



fermi national accelerator laboratory

**SUBCONTRACT NO. 512715-LOV**

**with**

**OAK BROOK BANK**

**for**

**BANK SERVICES**

**FOR THE PERIOD OF**

**AUGUST 1, 1998 THROUGH JULY 31, 2001**

**with**

**TWO (2) 1-YEAR OPTIONS FOR PERIOD THROUGH JULY 31, 2003**

**Operated by Universities Research Association Inc.  
Under Contract with the  
United States Department of Energy**

**SPECIAL DEMAND DEPOSIT ACCOUNT AGREEMENT FOR USE WITH THE  
CHECKS-PAID METHOD OF LETTER OF CREDIT FINANCING**

**DIRECT PAYMENT METHOD**

Agreement entered into this 1<sup>st</sup> day of August, 1998, between the UNITED STATES OF AMERICA, represented by the Department of Energy (hereinafter referred to as Chicago Operations Office), and Universities Research Association, Inc., a corporation/legal entity existing under the laws of the District of Columbia, hereinafter referred to as the Recipient, and Oak Brook Bank, a banking corporation existing under the laws of the State of Illinois, located at 1400 West Sixteenth Street, Oak Brook, IL 60521 (hereinafter referred to as the Bank).

**RECITALS**

(a) On the effective date of August 01, 1998, Chicago Operations Office and the Recipient entered into Contract(s) No. DE-AC02-76CH03000, or a Supplemental Contract(s) thereto, providing for a checks-paid method of letter of credit financing using the direct payment method of compensation to the Bank.

(b) Chicago Operations Office requires that the Recipient open a "Special Demand Deposit Account" with the Bank, who is a member of the Federal Reserve System or an "insured" bank within the meaning of the Act creating the Federal Deposit Insurance Corporation (Act of August 23, 1935; 49 Stat. 684, as amended; 12 U.S.C. 264) separate from the Recipient's general or other funds.

(c) The "Special Demand Deposit Account" shall be designated "Universities Research Association, Inc., United States Department of Energy Special Bank, Contract No. DE-AC02-76CH03000 "

**COVENANTS**

In consideration of the foregoing, and for other good and valuable considerations, it is agreed that:

(1) The Chicago Operations Office shall have a title to the credit balance in said account to secure the repayment of all advance payments made to the Recipient and said title shall be superior to any title or claim of the Bank with respect to such account.

(2) The Bank will be bound by the provisions of said Agreements between Chicago Operations Office and the Recipient relating to the deposit and withdrawal of funds in the above "Special Demand Deposit Account," which are hereby incorporated into this Agreement by reference, but the Bank shall not be responsible for the application of funds withdrawn from said account. After receipt by the Bank of

written directions from the Chicago Operations Office Contracting Officer, the Bank shall act thereon and shall be under no liability to any party hereto for any action taken in accordance with the said written directions. Any written directions received by the Bank from the Chicago Operations Office upon its stationery and purporting to be signed by, or by the direction of the Chicago Operations Office Contracting Officer shall be, insofar as the rights, duties, and liabilities of the Bank are concerned, considered as having been properly issued and filed with the Bank by Chicago Operations Office.

(3) The Chicago Operations office, or its authorized representatives, shall have access to the books and records maintained by the Bank with respect to such "Special Demand Deposit Account" at all reasonable times and for all reasonable purposes, including, without limitation to, the inspection or copying of such books and records and any or all memoranda, checks, correspondence, or documents pertaining thereto. Such books and records shall be preserved by the Bank for a period of six (6) years after the final payment under the Agreement.

(4) In the event of the service of any writ of attachment, levy of execution, or commencement of garnishment proceedings with respect to the "Special Demand Deposit Account," the Bank will promptly notify the Chicago Operations Office Contracting Officer at P.O. Box 2000, Batavia, Illinois 60510.

(5) Chicago Operations Office will issue a Letter of Credit (irrevocable to the extent obligations have been incurred in good faith thereunder by the Recipient) to the Bank for the benefit of the "Special Demand Deposit Account." The Bank agrees to honor upon presentation for payment all checks issued by the Recipient and to restrict all Letter of Credit withdrawals to an amount sufficient to maintain the account balance as close to zero as administratively possible each day.

If any documentation furnished by the Bank demonstrates that this withdrawal procedure would be inequitable to Chicago Operations Office or to the Bank, Covenant (5) may be modified upon agreement of all parties concerned. The bank will comply with the provisions contained in the Treasury Department Fiscal Requirements Manual (I TFRM 6-2000) which states that ordinarily payment vouchers (TFS-5805) should not be drawn more frequently than daily or for amounts less than the minimum of \$5,000. and in no case more than \$5,000,000. unless so stated on the Letter of Credit Authorization. In the event the balance remaining in the Letter of Credit limitation is not sufficient to cover the checks presented, the U.S. Treasury will, at the specific authorization of the Chicago Operations Office, instruct the Federal Reserve Bank to immediately wire a transfer of funds from the U.S. Treasury account to the Bank's account.

the benefit of the Recipient's "Special Demand Deposit Account," in an amount sufficient to cover the checks presented in excess of the available Letter of Credit balance. The Bank agrees to service the account in this manner based on the requirements and specifications contained in the Universities Research Association, Inc. solicitation, dated June 24, 1998.

