/18/20	$1,157.04	0.00	0.00	0.00	$1,157.04
09/21/20	$2,450.47	0.00	0.00	0.00	$2,450.47
09/22/20	$680.13	0.00	0.00	0.00	$680.13
09/23/20	$3,563.66	0.00	0.00	0.00	$3,563.66
09/24/20	$1,809.12	0.00	0.00	0.00	$1,809.12
09/25/20	$4,163.27	0.00	0.00	0.00	$4,163.27
09/28/20	$2,439.84	-$506.83	0.00	0.00	$1,933.01
09/29/20	$1,853.97	0.00	0.00	0.00	$1,853.97
09/30/20	$3,061.87	0.00	0.00	0.00	$3,061.87
Month End Charge	0.00	0.00	0.00	-$819.83	-$819.83
Total	**$52,150.69**	**-$506.83**	**0.00**	**-$819.83**	**$50,824.03**

SUMMARY BY CARD TYPE

Card Type	Average Ticket	Total Gross Sales You Submitted		Refunds		Total Amount You Submitted	
		Items	Amount	Items	Amount	Items	Amount
Mastercard	$338.74	27	$9,145.94	0	0.00	27	$9,145.94
VISA	$346.31	83	$28,743.74	0	0.00	83	$28,743.74
Discover	$598.94	7	$4,192.61	0	0.00	7	$4,192.61
AMEX ACQ	$489.98	3	$1,469.93	0	0.00	3	$1,469.93
Star	$364.81	5	$1,824.07	0	0.00	5	$1,824.07
Debit/Atm	$398.49	17	$6,774.40	0	0.00	17	$6,774.40
Total		**142**	**$52,150.69**	**0**	**0.00**	**142**	**$52,150.69**

YOUR CARD PROCESSING STATEMENT

SUMMARY BY BATCH

Batch	Submit Date	Average Ticket	Total Gross Sales You Submitted		Refunds		Total Amount You Submitted	
			Items	Amount	Items	Amount	Items	Amount
676854010120	09/01/20	$423.75	5	$2,118.74	0	0.00	5	$2,118.74
676854010121	09/01/20	$255.60	1	$255.60	0	0.00	1	$255.60
676854020122	09/02/20	$211.92	9	$1,907.30	0	0.00	9	$1,907.30
676854030123	09/03/20	$83.75	1	$83.75	0	0.00	1	$83.75
676854030124	09/03/20	$332.90	4	$1,331.60	0	0.00	4	$1,331.60
676854040125	09/04/20	$377.37	8	$3,018.92	0	0.00	8	$3,018.92
676854040126	09/04/20	$755.43	2	$1,510.86	0	0.00	2	$1,510.86
676854080127	09/08/20	$295.80	7	$2,070.59	0	0.00	7	$2,070.59
676854090128	09/09/20	$454.40	5	$2,271.99	0	0.00	5	$2,271.99
676854090129	09/09/20	$137.86	3	$413.57	0	0.00	3	$413.57
676854100130	09/10/20	$552.21	6	$3,313.27	0	0.00	6	$3,313.27
676854100131	09/10/20	$676.06	2	$1,352.12	0	0.00	2	$1,352.12
676854110132	09/11/20	$374.74	9	$3,372.64	0	0.00	9	$3,372.64
676854110133	09/11/20	$301.20	2	$602.39	0	0.00	2	$602.39
676854140134	09/14/20	$282.61	6	$1,695.63	0	0.00	6	$1,695.63
676854140135	09/14/20	$261.53	1	$261.53	0	0.00	1	$261.53
676854150136	09/15/20	$322.12	8	$2,576.92	0	0.00	8	$2,576.92
676854160137	09/16/20	$197.21	5	$986.04	0	0.00	5	$986.04
676854170138	09/17/20	$304.64	6	$1,827.86	0	0.00	6	$1,827.86
676854180139	09/18/20	$231.41	5	$1,157.04	0	0.00	5	$1,157.04
676854210140	09/21/20	$490.09	5	$2,450.47	0	0.00	5	$2,450.47
676854220141	09/22/20	$170.03	4	$680.13	0	0.00	4	$680.13
676854230142	09/23/20	$712.73	5	$3,563.66	0	0.00	5	$3,563.66
676854240143	09/24/20	$452.28	4	$1,809.12	0	0.00	4	$1,809.12
676854250144	09/25/20	$897.73	4	$3,590.90	0	0.00	4	$3,590.90
676854250145	09/25/20	$572.37	1	$572.37	0	0.00	1	$572.37
676854280146	09/28/20	$304.98	8	$2,439.84	0	0.00	8	$2,439.84
676854290147	09/29/20	$197.09	7	$1,379.61	0	0.00	7	$1,379.61
676854290148	09/29/20	$474.36	1	$474.36	0	0.00	1	$474.36
676854300149	09/30/20	$382.73	8	$3,061.87	0	0.00	8	$3,061.87
Total			**142**	**$52,150.69**	**0**	**0.00**	**142**	**$52,150.69**

CHARGEBACKS/REVERSALS — Transactions that are challenged or disputed by a cardholder or card-issuing bank.

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
09/28/20		DEBIT: SEE ATTACHED		-$506.83
TOTAL				**-$506.83**

ADJUSTMENTS — The amounts credited to, or deducted from, your account to resolve processing and billing discrepancies.

Date	Description	Amount
	No Adjustments for this Statement Period	
Total		**0.00**

YOUR CARD PROCESSING STATEMENT

Merchant Number

Customer Service   Website -
     Phone - 1-888-311-6119

Page 4 of 6

Statement Period   09/01/20 - 09/30/20

FEES   Amount charged to authorize, process and settle card transactions, along with transaction-based and/or fixed amounts charged for specific card processing services.

