

# WEST VIRGINIA STATE TREASURER'S OFFICE



## REQUEST FOR INFORMATION (RFI)

Solicitation No. STO201801

### SCHEDULE OF EVENTS

| <u>Event:</u>                    | <u>Date:</u>   | <u>Time:</u>  |
|----------------------------------|----------------|---------------|
| RFI Release Date:                | March 30, 2018 |               |
| Deadline for Questions:          | April 10, 2018 | 10:00 a.m. ET |
| Non-Mandatory RFI Meeting        | April 12, 2018 | 11:00 a.m. ET |
| Release of Addendum:             | April 13, 2018 | 3:00 p.m. ET  |
| (STO Response to Questions)      |                |               |
| Responses Opening Date and Time: | April 20, 2018 | 1:00 p.m. ET  |

\* Meeting will be held at the Treasurer's Office located at 315 - 70<sup>th</sup> Street, Charleston, WV 25304 (second floor conference room). You may attend in person or may call-in to the Meeting by calling 1.800.466.8543 (Conference Code 935573), which will also be available on the STO website.

**Any Response not received by 1:00 p.m. ET on April 20, 2018 may not be considered.**

A copy of the RFI (including any attachments) and all addenda to the RFI will be placed on the West Virginia State Treasurer's Office (STO) website <http://www.wvsto.com/RFP-RFQ>. Please check the STO website for any updates and changes.

**CONTACT PERSON:** For purposes of this RFI, all inquiries and submissions must be sent to:

Wilma Harrison, Purchasing Agent  
West Virginia State Treasurer's Office  
Building 1, Room E-145  
1900 Kanawha Boulevard, East  
Charleston, WV 25305  
E-mail: [wilma.harrison@wvsto.com](mailto:wilma.harrison@wvsto.com)  
Telephone: (304) 341.0745  
FAX: (304) 341.7094

**I. GENERAL INFORMATION:**

The West Virginia State Treasurer's Office ("STO") is issuing this Request for Information ("RFI") seeking information (only) regarding banking functions necessary to process funds related to the West Virginia medical cannabis program to enable the STO to lawfully provide the necessary banking services for those funds ("Services"). No contract and/or purchase order will be issued from this RFI. If the STO determines that information obtained from Responses provide for a legal process for banking medical cannabis funds, the STO, in its sole discretion, may issue a request for proposals (RFP) or request for quotations (RFQ) for the Services.

Questions regarding this RFI may be submitted to the Purchasing Agent Wilma Harrison in writing by the deadline stated on page 1 of this RFI or may be raised at the Meeting on April 12, 2018. Written responses to the questions submitted will be posted on the STO website on April 13, 2018.

No contract or purchase order will be awarded pursuant to this RFI. Neither the STO nor the State of West Virginia is responsible or liable for any cost incurred by entities in replying to this RFI. If an RFP/RFQ related to processing medical cannabis funds in West Virginia is issued, the information provided in Responses to this RFI may be used in developing the procurement document. This RFI does not obligate the STO to reply to Responses, to issue an RFP/RFQ, or to include any RFI provisions, information or responses in any RFP/RFQ.

All Responses must comply with applicable state and federal laws, rules and regulations. If a Response runs contrary to state and federal law and/or regulations, please provide specific information or guidance as to what changed would need to occur for compliance.

**II. BACKGROUND INFORMATION:**

The West Virginia Cannabis Act ("Act"), Senate Bill 386, was signed into law on April 19, 2017, by Governor Jim Justice. The Act, codified in W. Va. Code §16A-1, *et seq.*, officially establishes a medical cannabis program for patients suffering from serious medical conditions to be implemented by the Bureau of Public Health. A copy of Enrolled Committee Substitute for Senate Bill 386 is attached. The program is expected to be implemented by 2019.

The West Virginia State Treasurer is a constitutional officer established under the West Virginia Constitution statutorily prescribed to receive funds due the State of West Virginia and to deposit those payments into financial institutions approved by the STO after complying with federal and state law requirements.

Accepting and processing medical cannabis funds is a complicated issue. Various states currently accept and process such funds, but questions remain as to whether or not that

acceptance and processing is lawful. West Virginia seeks to aid its citizens, but desires to do so lawfully.

Under the Act, medical cannabis funds will be received from various fees initially, and then the State will need to collect and receipt taxes. As the process matures, there may be changes by operation of the program or by enacted legislation.

Traditionally, entities providing banking functions to the State of West Virginia must be state-approved depositories. The STO approves depositories after an application process, which includes an executed Depository Agreement between the parties, a copy of the charter, and compliance with federal and state law. These approved state depository accounts are established by the STO without bidding on an as needed basis.

