

Office of the Illinois State Treasurer
Michael W. Frerichs

Sole Source Procurement Notice

Amendment to the KAPS® Master Software License, Maintenance and
Support Agreement

Kelmar Associates, LLC

October 6, 2023

I. Introduction

The Office of the Illinois State Treasurer (the “Treasurer”) is issuing this Sole Source Procurement Notice pursuant to Section 1400.2025 of the Treasurer’s Procurement Rules (the “Rules”), 44 ILAC 1400.2025(e).

The Treasurer entered into a contract on December 11, 2015, with Kelmar Associates, LLC (“Kelmar”) following a public request for proposals seeking a program manager that could provide software support for the Treasurer’s unclaimed property internal claims tracking system. The Treasurer is now responsible for paying interest on all claims, and is as a result required to send 1099 INT forms to all claimants that receive interest of \$10 or more to more than 100,000 recipients. Given the existing unclaimed property services provided by Kelmar, Kelmar can most efficiently add these germane services to those already provided.

II. Chief Procurement Officer

The Chief Procurement Office who will perform this Sole Source Procurement is:

Mr. Christopher M. Flynn
Chief Procurement Officer
Illinois State Treasurer's Office
One East Old State Capitol Plaza
Springfield, Illinois 62701
Phone: (217) 208-2001
E-mail Address: cflynn@illinoistreasurer.gov

III. Name of Proposed Sole Source Vendor

Kelmar Associates, LLC
500 Edgewater Drive, Suite 525
Wakefield, MA 01880

IV. Brief Description of What Vendor Will Do or Provide

Due to a recent federal court decision, the Treasurer is now responsible for paying interest on all claims. This requires the Treasurer to send 1099 INT forms to all claimants that receive interest of \$10 or more to more than 100,000 recipients. Kelmar is capable of easing that process and doing so more efficiently and effectively than the Treasurer could otherwise manage. Kelmar will also be improving its processes such that the Treasurer will be better able to update personal information for the recipients, and the additional costs will also accommodate postage and other inflationary increases in mailing costs since the new requirement began.

V. Contract Price

This contract adjusts the fees that Kelmar will charge on a per case basis to add \$2.00 per 1099 form. The number of cases is uncertain but will likely exceed 120,000 per year.

VI. Reason Why Kelmar is Determined to be the Sole Economically Feasible Source

This is appropriate under Section 1400.2025 of the Treasurer's Procurement Rules, 44 ILAC 1400.2025(b), particularly subsections (1) and (12), and 44 ILAC 1400.2025(c). Compatibility of service is a paramount consideration because Kelmar is otherwise addressing the other facets of each claim; it would create large inefficiencies to attempt to find and utilize another vendor to provide only the 1099 services. Kelmar already has access to the Treasurer's relevant records, allowing Kelmar to accomplish the tasks much more easily and effectively.