TRANSACTION FEES

	Type	Amount
MASTERCARD		
MC-HIGH VAL MERIT III BASE	Interchange charges	-$17.57
MC-DOMESTIC MERIT III (DB)	Interchange charges	-$26.79
MC ASSESSMNT TRAN AMT >=$1K .0001 X TRNS $2211.46	Interchange charges	-$0.22
MC-COM DATA RATE I FLT NFUEL	Interchange charges	-$13.12
MC-WORLDCARD MERIT III	Interchange charges	-$3.64
MC-ENHANCED MERIT III BASE	Interchange charges	-$39.94
MC-REG INCENT FRF ADJ POS (DB)	Interchange charges	-$0.37
MC-WORLD ELITE MERIT III	Interchange charges	-$41.31
MC-DOMESTIC MERIT III	Interchange charges	-$4.84
MC-CORP DATA RATE I (US) BUS	Interchange charges	-$5.46
MASTERCARD ASSESSMENT FEE .0013 TIMES $9145.94	Interchange charges	-$11.89
MC-REG CONSM WFRAUD ADJ MC(DB)	Interchange charges	-$0.37
MASTERCARD ACCESS FEE 26 TRANSACTIONS AT .034	Interchange charges	-$0.88
MASTERCARD DEBIT SALES DISC .0035 DISC RATE TIMES $3036.64	Service charges	-$10.63
MASTERCARD SALES DISCOUNT .0035 DISC RATE TIMES $6109.3	Service charges	-$21.38
MC LICENSE VOLUME FEE .000217 DISC RATE TIMES $9145.94	Service charges	-$1.98
VISA		
VI-CPS/REWARDS 1	Interchange charges	-$87.41
VI-US BUS TR4 PRD 2	Interchange charges	-$68.09
VI-CPS/RETAIL ALL OTHER (DB)	Interchange charges	-$8.63
VISA ASSESSMENT FEE CR .0014 TIMES $14465.46	Interchange charges	-$20.25
VISA ASSESSMENT FEE DB .0013 TIMES $14278.28	Interchange charges	-$18.56
VI-US REGULATED NON-CPS (DB)	Interchange charges	-$1.27
VI-SIGNATURE PREFERRED RETAIL	Interchange charges	-$32.35
VI-US BUS TR3 PRD 2	Interchange charges	-$20.10
VI-EIRF NON CPS ALL OTHER (DB)	Interchange charges	-$18.47
VI-US BUS TR1 PRD 2	Interchange charges	-$10.63
VI-CPS/RETAIL ALL OTHER	Interchange charges	-$57.09
VI-US REGULATED (DB)	Interchange charges	-$10.33
VI-US REGULATED COMM (DB)	Interchange charges	-$3.12
VISA ACCESS FEE 83 TRANSACTIONS AT .034	Interchange charges	-$2.82
VISA DEBIT SALES DISCOUNT .0035 DISC RATE TIMES $14278.28	Service charges	-$49.97
VISA SALES DISCOUNT .0035 DISC RATE TIMES $14465.46	Service charges	-$50.63
DISCOVER		
DISCOVER ACCESS FEE 7 TRANSACTIONS AT .034	Interchange charges	-$0.24
DISCOVER ASSESSMENT FEE .0013 TIMES $4192.61	Interchange charges	-$5.45
DISCOVER SALES DISCOUNT .0035 DISC RATE TIMES $4192.61	Service charges	-$14.67
AMEX ACQ		
AXP SVCS BASE T2	Interchange charges	-$19.15
AMEX ASSESSMENT FEE .0015 TIMES $1469.93	Interchange charges	-$2.20
AXP SVCS NONSWIPE T2	Interchange charges	-$12.11
SIGNATURE DEBIT		
SIG DEBIT SALES DISCOUNT .003500 DISC RATE TIMES $1,824.07	Service charges	-$6.38
STAR AUTH REQUEST FEE 5 TRANSACTIONS AT .015000	Fees	-$0.08
	Interchange charges	-$9.69
	Interchange charges	-$11.20
Other		
MONTHLY ADVANTAGE FEE AMDS .000300 TIMES $5,662.54	Service charges	-$1.70
MONTHLY ADVANTAGE FEE MCVDB .0003 TIMES $44664.08	Service charges	-$13.40
AMEX SALES DISCOUNT .0055 DISC RATE TIMES $1469.93	Service charges	-$8.08
TOTAL TRANSACTION FEES		**-$764.46**

DEBIT NETWORK FEES

	Type	Amount
MAESTRO	Interchange charges	-$10.35
STAR NE PREFER	Interchange charges	-$2.53

Merchant Number

Customer Service	Website -
	Phone - 1-888-311-6119

FEES
Amount charged to authorize, process and settle card transactions, along with transaction-based and/or fixed amounts charged for specific card processing services.

MAESTRO REG	Interchange charges	-$1.78
PULSE PAY CHOICE	Interchange charges	-$2.32
STAR NE PREFER REG	Interchange charges	-$2.00
PULSE	Interchange charges	-$1.14
STAR SE PREFER REG	Interchange charges	-$2.49
STAR NE REG	Interchange charges	-$0.59
DEBIT/ATM CARD TRANSACTION FEE 17 TRANSACTIONS AT .1	Service charges	-$1.70
TOTAL DEBIT NETWORK FEES		**-$24.90**

ACCOUNT FEES

	Type	Amount
MC MONTHLY LOCATION FEE	Fees	-$1.25
STAR CLEARING TRANS .001000 TIMES $1,824.07	Fees	-$1.82
VISA NETWORK FEE CP 1B-01	Fees	-$2.00
VI TRANSACTION INTEGRITY FEE 4 TRANSACTIONS AT .1	Fees	-$0.40
CHARGEBACK FEE 1 TRANSACTIONS AT 25	Fees	-$25.00
TOTAL ACCOUNT FEES		**-$30.47**

TOTAL	-$819.83
Total Interchange Charges	**-$608.76**
Total Service Charges	**-$180.52**
Total Fees	**-$30.55**
Total (Service Charges, Interchange Charges, and Fees)	**-$819.83**

INTERCHANGE
These are the variable fees charged by Card Organizations for processing transactions. The interchange charges in this section are also reflected in the Fee section of the statement.

