June 13, 2011

MEMORANDUM

TO: Chief Fiscal Officers of Entities Participating in Merchant Card Services Contract

FROM: David McCoy

SUBJECT: Notice of Renewal of Master Contract for Merchant Card Services and Fee Revision

The Office of the State Controller (OSC) has a master contract with SunTrust Merchant Services (STMS), in conjunction with First Data Merchant Services, under which agencies, universities, community colleges, and local governmental units can obtain credit/debit card processing services. The statewide enterprise contract allows entities to benefit from a competitive fee structure obtained as a result of the combined transaction volume of all participants.

Additionally, OSC has a master agreement with Trustwave Holdings, Inc, which allows the participants the ability to validate their compliance with the PCI Data Security Standard (PCI DSS). Validation is done through a combination of an annual online self-assessment questionnaire and external vulnerability scanning (for those participants having website and/or POS software capture solutions). Compliance with the PCI DSS is a requirement of the cardbrands. Having a single statewide enterprise contract with a qualified security assessor also benefits the participants, alleviating the entities from having to procure such services on their own.

The contract with STMS has a five-year initial term, with two one-year renewal options available. This is to advise that OSC has exercised the State's option to renew the contract for an additional year. The terms of the renewal allows for a slight increase in the vendor-levied "per transaction" fee, from $.04 to $.0425 per transaction. The $.0025 incremental increase will be used to offset the cost of the PCI compliance validation services that are being provided to the participants. The new fee will be in effect for transactions processed on and after July 1, 2011. All other fees pertaining to the contract will remain the same.

Each entity should continue to complete and submit its annual Self Assessment Questionnaire (SAQ) through Trustwave's online portal, TrustKeeper. For those entities receiving external vulnerability scanning services, the process will continue as currently. Information on PCI DSS compliance can be viewed at the following website: http://www.osc.nc.gov/programs/risk_mitigation_pci.html

Should there be any questions, you may contact OSC' Support Services at osc.secp@osc.nc.gov, or by telephone at (919) 707-0795.

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