



To: Scott Schreiner, Director of Purchasing,

From: Andrew Rakaczki, Sales Support Manager, Higher One Inc.

Date: August 15, 2007

Re: Response to Follow Up Questions #1, RFP # 157-2007

Higher One appreciates the committee's evaluation of our proposal and would like to take this opportunity to respond to the University's questions:

- 1. Can you give us a list of customers using your service for financial aid refunds and faculty/staff payroll?*

Higher One response to Question #1:

Clients currently employing both the OneDisburse Refund Management and OneDisburse Payroll programs are:

School Name	Contact Name	Phone	Email
Angelo State University	Audrey Wilson	325-942-2331	audrey.wilson@angelo.edu
Flagler College	Richard Jacobs	904-819-6279	rjacobs@flagler.edu
Sam Houston State University	Kristy Vienne	936-294-2274	klv002@shsu.edu
Spring Arbor University	Gordon Eccles	517-750-6400	geccles@arbor.edu
Wittenburg University	Douglas Schantz	937-327-6145	dschantz@wittenberg.edu

The OneDisburse Payroll service was launched in January 2007 for deployment during the Spring Semester 07. Many of our clients are currently in the processing of transitioning to this new payroll platform.

- 2. North Dakota Century Code 34-14-02 dictates the following requirements when using a stored value card to pay wages: "A stored value card that is used by an employer to pay wages must be issued by a federally insured bank or credit union. The value of the funds underlying a stored value card that is used by an employer to pay wages must be a deposit that is insured by the federal deposit insurance corporation or national credit union administration." Does Higher One meet these requirements? If so how.*

Higher One response to Question #2:

Higher One does meet this requirement. Higher One Inc. is a financial services provider and is currently partnered with Frost Bank located in Houston, Texas to provide this full service banking solution. The bank account offered through this service, the **OneAccount**, is FDIC insured and will be held by an insured depository financial institution at all times.

We are deeply committed to compliance with state and federal banking as well as higher education requirements to provide our services. Higher One and our bank partner are audited on an annual basis, and are compliant with all applicable federal rules and regulations. Our Services Agreement with each Institution includes commitments to security and privacy, and compliance with regulations such as the Reg. E, FERPA, Patriot Act, FTC Rule (regarding safeguarding personal information), Federal Cash Management Regulations and Department of Education rules for handling Title IV refunds. Several of Higher One's clients are located in States that actively regulate and promote liability limitation of public funds. Higher One's *OneDisburse*SM and *OneFinance*SM service were designed to address these types of regulatory concerns. For example, we provide FDIC insurance for all refund and payroll disbursements regardless of the delivery type. We also provide legal terms within our Services Agreement that protects the University. Higher One is proud of the fact that we have helped many clients achieve Title IV and other regulatory agencies' compliances.

3. *UND has many employees currently enrolled in direct deposit for their payroll disbursement. Can UND continue to ACH these amounts to their accounts directly without utilizing Higher One?*

Higher One response to Question #3:

Yes, the University is certainly free to continue to manage and process ACH payroll to faculty and staff as they have previously. Some of Higher One's clients process only student payroll through the OneDisburse system and have continued to manage faculty and staff payroll on their own. The University will determine this policy at its own discretion.

4. *Please clarify the fund availability guidelines you provided in your RFP proposal. UND requires all funds to be available on pay day, how would Higher One ensure that this would be the case? Would the fund availability be different for financial aid refunds and payroll?*

Higher One response to Question #4:

The funds availability guidelines, referenced in the RFP, are applicable only to paper check or ACH deposits made **by the customer** to the OneAccount, and are not applicable to refund or payroll disbursements made using the HigherLink system.

For OneDisburse financial aid refunds, funds are immediately available to students upon Higher One processing the University data file and wire transfer. Students choosing the OneAccount will have immediate access to funds via the OneAccount checking account. For students selecting ACH, Higher One initiates the ACH payment to their bank account of choice on the day the file is processed by Higher One. For students selecting paper check, Higher One issues and mails the check to the student on the day the file is processed by Higher One. Higher One guarantee's this timeline daily as long as the file and wire is received by noon eastern time.