The STO seeks information through this RFI in order to collect information on methods, approaches, and other banking-related information for use by the STO for organizing and developing and/or potentially issuing an RFP/RFQ as it relates to the lawful processing of medical cannabis funds.

### **III. RESPONSES - REQUESTED INFORMATION:**

#### **Overview:**

The STO seeks information related to the lawful processing of medical cannabis funds under the Act through different methods, as more specifically discussed below:

1. General Banking Services System
2. Cash Processing System
3. Closed-Loop/Open-Loop System
4. Alternative System (different method and/or combination of methods)

Responses may include information for any or all of the different methods identified above. A response to all methods is not required.

In addition, Responses are requested for information or suggestions on amending the Act or anything related to any applicable state or federal statutes, rules and regulations to facilitate the Services. The STO welcomes any information that will aid in making the program successful.

In this RFI, cash means money or its equivalent in the form of coins, currency, money orders and checks.

#### **Specific Information:**

Describe your approach to the method selected and then provide information on the issues discussed:

1. **General Banking Services System:**

Describe your contemplated Services under this method, noting specifically how funds will be received and processed by the State of West Virginia and the implementation timeline. Under this system, will your Services:

- a. provide an entity that will be an approved State of West Virginia depository or collateralize account balances at 102%,
- b. provide banking services methods for receipts processing,
- c. maintain strong security and fraud prevention practices and controls,
- d. provide robust reporting, including online access and integration with Bureau of Public Health and State of West Virginia systems
- e. provide armored car/courier services,
- f. use any third parties/partners (if so, please describe them and their roles), and
- g. require any changes to the Act or anything else to implement.

Discuss whether you would bid to provide these Services, any problems you see in providing these Services, itemized and estimated costs in providing these Services, and any other issues the STO should consider in developing an RFP/RFQ.

2. **Cash Processing System:**

Describe your contemplated Services under this method, noting specifically how funds will be received and processed by the State of West Virginia and the implementation timeline. Under this system, will your Services:

- a. provide an entity that will be an approved State of West Virginia depository or collateralize account balances at 102%,
- b. provide smart-safe and/or kiosk system,
- c. maintain strong security and fraud prevention practices and controls,
- d. provide robust reporting, including online access and integration with Bureau of Public Health and State of West Virginia systems
- e. provide armored car/courier services,
- f. use any third parties/partners (if so, please describe them and their roles), and

- g. require any changes to the Act or anything else to implement.

Discuss whether you would bid to provide these Services, any problems you see in providing these Services, itemized and estimated costs in providing these Services, and any other issues the STO should consider in developing an RFP/RFQ.

3. **Closed-Loop / Open-Loop System (third party payment services):**

The STO believes a “closed-loop” system is a system in which payments may only be made within the network of individuals and entities that have accounts with the system, which would be able to monitor and facilitate the financial transactions between the State of West Virginia and entities associated with medical cannabis (e.g., patients, caregivers, dispensaries, growers, and processors). The STO also believes that an “open-loop” system means the payment services can also generate payments outside the network.

Describe your contemplated Services under this method, noting specifically how funds will be received and processed by the State of West Virginia, whether the Services are “turn-key”, and the implementation timeline. Under this system, will your Services:

- a. provide an entity that will be an approved State of West Virginia depository or collateralize account balances at 102%,
- b. provide means for establishing accounts by the entities associated with medical cannabis,
- c. maintain strong security and fraud prevention practices and controls,
- d. provide robust reporting, including online access and integration with Bureau of Public Health and State of West Virginia systems
- e. provide armored car/courier services,
- f. use any third parties/partners (if so, please describe them and their roles), and
- g. require any changes to the Act or anything else to implement.

Discuss whether you would bid to provide these Services, any problems you see in providing these Services, itemized and estimated costs in providing these Services, and any other issues the STO should consider in developing an RFP/RFQ.

**4. Alternative System (different method and/or combination of methods):**

Describe your contemplated Services under this method, noting specifically how funds will be received and processed by the State of West Virginia and the implementation timeline. Under this system, will your Services:

- a. provide an entity that will be an approved State of West Virginia depository or collateralize account balances at 102%,
- b. provide banking services methods for receipts processing,
- c. maintain strong security and fraud prevention practices and controls,
- d. provide robust reporting, including online access and integration with Bureau of Public Health and State of West Virginia systems
- e. provide armored car/courier services,
- f. use any third parties/partners (if so, please describe them and their roles), and
- g. require any changes to the Act or anything else to implement.