Product/Description	Sales Total	% Of Sales	Number of Transactions	% of Total Transactions	Rate	Cost Per Transaction	Sub Total	Total Interchange Charges
MASTERCARD								
MC-WORLD ELITE MERIT III	$1,864.29	20%	3	11%	0.0220	$0.100	-$41.31	
MC-CORP DATA RATE I (US) BUS	$202.42	2%	1	4%	0.0265	$0.100	-$5.46	
MC-WORLDCARD MERIT III	$200.00	2%	1	4%	0.0177	$0.100	-$3.64	
MC-DOMESTIC MERIT III	$300.00	3%	1	4%	0.0158	$0.100	-$4.84	
MC-ENHANCED MERIT III BASE	$2,279.57	25%	5	19%	0.0173	$0.100	-$39.94	
MC-REG INCENT FRF ADJ POS (DB)	$304.50	3%	1	4%	0.0005	$0.220	-$0.37	
MC-COM DATA RATE I FLT NFUEL	$482.40	5%	1	4%	0.0270	$0.100	-$13.12	
MC-DOMESTIC MERIT III (DB)	$2,422.99	26%	9	33%	0.0105	$0.150	-$26.79	
MC-HIGH VAL MERIT III BASE	$780.62	9%	4	15%	0.0220	$0.100	-$17.57	
MC-REG CONSM WFRAUD ADJ MC(DB)	$309.15	3%	1	4%	0.0005	$0.220	-$0.37	
MASTERCARD TOTAL	**$9,145.94**		**27**					**-$153.41**
VISA								
VI-US REGULATED NON-CPS (DB)	$1,218.88	4%	3	4%	0.0005	$0.220	-$1.27	
VI-US REGULATED (DB)	$7,898.42	27%	29	35%	0.0005	$0.220	-$10.33	
VI-US BUS TR4 PRD 2	$2,695.55	9%	7	8%	0.0250	$0.100	-$68.09	
VI-CPS/RETAIL ALL OTHER (DB)	$965.97	3%	6	7%	0.0080	$0.150	-$8.63	
VI-EIRF NON CPS ALL OTHER (DB)	$1,043.98	4%	1	1%	0.0175	$0.200	-$18.47	
VI-US BUS TR3 PRD 2	$829.27	3%	2	2%	0.0240	$0.100	-$20.10	
VI-SIGNATURE PREFERRED RETAIL	$1,502.19	5%	8	10%	0.0210	$0.100	-$32.35	
VI-US REGULATED COMM (DB)	$3,151.03	11%	7	8%	0.0005	$0.220	-$3.12	
VI-CPS/REWARDS 1	$5,218.56	18%	13	16%	0.0165	$0.100	-$87.41	
VI-CPS/RETAIL ALL OTHER	$3,741.23	13%	6	7%	0.0151	$0.100	-$57.09	
VI-US BUS TR1 PRD 2	$478.66	2%	1	1%	0.0220	$0.100	-$10.63	
VISA TOTAL	**$28,743.74**		**83**					**-$317.49**

YOUR CARD PROCESSING STATEMENT

Merchant Number

Customer Service   Website -
Phone - 1-888-311-6119

Page 6 of 6

Statement Period   09/01/20 - 09/30/20

INTERCHANGE

These are the variable fees charged by Card Organizations for processing transactions.
The interchange charges in this section are also reflected in the Fee section of the statement.

Product/Description	Sales Total	% Of Sales	Number of Transactions	% of Total Transactions	Interchange Cost Rate	Cost Per Transaction	Sub Total	Total Interchange Charges
DISCOVER								
DI- DISCOVER PVI PROMOTIONAL	$4,192.61	100%	7	100%	0.0000	0.000	0.00	
DISCOVER TOTAL	**$4,192.61**		**7**					**0.00**
AMEX ACQ								
AXP SVCS BASE T2	$947.74	64%	2	67%	0.0200	$0.100	-$19.15	
AXP SVCS NONSWIPE T2	$522.19	36%	1	33%	0.0230	$0.100	-$12.11	
AMEX ACQ TOTAL	**$1,469.93**		**3**					**-$31.26**
DEBIT CARD								
PULSE PAY CHOICE	$261.53	4%	1	6%	0.0000	0.000	0.00	
MAESTRO REG	$1,601.08	24%	4	24%	0.0000	0.000	0.00	
STAR NE REG	$349.45	5%	1	6%	0.0000	0.000	0.00	
STAR SE PREFER REG	$1,627.92	24%	4	24%	0.0000	0.000	0.00	
STAR NE PREFER	$231.33	3%	1	6%	0.0000	0.000	0.00	
MAESTRO	$1,111.56	16%	2	12%	0.0000	0.000	0.00	
STAR NE PREFER REG	$1,478.26	22%	3	18%	0.0000	0.000	0.00	
PULSE	$113.27	2%	1	6%	0.0000	0.000	0.00	
DEBIT CARD TOTAL	**$6,774.40**		**17**					**0.00**
STAR								
ST-BASE (DB)	$496.97	27%	1	20%	0.0000	0.000	-$9.69	
ST-RETAIL (DB)	$1,327.10	73%	4	80%	0.0000	0.000	-$11.20	
STAR TOTAL	**$1,824.07**		**5**					**-$20.89**
TOTAL	**$52,150.69**		**142**					**-$523.05**

TOTAL GROSS REPORTABLE SALES BY TIN

Total dollar amount of aggregate reportable payment card transactions funded and third party network transactions, for each participating payee, without regard to any adjustments for credits, cash equivalents, discount amount, fees, refunded amounts, or any other amounts per respective tax identification number.

Month	Description	Total
AUGUST	GROSS REPORTABLE SALES	$61,806.65
	2020 YTD Gross Reportable Sales	**$185,916.53**

Summary of Fall 2020 Card Organization Changes

Visa® U.S.A., Inc. OPERATIONAL and RATE CHANGES

Enhancements to Business-to-Business Virtual Payments Product Offering: (Effective October 16, 2020)
- The Visa Business-to-Business (B2B) Virtual Payments product will be expanded to include prepaid and deferred debit products. Visa will define a new global interchange fee program including fee edits, fee descriptor and a Fee Program Indicator. The following are the new B2B Programs and rates:
  - B2B Program 1 - new rate of 0.80%
  - B2B Program 2 - new rate of 1.00%
  - B2B Program 3 - new rate of 1.20%
  - B2B Program 4 - new rate of 1.40%
  - B2B Program 5 - new rate of 1.60%
  - B2B Program 6 - new rate of 1.80%
- The following fees will also be assessed for the new B2B Virtual Programs:
  - Domestic Service Fee of 0.60%
  - International Service Fee of 1.55%
  - Intraregional Service Fee of 1.00%
- The Acquirer Processing Fee, International Acquirer Fee, and International Service Assessment Fees will not be assessed to the B2B Virtual Payments.