The Bank agrees that "Per Item Costs," detailed in the Attachment 3, "Schedule of Bank Processing Charges," contained in the Bank's proposal will remain constant during the term of this Agreement. On a monthly basis, the Bank will bill the Recipient the actual bank processing charges incurred.

(6) The Bank shall post collateral, acceptable under Department of the Treasury Department Circular 176, with the Federal Reserve Bank in an amount equal to the Federal funds deposited in all of the accounts included in this Agreement, less the Department of the Treasury-approved deposit insurance.

(7) This Agreement, with all its provisions and covenants, shall be in effect for a term of three (3) years, beginning on the 1<sup>st</sup> day of August, 1998, and ending on the 31<sup>st</sup> day of July, 2001. If the Recipient's contract is for period of less than three (3) years, this Agreement will be concurrent with that contract.

(8) The Chicago Operations Office, the Recipient, or the Bank may terminate this Agreement at any time within the three (3) year agreement period upon submitting written notification to the other parties ninety (90) days prior to the desired termination date. The specific provisions for operating the account after the termination date are contained in paragraph (11).

(9) The Chicago Operations Office and Recipient may terminate this Agreement at any time upon thirty (30) day's notice to the Bank if the Chicago Operations Office and/or Recipient find that the Bank has failed to substantially perform its obligations under this Agreement or that the Bank is performing its obligations in a manner which precludes the administering of the Recipient's program in an effective and efficient manner.

(10) Notwithstanding the provisions of Paragraphs (8) and (9), in the event the Agreement (referenced in Recital (a)) between the Chicago Operations Office and the Recipient is not renewed or is terminated, this Agreement between the Chicago Operations Office, the Recipient and the Bank will automatically be terminated upon the delivery of written notice to the Bank.

(11) In the event of termination, the Bank agrees to retain the Recipient's "Special Demand Deposit Account" for an additional 90-day period to allow for clearance of outstanding checks. During this 90—

day period, the Chicago Operations Office will ensure that the Letter of Credit will have sufficient funds to cover all outstanding checks presented for payment.

- (a) During this 90-day period, if the amount of checks paid daily is less than \$5,000, the Bank is authorized to drawdown the minimum \$5,000 from the FRB; however, any excess balance funds resulting will not be subject to the payment of interest to the Chicago Operations Office. After the balance is depleted, the Bank is also authorized to drawdown in \$5,000 increments to preclude overdrafts up to the end of the 90-day period.
- (b) After all checks have been paid, the Bank will forward the balance of the daily ledger balance by check made payable to the U.S. Department of Energy and mailed to the Financial Management Division, Chicago Operations Office.
- (c) During the 90-day period, the Bank will bill the Recipient for the actual service charges rendered up to the expiration of the Agreement.

During the entire 90-day period, it is further understood that:

- (a) All bank service charges will be consistent with the amounts reflected in this Agreement.
- (b) All terms and conditions of the proposal submitted by the Bank which are not inconsistent with this 90-day additional term will remain in effect.
- (c) This Agreement will continue in effect with exception of the following:
  - 1/ Letter of Credit – Covenant 5.
  - 2/ The term of this Agreement – Covenant 6.
  - 3/ Termination of Agreement – Covenants 7 and 8.

(12) The Bank submitted the attachments entitled: (1) Commercial Bank's Representations and Certifications; (2) Schedule of Bank Processing Charges; (3) Bank Statement and Account Analysis; and (4) Bank Statement of Daily Status of Federal funds On Hand. These attachments have been accepted by the Recipient and the Chicago Operations Office Contracting Officer and are incorporated herein with the document entitled, "Commercial Bank's Information for Operating a Checks-Paid Letter of Credit," as an integral part of this agreement.

The Bank has submitted and accepted the following additional attachments entitled: (1) Technical Representations and Certifications; (2) Commercial Banks' Information for Operating a Checks-Paid Letter of Credit Financing; (3) Disaster Recovery Plan for Payroll Operations at Fermi Natic

Accelerator; (4) Bank Requirements for Management of Special Demand Deposit Accounts Based on the Checks-Paid Method of Letter of Credit Financing (Note: Item 7 on this Attachment has been superseded by the addendum to the Schedule of Bank processing Charges regarding float on TT&L payment); and the attachments are an integral part of this agreement. The attachments have been accepted by the Recipient and the Chicago Operations Office Contracting Officer and are incorporated into this agreement.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement which consists of 7 pages including the signature pages to be executed as of the day and year first above written.

