AMENDMENT #2 TO BANK OF AMERICA CORPORATE PURCHASING CARD AGREEMENT NO.: MS0-946-2777

THIS AMENDMENT #2 (the Addendum") is dated _____ by and between the City of Chandler, a political subdivision of the State of Arizona ("City") and FIA Card Services, N.A., a Bank of America company ("Bank of America") and amends the Bank of America Corporate Purchasing Card Agreement between the parties dated December 15, 2009, and subsequently amended October 26, 2012 (the "Agreement").

WHEREAS, the parties desire to add to and modify certain terms of the Agreement;

NOW, THEREFORE, for valuable consideration, the parties hereby agree as follows:

1. DEFINITIONS

Terms capitalized herein and not otherwise defined shall be given the meaning ascribed to them in the Agreement.

2. AMENDMENTS

A) Section 22. TERM. Section 22 of the Agreement is deleted in its entirety and replaced by the following:

"TERM. The term of the Agreement is extended for two years from January 1, 2015 to December 31, 2016. City reserves the right, with the agreement of Bank of America, to extend the Agreement for up to two (2) additional terms of two (2) years each. City reserves the right, with the agreement of Bank of America, to extend the Agreement for up to 31 days at the end of the last term of the Agreement."

B) Schedules I, II and III. ARIZONA PUBLIC SECTOR GROUP GENERAL PRODUCT FEE SCHEDULES. Schedules I, II and III are deleted in their entirety and replaced by the attached Arizona Public Sector Group General Product Fee Schedules I, II and III dated _____.

3. RATIFICATION

All of the terms of the Agreement not expressly modified herein shall continue in full force and effect and are hereby ratified by the parties hereto.

IN WITNESS WHEREOF, the parties have hereto have executed this contract on:

CITY OF CHANDLER:

By: _____
MAYOR/AUTHORIZED STAFF Date

APPROVE AS TO FORM:

_____
City Attorney by: KK

ATTEST:

_____
City Clerk

SEAL

BANK OF AMERICA , N.A.

By: _____
Signature

Print Name: _____

Title _____

_____

_____

_____

[redacted]

Acknowledgement

By signature of an authorized representative(s), you agree to the terms and conditions of this Schedule of Fees and Charges presented herein. This form must be signed in ink by an authorized representative(s) and submitted with the original signature to your Bank representative.

CLIENT(S)	**Bank of America N.A.**
[CLIENT NAME]	
By: _____ (Signature) (Date)	By: David Randolph (Signature)
	(Date) 12/5/14
Name: _____ (Print or Type)	Name: David Randolph (Print or Type)
Title: _____ (Print or Type)	Title: VP- Card Account Manager (Print or Type)

Arizona Public Sector Group General Product Fee Schedule

(Client Name)

SCHEDULES TO BANK OF AMERICA CORPORATE/PURCHASE/TRAVEL CARD

Program Overview:

Date: _____

The **Arizona Public Sector Group** is an association of Bank of America's Purchase Card, Travel Card, Corporate Card and ePayables public sector clients. The purpose of the **Arizona Public Sector Group** is to help state and local government agencies, public schools and municipalities to grow their card programs and earn additional rebate basis points on their individual annual Transaction Volume.

SCHEDULE I - GENERAL PRODUCT FEE SCHEDULE

Payment Method and applicable fee:	Electronic Payment – No Fee
Annual Card Fee (Per Card):	Fee Waived
Late Fee: Assessed if full payment is not received by Payment Due Date. Central Bill Accounts: Minimum $250.00, Maximum $3,500.00 Individual Bill Accounts:	2.5% of the total balance due $29.00 per occurrence
Periodic Finance Charge:	Prime Rate + 1.00%
Cash Advance Fee: Minimum $5.00, no maximum	2.00% of transaction amount
Over limit Fee: Central Bill Accounts: Assessed when Aggregate Charge Limit is exceeded. Individual Bill Accounts: Assessed when any Card Limit is exceeded.	 Fee Waived NA
Returned Payment Fee:	$29.00 per occurrence
Copy Fee:	$3.00 per copy
Logo Fee:	Logo Card Fee Waived
Unique Card Design Fee:	TBD
International Transaction Fee:	1% of the U.S. Dollar amount

SELECTION OF SETTLEMENT PERIOD

Indicate the Settlement Period or number of days after the statement closing date within which payment is due.	3, 7, 14, 20 or 25 day settlement period

Arizona Public Sector Group General Product Fee Schedule

(Client Name)