MasterCard® Worldwide OPERATIONAL and RATE CHANGES

Revised Standards for Electric Vehicle Charging: (Effective October 16, 2020)
- Merchant must inform the cardholder of any estimated amount for which the authorization will be requested.
- Initial authorization request message to the issuer must be identified as a preauthorization.
- If the transaction is finalized and the amount exceeds the authorization amount, then an additional authorization for the unauthorized amount must be requested.
- If the transaction is finalized and is less than the authorized amount, then a partial reversal for the excess amount must be submitted within 24-hours.
- If the transaction is cancelled by the cardholder, a full reversal must be submitted within 24-hours of cancellation.

U.S. Virgin Islands and Puerto Rico Assessment Fee Revisions: (Effective January 4, 2021)
- Mastercard will modify the Acquirer Cross Border Assessment Fee as follows:
  - Transactions submitted in the local currency of the merchant from 0.40% (old rate) to 0.45% (new rate)
  - Transaction submitted in a currency different than the local currency of the merchant from 0.80% (old rate) to 1.00% (new rate).
- For U.S. Virgin Islands, Mastercard will increase the Acquirer International Volume Assessment Fee to 0.25%.
- For Puerto Rico, Mastercard will increase the Acquirer International Volume Assessment Fee to 0.75%.

Mastercard LAC Preauthorization Fee Revisions: (Effective October 1, 2020)
- Mastercard will revise the pricing for the existing Acquirer Switch Fee for preauthorization in the LAC Region as follows:
  - Mastercard LAC Preauthorization Fee Domestic from 0.04% (old rate) to 0.05% (new rate)
  - Mastercard LAC Preauthorization Fee Cross Border from 0.04% (old rate) to 0.06% (new rate)

Mastercard LAC Transaction Processing Revisions: (Effective January 2, 2021)
- Mastercard is moving from a fixed fee to a basis points model for not reversed or cleared undefined authorization or preauthorization processing integrity programs in the LAC Region as follows:
  - Processing Integrity Fee - Not Reversed/Cleared Undefined Authorization - new rate of 0.25%
  - Processing Integrity Fee Not Reversed/Cleared Preauthorization - new rate of 0.25%

Discover® OPERATIONAL and RATE CHANGES

E-Commerce Acquirer Interchange Program Enhancements: (Effective October 16, 2020)
- Discover will revise the U.S. Consumer E-Commerce Acquirer Interchange Program requirement by adding the validation for the transaction amount tolerance. The transaction amount tolerance is the difference between the card sale authorization request amount and the settlement amount.

Merchant Initiated Transactions Enhancements: (Effective October 16, 2020)
- Discover is expanding the transaction types for Merchant Initiated Transactions Enhancements (MIT) acceptance. This will allow specific types of PAN-based or Tokenized card sales where multiple authorizations and settlement are submitted for a single purchase. With the expansion of the MIT types, Discover will revise the value of Entry Mode "10 - Stored Card Account" description to include Recurring Payments, Installment Payments, and Unscheduled Payments. Discover will also update the POS Data Code POS Transaction Status Indicator to include the following:
  - D - Delayed Card Sale
  - E - Resubmission of Card Transaction
  - G - Transit Aggregated Transaction
  - N - No-Show Charge
  - S - Installment Payment
  - U - Unscheduled Payment

American Express® OPERATIONAL and RATE CHANGES

Merchant and Customer Initiated Enhancements: (Effective October 16, 2020)
- American Express will add support for the Original Transaction Identifier (OTID) on Authorization Data Field 60, which will assist in identifying Merchant-Initiated Transactions (MIT) and act as a link to the initial Customer-Initiated Transaction (CIT). American Express will also add the Acceptance Environment Data field to indicate whether the transaction is Merchant Initiated Transaction or Customer Initiated Transaction. The support for this is optional at this time, however it is strongly suggested to enhance a positive authorization experience.

New Submission Error Code for Safekey Transactions: (Effective October 16, 2020)
- American Express is introducing a new Submission Error Code of 2079 when the ECI value of the submitted Safekey transaction in settlement is not matching the ECI value submitted in authorization. The new error code will not result in a reject, but will represent a warning of the mismatched ECI value. The transaction will continue to process and be funded.

Summary of Fall 2020 Card Organization Changes

Debit Network Fee Changes: (Effective October 1, 2020)
- o Debit Networks will modify interchange program rates/fees. Please review your Interchange Qualification Matrix for the associated rates.

Original Credit Transactions Support for Account-to-Account (Interlink): (Effective October 16, 2020)
- o Account-to-Account transactions will be supported on Original Credit Transactions (OCT) for Interlink. This will apply to Security Brokers / Dealers and Financial Institutions offering account-to-account transactions.

Card-on-File (Pulse): (Effective October 16, 2020)
- o To align with industry standards, Pulse will support POS Entry Mode value of "10" to identify Card-On-File transactions. Pulse currently supports the POS Entry Mode "81" for Card-on-File transactions. At this time, Pulse will support both POS Entry Mode value of "10" and the existing value of "81". Merchants who support card-on-file transactions does not have to make changes and may continue to submit the existing card-on-file indicators as outlined on the applicable merchant specifications.

Wright Express and Voyager EMV Support
- o Wright Express (WEX) and Voyager Fleet Cards with magnetic stripes are being replaced in order to align with industry standards for EMV acceptance. Merchants and/or vendors that accept WEX and Voyager transactions will need to follow the Business-as-Usual process for merchant system modifications, testing and certification.