THE UNITED STATES OF AMERICA

BY Andrew E. Mravca  
(Typed Name of Contracting Officer)

*Andrew E. Mravca*  
(Signature of Contracting Officer)

July 31, 1998  
(Date of Signature)

Universities Research Association, Inc.

WITNESSES

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\_\_\_\_\_

Note - In case of corporation, Witnesses not required but certificate on next page must be completed. Type or print names under all signatures.

By J. E. Finks, Jr.

*J. E. Finks, Jr.*  
(Signature of Recipient's Representative)

Head, Business Services  
(Title)

P.O. Box 500; Batavia, IL 60510  
(Address)

7/31/98  
(Date of Signature)

Oak Brook Bank  
(Typed Name of Bank)

By GENE WOZNIAK  
(Typed Name of Bank Representative)

*Gene Wozniak*  
(Signature of Bank Representative)

Vice President  
(Title)

1400 West 16<sup>th</sup> Street  
Oak Brook, IL 60521  
(Address)

7/31/98  
(Date of Signature)

WITNESSES

\_\_\_\_\_

\_\_\_\_\_

Note - In case of corporation, Witnesses not required but certificate on next page must be completed. Type or print names under all signatures.

NOTE - Recipient, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the certificate.

CERTIFICATE

I \_\_\_\_\_, certify that I am the \_\_\_\_\_ of the corporation named as Bank Depository herein, that James E. Finks, Jr., who signed this Agreement on behalf of the Recipient was then Head, Business Services Section, Fermilab, of said corporation; that said Agreement was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

\_\_\_\_\_  
(Signature) Corporate Seal

NOTE - Bank Depository, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the certificate.

CERTIFICATE

I Joseph C. Garro, certify that I am the Assistant Secretary of the corporation named as Bank Depository herein, that Gene Wozniak, who signed this Agreement on behalf of the Recipient was then Vice President, of said corporation; that said Agreement was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

  
(Signature) Corporate Seal



Fermilab National Accelerator Laboratory  
P.O. Box 500 • Batavia, Illinois • 60510  
FAX 630-840-2907

June 24, 1998

To Whom It May Concern:

Universities Research Association, Inc. (commonly called Fermilab) is currently soliciting bids from commercial banks to provide services for the Fermilab account under the checks-paid method of letter of credit financing.

The letter of credit is a funding method utilized by the Federal Government for financing grants, contracts, and other programs. The checks-paid letter of credit is a modification of the letter of credit, whereby Fermilab issues checks for program costs. When the checks are cleared by the commercial bank, the bank draws on the Treasury's account represented by the letter of credit at the Federal Reserve Bank or Branch. The amount of the draw down must equal the dollar amount of checks clearing each day net of Fermilab's deposits.

Checks cleared on the voucher account and payroll account are combined into one draw on the Federal Reserve Treasury Letter of Credit.

The bank will be compensated by a fee based on "Schedule of Bank Processing Charges" (see Attachment 3).

For Fermilab's Fiscal Year (ending September 30, 1997), the voucher and payroll accounts expended an approximate combined total of \$270,000,000.00. The approximate minimum daily draw in Fiscal Year 1997 was \$0.00 and the approximate maximum daily draw in Fiscal Year 1997 was \$6,749,000.00. While these figures are representative of Fiscal Year 1997, Fermilab makes no representation whatsoever as to the expected corresponding figures for the time period for banking services pursuant to this solicitation.

Enclosed is a proposal package which provides your bank with the necessary information and forms to be used in submitting a proposal. The following documents are contained in the proposal and information package:

1. "Commercial Bank's Representations and Certification" (Attachment 1).
2. "Technical Representations and Certifications" (Attachment 2).
3. "Schedule of Bank Processing Charges" (Attachment 3).
4. "Bank Statement and Account Analysis" (Attachment 4).
5. "Bank Statement of Daily Status of Federal Funds On Hand" (Attachment 5).
6. Sample Agreement entitled "Special Demand Deposit Account Agreement For Use With The Checks-Paid Method of Letter of Credit Financing" (Attachment 6).
7. "Commercial Bank's Information On The Checks-Paid Letter of Credit" (Attachment 7).
8. "Bank Requirements For Management of Special Demand Deposit Accounts Based On The Checks-Paid Method Of Letter Of Credit Financing" (Attachment 9).
9. "Reimbursement for Overdrafts/Excess Balances" (See attached Year 2000 Warranty).

10. The bidder has Assets of at least \$500 Million.
11. The bidder is not a foreign owned company, nor is the bidder's parent company (if any) foreign owned.