SCHEDULES TO BANK OF AMERICA CORPORATE/PURCHASE/TRAVEL CARD

SCHEDULE II - ELECTRONIC PRODUCT FEE SCHEDULE

Internet Application Options:	
Works Solution **$1,000,000 Annual Spend Threshold*	Fee Waived
Visa VIM with Workflow	Fee Waived
MasterCard Smart Data Online	Fee Waived
Visa Information Management Solution (VIM) Reporting – (for 1099 reporting if needed)	Fee Waived
MasterCard Enhanced Merchant Reporting (EMR) – (for 1099 reporting if needed)	Fee Waived
Custom Interface: (*With Works Ad Hoc Reporting – Never had client need this)	
Interface warranty period of 1 year	
Development	$150.00 per hour
Maintenance	$150.00 per hour
Standard Electronic File Delivery Options:	
EDI 811	Delivery Fee Waived
Statement Billing File	Delivery Fee Waived
File Express (MasterCard Only)	File Express Not Selected

SCHEDULE III - SCHEDULE OF REBATES

Rebate Definitions:

"Calculation Period" means, initially, the twelve (12) month period commencing January 1, 2015, and thereafter, each subsequent (12) month period.

"Cycle Days" means the number of days from the start of the billing period to the statement date.

"Grace Days" means the number of days from the statement date that payment is due.

"Large-Ticket Interchange Transactions" means certain transactions which, based upon the type of merchant and/or transaction dollar amount, are subject to a Visa or MasterCard large ticket interchange program, as determined by and amended by Visa and MasterCard from time to time.

"Rebate Multiplier" means the multiplier corresponding to the Transaction Volume and Cycle and Grace Days as set forth in the Standard Rebate Multiplier Table and the multiplier corresponding to the Average Large Ticket Transaction Size and Cycle and Grace Days set forth in the Large Ticket Interchange Transactions Table below.

"Standard Transactions" means the Transaction Volume not meeting the criteria for Large-Ticket Interchange Transactions.

"Average Large Ticket Transaction Size" means the arithmetic mean of all Large Ticket Interchange Transactions billed during a Calculation Period.

"Total Credit Losses" means, for any Calculation Period, the sum of (i) Bank of America's credit losses on the Card Accounts for the Calculation Period and (ii) Bank of America's credit losses on the Card Accounts for any previous Calculation Period which have not been applied against any rebate payable pursuant to this Rebate Schedule.

"Transaction Volume" means, for any Calculation Period, the total dollar amount of purchase transactions made with the Cards during the Calculation Period, less the total dollar amount of: returned purchases, credit adjustments, Transactions resulting from Unauthorized Use, and disputed charges. Cash advances and Convenience Checks are not included in Transaction Volume.

Rebate Conditions:

Arizona Public Sector Group General Product Fee Schedule

(Client Name)

SCHEDULES TO BANK OF AMERICA CORPORATE/PURCHASE/TRAVEL CARD

The program must meet the following conditions in order to qualify for a rebate:

(i) During the Calculation Period, Client and participating affiliates pay Bank of America the total amount of the new balance shown as due on each billing statement on or before the payment due date;

(ii) Neither Client nor participating affiliates has breached any obligation, covenant, representation or warranty contained in the Agreement;

(iii) For the Calculation Period, and Transaction Volume is at least **$350,000.**

Rebate Calculation and Payment:
In the event that all of the above Rebate Conditions are met with respect to the Calculation Period, Bank of America will pay a rebate to Company, which shall be calculated at the end of the Calculation Period. The Rebate Multiplier will be determined based on **(1)** The combined Standard Transaction Volume from all participating institutions, and **(2)** The Standard Transaction Volume from the individual institution and **(3)** the cycle and grace period for the individual institution.
The rebate calculation period for any 12 month period starts on the first day of January and ends the last day of December the same year. The basis points aligned to the total aggregate Transaction Volume will be used to calculate a rebate for each **Arizona Public Sector Group** member based on their individual program Transaction Volume and Grace Days. The Rebate Multiplier basis points aligned to the aggregate Transaction Volume for Purchase Cards, Travel Cards and/or ePayables Dollar Volume Tier will be used to calculate rebates for individual group members, in accordance with the respective Multiplier Tables for Standard and Large Ticket Interchange Transactions and using the following equation:

(Transaction Volume for Standard Transactions x Rebate Multiplier) + (Transaction Volume for Large Ticket Interchange Transactions x Rebate Multiplier) – Total Credit Losses

Payment of any rebate will be made by ACH credit or other means determined by Bank of America, within ninety (90) days following the end of the Calculation Period. No rebate will be paid to any participating affiliates.