For OneDisburse payroll, funds are immediately available to students on PayDay. This date is determined by the University; however the data file and wire transfer should be received by Higher One two business days prior to PayDay. Students choosing the OneAccount option will have immediate access to funds via the OneAccount checking account on PayDay. For students selecting ACH, Higher One will initiate the ACH payment to their bank account of choice in a manner that allows for immediate access to their payroll on PayDay. For students selecting paper check, Higher One issues and mails the check to the student on PayDay. Higher One guarantee's this timeline as long as the file and wire is received by noon eastern time, two business days prior to PayDay. This is a typical direct deposit schedule for most payroll systems.

5. Please clarify the cost structure & fees. Provide a breakout of UND's anticipated costs by year on a spreadsheet.

Higher One response to Question #5:

The following section outlines Higher One's new value proposition and cost structure. Please note that we have recently modified our cost structure to significantly benefit the University from the proposed cost/revenue structure in the original RFP.

We believe the University will find this cost structure favorable and we encourage the University to contact us with any additional questions. Higher One is confident in our model and the future success of the program at UND. Therefore, we propose to guarantee the expense involved with refund delivery with a cap structure.

Expense Cap: Higher One agrees to cap the number of paper checks the University would incur charges for annually at 33% or less of all disbursements processed through Higher One.

Higher One plans a significant investment in set-up, marketing and other implementation related services. We simply request that the University select a Funds Disbursement Date. In the event that Services are not launched within 60 days after the Funds Disbursement Date, the University would incur an implementation charge of \$25,000. If the Services are still not launched 120 days after the Funds Disbursement Date, the University would incur a final implementation charge of \$25,000.

Within this proposal, Higher One offers a streamlined structure. Please note this proposal replaces the entire cost/revenue proposal described within the RFP response. The following changes to the cost/revenue proposal should be noted, we have:

- Reduced the paper check fee from \$5 to \$2.50 per check and added the protection of an expense cap
- Completely eliminated the Funds Disbursement Fee for ACH delivery
- Removed the Spring 2008 timeline, UND must only select a Funds Disbursement Date
- Streamlined the cost structure and incorporated a guarantee feature, we therefore no longer propose a revenue sharing component
- Modified the Term of the Agreement, now proposed as 5 years, with the option of terminating the services within 1 year of the Funds Disbursement Date

Fee Type	Amount	Description
New Card Fee (Cards ordered outside of initial and annual allotment)	<i>\$5.00/per</i>	1. Initial re-carding up to 16,250 OneCards/Refund Cards at no charge 2. Annually, 4,800 new OneCards/Refund Cards at no charge . If the card allotment is exceeded, the cost to the University for new cards is \$5 per card. Each user can only receive one New Card. Any subsequent orders are considered Replacement Cards.
Replacement Card Fee	<i>\$20.00</i>	The University can collect a replacement card fee from Users to offset.
Funds Disbursement Fee	<i>No charge</i>	If disbursed to a DDA OneAccount.
Funds Disbursement Fee	<i>No charge</i>	If disbursed by ACH to third party bank.
Funds Disbursement Fee	\$2.50	If disbursed by check.
Refund Reversal Fee	<i>\$5.00/per</i>	This is a processing charge for any reversed refund with funds sent back to the University.
Refund Exception Check Request by University	<i>\$5.00/per plus check disbursement fee</i>	This is an optional and available check request that can be made by the University for exception handling only . Higher One will mail a check upon request directly to the Recipient.
Refund Express Check Request by University	<i>\$30.00/per, plus check disbursement fee</i>	This is an optional and available check request that can be made by the University for exception handling only . Higher One will overnight mail a check upon request directly to any U.S. address the University provides.
Project Management	<i>\$275.00/hour</i>	Project management time over 130 hours. Project hours generally do not exceed limit.
Technical integration	<i>\$275.00/hour</i>	Technical Integration time that exceeds 20 total hours. Tech hours generally do not exceed limit.
Refund Processing		If Institution processes less than 90% of all Institution Disbursements through Higher One's system in any given semester, Higher One reserves the right to charge Institution a Card Maintenance Fee of \$1 per month per User.
Campus AutoLoad Fee (ID Program only)	1%	Higher One will remit payment to the University for 99% of all Campus AutoLoad transactional volume.