Star Access^SM

Card-Not-Present Support with EMV 3D Secure: (Effective October 16, 2020)
- o Star Access will support the EMV 3D Secure functionality to pass the authentication data in authorization for online transactions to assist in preventing fraud. To support this functionality, Star Access is introducing new data elements for the Star 3D Secure Data that provides the authentications cryptogram and results.

Stop Payment Enhancements: (Effective October 16, 2020)
- o STAR Access will provide additional information in authorization and financial response messages to describe the reason for the Stop Payment decline. Merchant will continue to receive an authorization response of "Do Not Honor" and one for the following additional response to describe the reason for the stop payment status.
  - • V - Card Account Closed or Fraud
  - • W - Cardholder Cancelled Recurring Payment
  - • X - Cancel Specific Payment
  - • Y - New Account Information Available

Dispute Changes

EMV Liability Shift for U.S. Automated Fuel Dispenser (AFD)
- o The card brands have changed the effective dates for the EMV Liability Shift for U.S. domestic AFD transactions to April 2021 except for Accel, Canadian Cards at U.S. terminals, which will be effective October 1, 2021 and Wright Express (WEX), which remains effective October 1, 2020.

Disputes - Reason Code Update (Visa): (Effective October 16, 2020)
- o Visa updated the description of Reason Code - 1390 from "Non-Receipt of Cash or Load Transaction Value" to "Non-Receipt of Cash."

Disputes - Chargeback Reason Codes Changes (Star): (Effective October 16, 2020)
- o STAR will modify their exception processing rules to be consistent with all STAR Networks by updating their reason codes as follows. Merchant response timeframes will remain at 15 calendar days.
  - • 2000 Authorization
  - • 3000 Processing Error
  - • 4000 Cardholder Dispute
  - • 5000 Cancellations and Returns
  - • 6000 Unauthorized/Fraud Dispute
  - • 6500 Counterfeit Chip Card Fraud

Disputes - Chargeback Reason Codes and Liability for U.S. Automated Fuel Dispenser (Mastercard): (Effective April 16, 2021)
- o Mastercard is revising Reason Code 4837 - No Cardholder Authorization where issuers can no longer initiate an Automated Fuel Dispenser (AFD) chargeback when the card is reported as lost, stolen, or never received, and the transaction took place at an EMV contactless and/or contact chip-enabled AFD terminal and identified with a CAT 2.
- o Mastercard is revising Reason Code 4871 - Chip Liability Shift where issuers can initiate a chargeback on an AFD transaction when the cardholders EMV chip card, contactless-enabled card, or mobile payment device supports PIN, and the terminal does not have PIN capability.
- o Mastercard is revising Reason Code 4808 - Authorization Related Chargeback where chargeback protection will be extended to included transactions identified with a CAT 1, which currently includes U.S. AFD merchants with transaction authorizations up to $150 for Mastercard Corporate Cards and $100 for all other Mastercard Cards.

Disputes - Ticket Retrieval Fee (Discover): (Effective April 16, 2021)
- o Discover is introducing a new Ticket Retrieval Fee of $1.00 that will be assessed for each Ticket Retrieval Request.

NOTE: If you have questions about any of the above changes, please contact customer service at the number on your merchant processing statement for more information.

MERCHANT CARD SERVICES COST PROPOSAL
RFP # 6556 Z1

Bidder must specify the cost for the specific line item in the unit of measure (UOM) provided. The UOM should not be changed. Bidder must also specify if there is a daily, monthly maximum per UOM. Bidder must identify a price for each year of the initial period of the contract and for each renewal period.

Assessment fees are pass through fees from the card associations and are not included on the cost proposal. In the event there are fees associated with the services that are not listed on the cost proposal below, the bidder shall list all such additional fees that could be charged under the contract on "Other Costs". The bidder should specify the UOM and any maximum caps and follow the same format as this cost sheet.

The following information is based on 2020 transactions processed by State Agency's as listed on Exhibit 3. The volumes used are estimates and not a representation of future volumes.

Bidder Name: Pinnacle Bank

MERCHANT CARD SERVICE COST PROPOSAL

Authorization Fee

Authorization Fee	Estimated Volume	UOM	Year 1 Cost	Year 1 Total	Year 2 Cost	Year 2 Total	Year 3 Cost	Year 3 Total	Year 4 Cost	Year 4 Total	Year 5 Cost	Year 5 Total	Year 6 Cost	Year 6 Total	Renewal 1 Y1 Cost	Renewal 1 Y1 Total	Renewal 1 Y2 Cost	Renewal 1 Y2 Total	Renewal 2 Y1 Cost	Renewal 2 Y1 Total	Renewal 2 Y2 Cost	Renewal 2 Y2 Total	Renewal 3 Y1 Cost	Renewal 3 Y1 Total	Renewal 3 Y2 Cost	Renewal 3 Y2 Total
Visa	1,433,005	Per Transaction	0.028000	40,124.14	0.028000	40,124.14	0.028000	40,124.14	0.028000	40,124.14	0.028000	40,124.14	0.028000	40,124.14	0.028000	40,124.14	0.028000	40,124.14	0.028000	40,124.14	0.028000	40,124.14	0.028000	40,124.14	0.028000	40,124.14
MasterCard	454,173	Per Transaction	0.028000	12,716.84	0.028000	12,716.84	0.028000	12,716.84	0.028000	12,716.84	0.028000	12,716.84	0.028000	12,716.84	0.028000	12,716.84	0.028000	12,716.84	0.028000	12,716.84	0.028000	12,716.84	0.028000	12,716.84	0.028000	12,716.84
Discover	67,108	Per Transaction	0.028000	1,879.02	0.028000	1,879.02	0.028000	1,879.02	0.028000	1,879.02	0.028000	1,879.02	0.028000	1,879.02	0.028000	1,879.02	0.028000	1,879.02	0.028000	1,879.02	0.028000	1,879.02	0.028000	1,879.02	0.028000	1,879.02
American Express	20,979	Per Transaction	0.028000	587.41	0.028000	587.41	0.028000	587.41	0.028000	587.41	0.028000	587.41	0.028000	587.41	0.028000	587.41	0.028000	587.41	0.028000	587.41	0.028000	587.41	0.028000	587.41	0.028000	587.41
Debit Cards	28,706	Per Transaction	0.028000	803.77	0.028000	803.77	0.028000	803.77	0.028000	803.77	0.028000	803.77	0.028000	803.77	0.028000	803.77	0.028000	803.77	0.028000	803.77	0.028000	803.77	0.028000	803.77	0.028000	803.77
Total Authorization Fees:				56,111.19		56,111.19		56,111.19		56,111.19		56,111.19		56,111.19		56,111.19		56,111.19		56,111.19		56,111.19		56,111.19		56,111.19