Should one or more of the above rebate conditions not be met, Bank of America will be under no obligation to pay any rebate, although Bank of America may, in its sole discretion, determine to pay a rebate in an amount determined by Bank of America. Bank of America's payment of a rebate in such circumstance will in no way obligate Bank of America to pay a rebate with respect to any subsequent Calculation Period if the rebate conditions have not been met.

Arizona Public Sector Group General Product Fee Schedule

(Client Name)

SCHEDULES TO BANK OF AMERICA CORPORATE/PURCHASE/TRAVEL CARD

STANDARD MULTIPLIER TABLE

30 cycle days; 25 grace days

AZPSG Annual Transaction Volume Tier Excludes Large Ticket Transactions (1) All Institutions		Entity Annual Volume (2)						
		350,000	1,000,001	2,500,001	5,000,001	10,000,001	15,000,001	20,000,001
		1,000,000	2,500,000	5,000,000	10,000,000	15,000,000	20,000,000	+
		Rebate Basis Points						
$0	$4,999,999	84	89	94				
$5,000,000	$9,999,999	89	94	99	109			
$10,000,000	$19,999,999	94	99	104	114	119	121	120
$20,000,000	$29,999,999	97	102	107	117	122	124	123
$30,000,000	$39,999,999	100	105	110	120	125	127	126
$40,000,000	$49,999,999	103	108	113	123	128	130	129
$50,000,000	$59,999,999	106	111	116	126	131	133	132
$60,000,000	$69,999,999	109	114	119	129	134	136	135
$70,000,000	$79,999,999	112	117	122	132	137	139	138
$80,000,000	$99,999,999	114	119	124	134	139	141	141
$100,000,000	$124,999,999	120	125	130	140	140	142	144
$125,000,000	$149,999,999	120	126	131	140	145	147	155
$150,000,000	$174,999,999	120	127	132	141	146	148	156
$175,000,000	$199,999,999	120	128	133	142	147	149	157
$200,000,000	+	120	129	134	143	148	150	158

(1 BPS = .01% or 60 BPS = .60% or .006)

Increase Standard Transaction Rebate Multiplier based on Cycle and Grace Days (3)									
	Cycle Days	7	14	14	30	30	30	30	30
	Grace Days	3	3	7	3	7	14	20	25
	Rebate BPS Increase	23	21	18	15	13	8	4	0

Arizona Public Sector Group General Product Fee Schedule

(Client Name)

SCHEDULES TO BANK OF AMERICA CORPORATE/PURCHASE/TRAVEL CARD

LARGE TICKET MULTIPLIER TABLE

Large Ticket Interchange		Cycle days	7	14	14	30	30	30	30	30
Qualified Transactions		Grace days	3	3	7	3	7	14	20	25
Annual Volume			REBATE BASIS POINTS							
$0	+		100	96	91	86	82	73	66	60

Transaction Volume Growth Incentive

Bank of America wishes to further incent the use of Card (Purchase Card and ePayables) by the Local Public Bodies.

Bank will pay each participating Local Public Body an incremental Card Transaction Volume Growth incentive, as follows

$5mm incremental growth = 10 BPS
$10mm incremental growth = 20 BPS
$20mm incremental growth = 30 BPS

If the Local Public Body's Card Standard Transaction Volume growth exceeds Five Million Dollars during an annual Calculation Period, then Bank will pay ten basis points (0.10%) on the Card Standard Transaction Volume that is growth over the previous highest annual Calculation Period Standard Transaction Card Volume.

If the Local Public Body's Card Standard Transaction Volume growth exceeds Ten Million Dollars during an annual Calculation Period, then Bank will pay twenty basis points (0.20%) on the Card Standard Transaction Volume that is growth over the previous highest annual Calculation Period Standard Transaction Card Volume.

If the Local Public Body's Card Standard Transaction Volume growth exceeds Twenty Million Dollars during an annual Calculation Period, then Bank will pay thirty basis points (0.30%) on the Card Standard Transaction Volume that is growth over the previous highest annual Calculation Period Standard Transaction Card Volume.

By way of example,

1) If the Local Public Body had year 1 ePayables volume of $5mm, then the year 1 Card growth incentive would be $5mm times 0.10%, which would be Five Thousand Dollars ($5,000.00).

2) If the Local Public Body had year 2 ePayables volume of $15mm, then the year 2 Card growth incentive would be $10mm times 0.20%, which would be Twenty Thousand Dollars ($20,000.00).

3) If the Local Public Body had year 3 ePayables volume of $50mm, then the year 3 Card growth incentive would be $35mm times 0.30%, which would be One-Hundred Five Thousand Dollars ($105,000.00).

Payment of any growth incentive will be made by ACH credit or other means determined by Bank of America, within ninety (90) days following the end of the applicable annual Calculation Period.