Discuss whether you would bid to provide these Services, any problems you see in providing these Services, itemized and estimated costs in providing these Services, and any other issues the STO should consider in developing an RFP/RFQ.

**IV. INSTRUCTIONS FOR RESPONDING TO THIS RFI**

1. **REVIEW DOCUMENTS THOROUGHLY:** This RFI is a solicitation for information only. Please read the RFI, including these instructions and all documents attached, in their entirety.

2. **CONTACT PERSON:** For purposes of this RFI, all inquiries and submissions must be sent to:

Wilma Harrison, Purchasing Agent  
West Virginia State Treasurer's Office  
Building 1, Room E-145  
1900 Kanawha Boulevard, East  
Charleston, WV 25305  
E-mail: wilma.harrison@wvsto.com  
Telephone: (304) 341.0745  
FAX: (304) 341.7094

3. **QUESTIONS:** Questions relating to this Solicitation must be submitted in writing (preferably by email) to the Purchasing Agent stated on page 1 of this RFI on or before the date stated on page 1 of this RFI in order to be considered. A written response will be published in

an Addendum if a response is possible and appropriate. Non-written discussions, conversations, or questions and answers regarding this Solicitation are preliminary in nature and are non-binding. Questions submitted should have the Solicitation number in the subject line.

4. **NON-MANDATORY RFI MEETING:** Any person or entity interested in the Non-Mandatory RFI Meeting may attend in person or may call-in, but are not required to do so to submit a Response. The call-in number is listed on the STO website and on page 1 of this RFI. The meeting will be recorded by STO staff, and a transcript will be made. An overview of the purpose of the RFI and the Response submission process will be provided. Attendees will be allowed to ask questions pertaining to submitting Responses. The Addendum will contain answers to questions posed pertaining to submitting Responses.

5. **VERBAL COMMUNICATION:** Any verbal communication in connection with this Solicitation is not binding.

6. **RESPONSE SUBMISSION:**

- a. A Response must contain no more than 30 typed pages using 11-point font or larger, with borders of no less than 1/2 inch. All pages should be numbered.
- b. The first page of each Response should contain the Solicitation number, the name of the entity submitting the Response, the entity's address and contact information, in case the STO has questions.
- c. Responses shall be submitted electronically by email or by hand delivery, delivery by courier, or U.S. Mail to the Purchasing Agent at the email or mailing address stated on page 1 of this RFI.
- d. Any Response received by the Purchasing Agent is considered to be in the possession of the STO and will not be returned for any reason.
- e. Please check the STO website, <http://www.wvsto.com/RFP-RFQ>, for any updates or changes.

7. **RESPONSE OPENING:** Responses submitted for this Solicitation will be opened by the Purchasing Agent at the location stated for the Purchasing Agent on page 1 of this RFI on the date and at the time stated on page 1 of this RFI. Delivery of a response after the opening date and time may result in the response being discarded. For purposes of this Solicitation, a Response is considered delivered when received by the Purchasing Agent.

8. **RESPONSE REVIEW:** STO personnel will review Responses received and use the contents of the Responses as the STO determines to be in the best interests of the State of West Virginia.

9. COMMUNICATIONS LIMITATIONS: Communication with the STO or any of its employees regarding this Solicitation from the dates the RFI was issued and until the Response Opening Date and Time on page 1, except through the Purchasing Agent, is strictly prohibited without prior approval of the STO General Counsel.

10. DISCLOSURE: A Response to this Solicitation is considered a public document and will be disclosed to the public in accordance with applicable laws, rules, regulations and policies, including, without limitation, the West Virginia Freedom of Information Act found in West Virginia Code §§29B-1-1 et seq.

If you consider any part of your Response to be exempt from public disclosure, you must specifically identify the exempt information, identify the exemption that applies, provide a detailed justification for the exemption, segregate the exempt information from the general response information, and submit the exempt information as part of the Response but in a segregated and clearly identifiable format. Failure to comply with the foregoing requirements will result in public disclosure of the Response without further notice. Marking all or nearly all of a Response as exempt is not sufficient to avoid disclosure and WILL NOT BE HONORED. Marking a response or any part thereof as “confidential” or “proprietary” is not sufficient to avoid disclosure and WILL NOT BE HONORED. A legend or other statement indicating that all or substantially all of the Response is exempt from disclosure is not sufficient to avoid disclosure and WILL NOT BE HONORED.

The entity submitting a Response will be required to defend any claimed exemption for nondisclosure in the event of an administrative or judicial challenge to the STO's nondisclosure. The entity must indemnify the STO for any costs incurred related to any exemptions claimed. Any questions regarding the applicability of the various public records laws should be addressed to the entity's own legal counsel prior to Response submission.