If your bank is interested in submitting a proposal for the banking services required under the checks-paid letter of credit for the period from August 1, 1998 through July 31, 2001, with two (2) 1-year options through July 31, 2003, a bid must be submitted to the following address no later than 2:00pm (Chicago time) on Friday, July 10, 1998.

Fermi National Accelerator Laboratory  
Attn: Lawrence O. Vonasch (MS#210)  
P.O. Box 500  
Batavia, IL 60510

Universities Research Association, Inc. (URA) will have sixty (60) days prior to the end of the three (3) year term to decide if the first one (1) year option will be exercised. Also, if the first one (1) year option is exercised, URA will have sixty (60) days prior to the end of the one (1) year term to determine if the second one (1) year option will be exercised.

The completed bid must be submitted in writing using the forms listed in Items 2 and 3 (Attachments 2 and 3) above. Incomplete bids or bids received after the deadline date of July 10, 1998 will be considered non-responsive.

Qualified bids will be evaluated using the following criteria:

1. Ability to operate the account within the guidelines specified in the "Commercial and Technical Representations and Certifications" in accordance with the agreement.
2. Ability to process the projected volume of account transactions.

Additionally, the bid must have a ninety (90) day validity from the respective bid date. Your bank will receive notification of the final decision by letter within thirty (30) days of the close of the bidding period.

If you have any questions pertaining to the proposal package, please contact Lawrence Vonasch at (630)840-4165.

Sincerely,



Lawrence O. Vonasch  
Contracts Manager

LOV/cl

Enclosures

## YEAR 2000 WARRANTY

The Subcontractor warrants that each hardware, software, and firmware product delivered under this subcontract and listed below shall be able to accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations to the extent that other information technology, used in combination with the information technology being acquired, properly exchanges date/time data with it. If the subcontract requires that specific listed products must perform as a system in accordance with the foregoing warranty, then that warranty shall apply to those listed products as a system. The duration of this warranty and the remedies available to the Contractor and/or the Government for breach of this warranty shall be as defined in, and subject to, the terms and limitations of the Subcontractor's standard commercial warranty or warranties contained in this subcontract, provided that notwithstanding any provision to the contrary in such commercial warranty or warranties, the remedies available to the Contractor and/or the Government under this warranty shall include repair or replacement of any listed product whose non-compliance is discovered and made known to the Subcontractor in writing within ninety (90) days after discovery by Contractor. In the event Subcontractor discovers Year 2000 deficiencies with the product that is the subject matter of this Agreement, Subcontractor shall notify Contractor immediately with a program to correct such deficiencies. Nothing in this warranty shall be construed to limit any rights or remedies the Contractor and/or the Government may otherwise have under this subcontract with respect to defects other than Year 2000 performance.

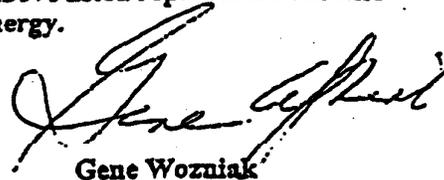
**COMMERCIAL BANK'S REPRESENTATIONS  
AND CERTIFICATIONS**

The bank makes the following representations and certifications as part of its bid to the Department of Energy to service a Special Demand Deposit Account Agreement for use with the Checks-Paid Method of Letter of Credit financing. Bidder must certify to the following or else their bid will be determined non-responsive and ineligible for award:

1. The bidder has a cash management system and controlled disbursement service that will be able to maintain the Recipient's daily account balance as close to zero as possible.
2. The bidder has the ability to drawdown funds from the Federal Reserve Bank on a daily basis before its closing time of 2:00 p.m.
3. The bidder has the ability to prepare a bank statement and account analysis on a monthly basis in the format shown on Attachment 4 to the solicitation and using the per item costs shown on Attachment 3 to the solicitation.
4. The bidder has the ability to prepare, on a monthly basis, a bank statement of daily status of Federal funds on hand in the format shown on Attachment 5 to the solicitation.
5. The bidder has the ability to mail the statements described in (3) and (4) above to the Contracting Officer and the Recipient no later than 25 days following the end of the reporting period.
6. The bidder will establish only one Special Demand Account with controlled disbursement sub-accounts.
7. As necessary, the bidder will pledge collateral, acceptable under Treasury Department Circular 176 and the Treasury Financial Manual, with the Federal Reserve Bank in an amount equal to the Federal funds deposited in all of the accounts included in this agreement, less the Treasury-approved deposit insurance.
8. The bidder resides within the Chicago Federal Reserve Bank District or has an account with a correspondent bank that resides within the Chicago Federal Reserve Bank District.
9. The bank's computer systems which are necessary to deliver the services requested herein are Year 2000 compliant.

Oak Brook Bank acknowledges and meets the above listed representations and certifications required by the Department of Energy.

  
Mitchell Belon

  
Gene Wozniak