Nothing in this Schedule of Fees and Charges is intended to state a term for the Agreement. For the avoidance of doubt, any period of time set forth in the Schedule of Fees and Charges applies solely to pricing terms, but only to the extent the Agreement has not been terminated as set forth in the Agreement.

Notwithstanding anything to the contrary in the Agreement or this Schedule of Fees and Charges, all fees and charges are subject to change upon 30 days prior written notice to you if an event external to Bank of America increases the cost or decreases the revenue to Bank of America (e.g., decreases to interchange revenue paid to Bank of America by a card association, increases to funding costs due to interest rate changes or deterioration in your financial condition) in connection with providing this card program to you.

END OF PRICING SCHEDULES

Arizona Public Sector Group General Product Fee Schedule

(Client Name)

SCHEDULES TO BANK OF AMERICA CORPORATE/PURCHASE/TRAVEL CARD

Acknowledgement

By signature of an authorized representative(s), you agree to the terms and conditions of this Schedule of Fees and Charges presented herein. This form must be signed in ink by an authorized representative(s) and submitted with the original signature to your Bank representative.

CLIENT(S)	**Bank of America N.A.**
_____	
[CLIENT NAME]	
By: _____	By: _____
(Signature) (Date)	(Signature) (Date)
Name: _____	Name: _____
(Print or Type)	(Print or Type)
Title: _____	Title: _____
(Print or Type)	(Print or Type)

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PURCHASING ITEM FOR COUNCIL AGENDA

1. Agenda Item Number: 28

2. Council Meeting Date: December 11, 2014

TO: **MAYOR & COUNCIL**

THROUGH: **CITY MANAGER**

3. Date Prepared: November 17, 2014

4. Requesting Department: Management Services

5. SUBJECT: Extension of Agreement No. MS0-946-2777 for Procurement Card Services.

6. RECOMMENDATION: Staff recommends City Council approve the extension of Agreement No. MS0-946-2777, with FIA Card Services, N.A. (Bank of America), for Procurement Card Services, for a two-year period.

7. BACKGROUND/DISCUSSION: The City of Chandler was the first entity to develop a procurement (P-Card) program beginning in 1993 which has expanded to today's program. In December 2009, City Council approved an agreement for P-Card Services with FIA Card Services, N.A. a subsidiary of Bank of America. At that time, the City had 640 cardholders with an average annual spend of approximately $2.6 million. Through the use of ghost cards, as well as the e-payables program, the annual spend has increased to almost $12 million and the number of P-Card holders is now approximately 700. This revenue generating program provides the City with the means to be efficient and cost effective in the processing of payments, and equips the City with user-friendly reporting tools. It automates the interface with the City's financial system, Oracle, which allows for on-line review and approval of transactions to ensure program-compliant spending. The program has expanded to 28 statewide agencies and organizations using the City of Chandler's cooperative contract, making the total annual spend by all users approximately $125 million.

8. EVALUATION PROCESS: The City's P-Card agreement, approved December 2009, is a 3 year contract that allows for four (4) two year extensions. The City's contract is cooperative and is used by 28 public agencies. This is a benefit to the City because the total spend volume by all users, in addition to the City's individual spend is considered in the determination of the amount of the rebate the City receives.

In the first term of the agreement, the rebate received by the City was calculated on a basis point multiplier using the City's total program spend. 1 basis point = .01% and the City's basis points in the first term were 120. Staff met with Bank of America to review the terms and conditions of this contract prior to recommending extension. For this extension term, Bank of America will increase the basis points that are the foundation for the rebates received by users. In addition, basis points are now applied in a tiered structure, offering increasing basis points for all users as both individual and overall program spend grows.

Staff recommends extension of this agreement for the new term of January 1, 2015 through December 31, 2016. This is the second extension of the contract.

9. FINANCIAL IMPLICATIONS: In calendar year 2013, the City received a rebate amount of about $200,000. The rebate for calendar year 2014 will be calculated at the end of the year and may increase or decrease depending on the volume of City and total program spend, but it should be noted that the rebate would increase if spend stayed the same as 2013 based on the new rebate calculation.

10. PROPOSED MOTION: Move City Council approve the extension of Agreement No. MS0-946-2777, with FIA Card Services, N.A. (Bank of America), for Procurement Card Services, for a two-year period.

Attachments: Addendum

APPROVALS	
11. Requesting Department Christina Pryor, Purchasing and Materials Manager	**13. Department Head** Dawn Lang, Management Services Director
12. Procurement Officer Carolee Stees, CPPB	**14. City Manager** Rich Dlugas