Transaction Fee

Transaction Fee	Estimated Volume	UOM	Y1 Cost	Y1 Total	Y2 Cost	Y2 Total	Y3 Cost	Y3 Total	Y4 Cost	Y4 Total	Y5 Cost	Y5 Total	Y6 Cost	Y6 Total	R1Y1 Cost	R1Y1 Total	R1Y2 Cost	R1Y2 Total	R2Y1 Cost	R2Y1 Total	R2Y2 Cost	R2Y2 Total	R3Y1 Cost	R3Y1 Total	R3Y2 Cost	R3Y2 Total
Visa	1,433,005	Per Transaction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MasterCard	454,173	Per Transaction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discover	67,108	Per Transaction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
American Express	20,979	Per Transaction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debit Cards	28,706	Per Transaction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Transaction Fees:				-		-		-		-		-		-		-		-		-		-		-		-

Basis Point Calculation

Basis Point Calculation	Estimated Dollar	UOM	Y1 Cost	Y1 Total	Y2 Cost	Y2 Total	Y3 Cost	Y3 Total	Y4 Cost	Y4 Total	Y5 Cost	Y5 Total	Y6 Cost	Y6 Total	R1Y1 Cost	R1Y1 Total	R1Y2 Cost	R1Y2 Total	R2Y1 Cost	R2Y1 Total	R2Y2 Cost	R2Y2 Total	R3Y1 Cost	R3Y1 Total	R3Y2 Cost	R3Y2 Total
Visa	$97,089,302	Per Dollar	0.0080%	7,767.14	0.0080%	7,767.14	0.0080%	7,767.14	0.0080%	7,767.14	0.0080%	7,767.14	0.0080%	7,767.14	0.0080%	7,767.14	0.0080%	7,767.14	0.0080%	7,767.14	0.0080%	7,767.14	0.0080%	7,767.14	0.0080%	7,767.14

	Volume or Dollar	UOM																								
MasterCard	$35,714,688	Per Dollar	0.0080%	$2,857.18	0.0080%	$2,857.18	0.0080%	$2,857.18	0.0080%	$2,857.18	0.0080%	$2,857.18	0.0080%	$2,857.18	0.0080%	$2,857.18	0.0080%	$2,857.18	0.0080%	$2,857.18	0.0080%	$2,857.18	0.0080%	$2,857.18	0.0080% $2,857.18
Discover	$4,825,282	Per Dollar	0.0080%	$386.02	0.0080%	$386.02	0.0080%	$386.02	0.0080%	$386.02	0.0080%	$386.02	0.0080%	$386.02	0.0080%	$386.02	0.0080%	$386.02	0.0080%	$386.02	0.0080%	$386.02	0.0080%	$386.02	0.0080% $386.02
American Express	$2,606,650	Per Dollar	0.0080%	$208.53	0.0080%	$208.53	0.0080%	$208.53	0.0080%	$208.53	0.0080%	$208.53	0.0080%	$208.53	0.0080%	$208.53	0.0080%	$208.53	0.0080%	$208.53	0.0080%	$208.53	0.0080%	$208.53	0.0080% $208.53
Debit Cards	$6,312,074	Per Dollar	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ - $ -
Basis Point Calculation Totals:				$11,218.87		$11,218.87		$11,218.87		$11,218.87		$11,218.87		$11,218.87		$11,218.87		$11,218.87		$11,218.87		$11,218.87		$11,218.87	$11,218.87

			Initial Term												Optional Renewal 1				Optional Renewal 2				Optional Renewal 3			
Refund, Return or Credit:	Estimated Volume or Dollar	UOM	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 1		Year 2		Year 1		Year 2		Year 1		Year 2	
			Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total
Visa	34,231	Per Transaction	0.028000	958.47	0.028000	958.47	0.028000	958.47	0.028000	958.47	0.028000	958.47	0.028000	958.47	0.028000	958.47	0.028000	958.47	0.028000	958.47	0.028000	958.47	0.028000	958.47	0.028000	958.47
MasterCard	11,338	Per Transaction	0.028000	317.46	0.028000	317.46	0.028000	317.46	0.028000	317.46	0.028000	317.46	0.028000	317.46	0.028000	317.46	0.028000	317.46	0.028000	317.46	0.028000	317.46	0.028000	317.46	0.028000	317.46
Discover	2,858	Per Transaction	0.028000	80.02	0.028000	80.02	0.028000	80.02	0.028000	80.02	0.028000	80.02	0.028000	80.02	0.028000	80.02	0.028000	80.02	0.028000	80.02	0.028000	80.02	0.028000	80.02	0.028000	80.02
American Express	512	Per Transaction	0.028000	14.34	0.028000	14.34	0.028000	14.34	0.028000	14.34	0.028000	14.34	0.028000	14.34	0.028000	14.34	0.028000	14.34	0.028000	14.34	0.028000	14.34	0.028000	14.34	0.028000	14.34
Visa	$5,571,248	Per Dollar	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -
MasterCard	$2,107,350	Per Dollar	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -
Discover	$568,252	Per Dollar	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -
American Express	$183,097	Per Dollar	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -	0.0000%	$ -
Total Refund, Return or Credit Fees:				1,370.29		1,370.29		1,370.29		1,370.29		1,370.29		1,370.29		1,370.29		1,370.29		1,370.29		1,370.29		1,370.29		1,370.29

			Initial Term												Optional Renewal 1				Optional Renewal 2				Optional Renewal 3			
Chargebacks:	Estimated Volume or Dollar	UOM	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 1		Year 2		Year 1		Year 2		Year 1		Year 2	
			Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total
Visa	207	Per Transaction	5.000000	1,035.00	5.000000	1,035.00	5.000000	1,035.00	5.000000	1,035.00	5.000000	1,035.00	5.000000	1,035.00	5.000000	1,035.00	5.000000	1,035.00	5.000000	1,035.00	5.000000	1,035.00	5.000000	1,035.00	5.000000	1,035.00
MasterCard	115	Per Transaction	5.000000	575.00	5.000000	575.00	5.000000	575.00	5.000000	575.00	5.000000	575.00	5.000000	575.00	5.000000	575.00	5.000000	575.00	5.000000	575.00	5.000000	575.00	5.000000	575.00	5.000000	575.00
Discover	5	Per Transaction	5.000000	25.00	5.000000	25.00	5.000000	25.00	5.000000	25.00	5.000000	25.00	5.000000	25.00	5.000000	25.00	5.000000	25.00	5.000000	25.00	5.000000	25.00	5.000000	25.00	5.000000	25.00
Visa	$23,328	Per Dollar	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MasterCard	$9,759	Per Dollar	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Discover	$477	Per Dollar	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Chargeback Fees:				1,635.00		1,635.00		1,635.00		1,635.00		1,635.00		1,635.00		1,635.00		1,635.00		1,635.00		1,635.00		1,635.00		1,635.00

Chargeback Reversal

Chargeback Reversal:	Estimated Volume or Dollar	UOM	Initial Term												Optional Renewal 1				Optional Renewal 2				Optional Renewal 3			
			Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 1		Year 2		Year 1		Year 2		Year 1		Year 2	
			Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total
Debit	1	Per Transaction	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50	$ 2.500000	$ 2.50
Credit	11	Per Transaction	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50	$ 2.500000	$ 27.50
Debit	$1	Per Dollar	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Credit	$1,638	Per Dollar	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Chargeback Reversal Fees:				$ 30.00		$ 30.00		$ 30.00		$ 30.00		$ 30.00		$ 30.00		$ 30.00		$ 30.00		$ 30.00		$ 30.00		$ 30.00		$ 30.00

Chargeback Misc Fee

Chargeback Misc Fee:	Estimated Volume or Dollar	UOM	Initial Term												Optional Renewal 1				Optional Renewal 2				Optional Renewal 3			
			Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 1		Year 2		Year 1		Year 2		Year 1		Year 2	
			Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total
Debit	106	Per Transaction	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00	$ 5.000000	$ 530.00
Credit	2	Per Transaction	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00	$ 5.000000	$ 10.00
Debit	$6,856	Per Dollar	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Credit	$65	Per Dollar	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Chargeback Misc Fees:				$ 540.00		$ 540.00		$ 540.00		$ 540.00		$ 540.00		$ 540.00		$ 540.00		$ 540.00		$ 540.00		$ 540.00		$ 540.00		$ 540.00

Other Fees

Other Fees:	Estimated Volume	UOM	Initial Term												Optional Renewal 1				Optional Renewal 2				Optional Renewal 3			
			Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 1		Year 2		Year 1		Year 2		Year 1		Year 2	
			Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total
Online access to view Merchant Activity	12	Per Month	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Online Statement Fee	12	Per Month	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Paper Statement Fee	12	Per Month	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00
Non-PCI Compliance Fee	1	Per Month	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99	$ 19.990000	$ 19.99
Total Other Fees:				$ 139.99		$ 139.99		$ 139.99		$ 139.99		$ 139.99		$ 139.99		$ 139.99		$ 139.99		$ 139.99		$ 139.99		$ 139.99		$ 139.99

Initial Term	Optional Renewal 1	Optional Renewal 2	Optional Renewal 3

Banking Services:	Estimated Volume	UOM	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 1		Year 2		Year 1		Year 2		Year 1		Year 2	
			Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total
Account Maintenance	12	Per Account	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00		$ -		$ -		$ -		$ -		$ -		$ -
Electronic Credits	16,377	Per Transaction	$ 0.150000	$ 2,456.55	$ 0.150000	$ 2,456.55	$ 0.150000	$ 2,456.55	$ 0.150000	$ 2,456.55	$ 0.150000	$ 2,456.55	$ 0.150000	$ 2,456.55		$ -		$ -		$ -		$ -		$ -		$ -
Electronic Debits	1,170	Per Transaction	$ 0.150000	$ 175.50	$ 0.150000	$ 175.50	$ 0.150000	$ 175.50	$ 0.150000	$ 175.50	$ 0.150000	$ 175.50	$ 0.150000	$ 175.50		$ -		$ -		$ -		$ -		$ -		$ -
ZBA Account	12	Per Account	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00	$ 10.000000	$ 120.00		$ -		$ -		$ -		$ -		$ -		$ -
Deposit Assessment	1	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Online Services:																										
Account Analysis	12	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Check Filter	9	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Current Day Reporting	12	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Current Day Per Item	4,776	Per Transaction		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Current Day ACH Addenda	12	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Previous Day Reporting	12	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Previous Day Per Item	22,585	Per Transaction		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Previous Day ACH Addenda	12	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Merchant Detail Reporting	12	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
ACH Received Item	1,986	Per Transaction		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
ACH Filter	10	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Wire Services:																										
Wire Online Maintenance	1	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Wire – Outgoing Fed	1	Per Wire	$ 11.000000	$ 11.00		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Wire – Outgoing Template	1	Per Wire	$ 11.000000	$ 11.00		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Wire – Template Set UP	1	Per Set Up		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Wire – Outgoing Template	1	Per Account		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Total Banking Services Fees:				$ 2,894.05		$ 2,872.05		$ 2,872.05		$ 2,872.05		$ 2,872.05		$ 2,872.05		$ -		$ -		$ -		$ -		$ -		$ -
Total Cost Proposal:				$ 73,939.39		$ 73,917.39		$ 73,917.39		$ 73,917.39		$ 73,917.39		$ 73,917.39		$ 71,045.34		$ 71,045.34		$ 71,045.34		$ 71,045.34		$ 71,045.34		$ 71,045.34

Optional Supplies

Optional supplies

Optional supplies:	Estimated Volume	UOM	Initial Term												Optional Renewal 1				Optional Renewal 2				Optional Renewal 3			
			Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 1		Year 2		Year 1		Year 2		Year 1		Year 2	
			Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total
Credit Card Terminal Paper	1	Per Roll	$ 0.750000	$ 0.75	0.750000	$ 0.75	0.750000	$ 0.75	0.750000	$ 0.75	0.750000	$ 0.75	0.750000	$ 0.75	0.750000	$ 0.75	0.750000	$ 0.75	0.750000	$ 0.75	0.750000	$ 0.75	0.750000	$ 0.75	0.750000	$ 0.75
Brand Accepted Signage	1	Per Sign	$ -	$ -	$ -	$ -	$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -	
Total Supplies:				$ 0.75		$ 0.75		$ 0.75		$ 0.75		$ 0.75		$ 0.75		$ 0.75		$ 0.75		$ 0.75		$ 0.75		$ 0.75		$ 0.75

Other Costs

Description:	Volume	UOM	Initial Term												Optional Renewal 1				Optional Renewal 2				Optional Renewal 3			
			Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 1		Year 2		Year 1		Year 2		Year 1		Year 2	
			Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total	Cost	Total
$50,000 Hardware Credit. To be used towards purchases of new terminals as desired.	1	HW Credit	$ (50,000.00)	$ (50,000.00)		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Option: Managed Service Fee: 2.10% (as high as 3.00%) *FDMS offers an all inclusive pricing model with its committed rate. If this option is selected, we will perform a review of recent card usage. FDMS may propose a higher service fee in instances where interchange...		Per Dollar (Service Fee is paid by the consumer.)		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -		$ -
Optional: Clover Station		Each	$ 1,199.000000	$ -	$ 1,199.000000	$ -	$ 1,199.000000	$ -	$ 1,199.000000	$ -	$ 1,199.000000	$ -	$ 1,199.000000	$ -	$ 1,199.000000	$ -	$ 1,199.000000	$ -	$ 1,199.000000	$ -	$ 1,199.000000	$ -	$ 1,199.000000	$ -	$ 1,199.000000	$ -
Optional: Clover Flex		Each	$ 464.000000	$ -	$ 464.000000	$ -	$ 464.000000	$ -	$ 464.000000	$ -	$ 464.000000	$ -	$ 464.000000	$ -	$ 464.000000	$ -	$ 464.000000	$ -	$ 464.000000	$ -	$ 464.000000	$ -	$ 464.000000	$ -	$ 464.000000	$ -
Optional: Clover Mini		Each	$ 664.000000	$ -	$ 664.000000	$ -	$ 664.000000	$ -	$ 664.000000	$ -	$ 664.000000	$ -	$ 664.000000	$ -	$ 664.000000	$ -	$ 664.000000	$ -	$ 664.000000	$ -	$ 664.000000	$ -	$ 664.000000	$ -	$ 664.000000	$ -
Optional: Clover Wireless		Per Device Per Month	$ 15.000000	$ -	15.000000	$ -	15.000000	$ -	15.000000	$ -	15.000000	$ -	15.000000	$ -	15.000000	$ -	15.000000	$ -	15.000000	$ -	15.000000	$ -	15.000000	$ -	15.000000	$ -
Optional: Clover Register Lite		Per Device Per Month	$ 9.950000	$ -	$ 9.950000	$ -	$ 9.950000	$ -	$ 9.950000	$ -	$ 9.950000	$ -	$ 9.950000	$ -	$ 9.950000	$ -	$ 9.950000	$ -	$ 9.950000	$ -	$ 9.950000	$ -	$ 9.950000	$ -	$ 9.950000	$ -
Optional: SnapPay Gateway (Includes Auth, Settle & Token)		Transaction	$ 0.070000	$ -	$ 0.070000	$ -	$ 0.070000	$ -	$ 0.070000	$ -	$ 0.070000	$ -	$ 0.070000	$ -	$ 0.070000	$ -	$ 0.070000	$ -	$ 0.070000	$ -	$ 0.070000	$ -	$ 0.070000	$ -	$ 0.070000	$ -
Optional: SnapPay Gateway Implementation		Hour	$ 200.000000	$ -	$ 200.000000	$ -	$ 200.000000	$ -	$ 200.000000	$ -	$ 200.000000	$ -	$ 200.000000	$ -	$ 200.000000	$ -	$ 200.000000	$ -	$ 200.000000	$ -	$ 200.000000	$ -	$ 200.000000	$ -	$ 200.000000	$ -
Optional: Ingenico iSMP4		Each	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -
Optional: Ingenico iSC Touch 250		Each	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -	$ 550.000000	$ -
Optional: Ingenico IPP320		Each	$ 310.000000	$ -	$ 310.000000	$ -	$ 310.000000	$ -	$ 310.000000	$ -	$ 310.000000	$ -	$ 310.000000	$ -	$ 310.000000	$ -	$ 310.000000	$ -	$ 310.000000	$ -	$ 310.000000	$ -	$ 310.000000	$ -	$ 310.000000	$ -
Optional: Ingenico IPP350		Each	$ 360.000000	$ -	$ 360.000000	$ -	$ 360.000000	$ -	$ 360.000000	$ -	$ 360.000000	$ -	$ 360.000000	$ -	$ 360.000000	$ -	$ 360.000000	$ -	$ 360.000000	$ -	$ 360.000000	$ -	$ 360.000000	$ -	$ 360.000000	$ -
Optional: Annual P2PE Fee		Per Device	$ 160.000000	$ -	$ 160.000000	$ -	$ 160.000000	$ -	$ 160.000000	$ -	$ 160.000000	$ -	$ 160.000000	$ -	$ 160.000000	$ -	$ 160.000000	$ -	$ 160.000000	$ -	$ 160.000000	$ -	$ 160.000000	$ -	$ 160.000000	$ -
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