



**PURCHASING ITEM  
FOR  
COUNCIL AGENDA**

1. Agenda Item Number:

**20**

2. Council Meeting Date:  
August 28, 2008

TO: **MAYOR & COUNCIL**

3. Date Prepared: August 14, 2008

THROUGH: **CITY MANAGER**

4. Requesting Department: Management Services

5. **SUBJECT:** Approval of a one-year extension with JP Morgan Chase for Banking Services, Agreement No. MS6-946-2174.

6. **RECOMMENDATION:** Recommend approval of a one-year extension with JP Morgan Chase for Banking Services, Agreement No. MS6-946-2174.

7. **HISTORICAL BACKGROUND/DISCUSSION:** The City's banking needs consist of the following types of services; checking account maintenance, deposits, armored car service, electronic payments and deposits (ACH), wire transfers, credit card payment processing, and on-line bank balance reporting.

8. **EVALUATION PROCESS:** In September 2005, a three-year Agreement was awarded to JP Morgan Chase for banking services. The agreement included two optional one-year extensions. The Agreement expires September 30, 2008. Staff is satisfied with the service being provided by JP Morgan Chase and is recommending a one year extension.

9. **FINANCIAL IMPLICATIONS:** The bank compensation is received on a compensating balance basis, i.e., the earnings from City bank balances offset the cost of services provided.

10. **PROPOSED MOTION:** Move to approve a one-year extension with JP Morgan Chase for Banking Services, Agreement No. MS6-946-2174.

**APPROVALS**

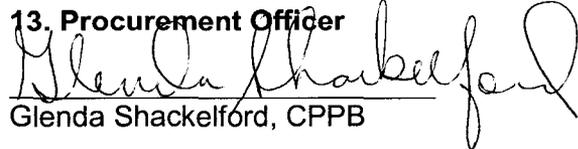
11. Requesting Department

  
Brian Ritschel, Accounting Manager

12. Department Head

  
Dennis Strachota

13. Procurement Officer

  
Glenda Shackelford, CPPB

14. City Manager

  
W. Mark Pentz

AMENDMENT NUMBER TWO,  
TO AGREEMENT BETWEEN THE CITY OF CHANDLER, JP MORGAN CHASE and  
PAYMENTECH, LLC  
FOR BANKING SERVICES AGREEMENT NO. NO. MS6-946-2174 and  
SELECT MERCHANT PAYMENT CARD PROCESSING AGREEMENT

This Amendment # 2 to (i) that certain Banking Agreement Between the City Of Chandler ("CITY") and JP Morgan Chase ("CONTRACTOR") and (ii) that certain Select Merchant Payment Card Processing Agreement between CITY and Paymentech, LLC (as successor in interest to Paymentech, L.P.; "PAYMENTECH") for Banking Services dated September 29, 2005 and Amended on September 14, 2006 is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

WHEREAS, on September 29, 2005 the CITY awarded a three year agreement to CONTRACTOR with two one year optional extensions for Banking Services to include but not limited to checking account maintenance, deposits, armored car service, electronic payments, deposits (ACH), wire transfers and online bank balance reporting (the "Banking Agreement"). The Banking Agreement was amended on September 14, 2006 to include Lockbox services.

WHEREAS, on September 29, 2005 the CITY and PAYMENTECH entered into that certain Select Merchant Payment Card Processing Agreement (the "Processing Agreement") as part of the Banking Agreement to provide payment card processing services. The Processing Agreement has an initial term of three years, with the option to extend the initial term upon written agreement by the parties.

NOW THEREFORE, the parties agree as follows:

1. The term of the Banking Agreement and the Processing Agreement are hereby amended to extend their terms for an additional year, from October 1, 2008 through September 30, 2009
2. Section 12 of the Processing Agreement is hereby deleted in its entirety and replaced with the following:

**"12. Non Disclosure of Cardholder Information.** We will exercise reasonable care to prevent disclosure or use of Card information, other than as permitted under the Association Rules. You will exercise reasonable care to prevent disclosure or use of Card information, other than to your agents and contractors for the purpose of assisting you in completing a Card transaction, or to the applicable Association, or as specifically required by law. You are prohibited from storing CVV2 or CVC2, magnetic stripe track data, and AVS and PIN data. Each party will store all media containing Card numbers in an area limited to selected personnel on a "need to know" basis only and prior to either party discarding any material containing Cardholder information, the party will destroy it in a manner rendering the Card account numbers unreadable. If at any time either party determines that Card account number information has been compromised, such party will notify the other party immediately and assist in providing notification to the proper parties, as we deem necessary. Merchant information may be shared by us with our affiliates subject to the provisions of this Agreement and Association Rules. You agree to comply with all security standards and guidelines that may be published from time to time by the Payment Card Industry Security Standards Council ("PCI SSC"), Visa, MasterCard or any other Association, including, without limitation, the Payment Card Industry Data Security Standards ("PCI DSS"), Visa U.S.A. Cardholder Information Security Program ("CISP"), the MasterCard Site Data Protection ("SDP"), and (where applicable), the VISA Payment Application Best Practices ("PABP") (collectively, the "Security Guidelines"). Any person that processes, transmits or stores your Card information (a "Service Provider") must be recognized by Visa as CISP compliant service providers and payment applications you

must use be recognized by VISA as compliant with PABP and by the PCI SSC as compliant with the Payment Application Data Security Standard (PA DSS). You understand that failure to comply with the PCI DSS, PA DSS, CISP, SDP or (where applicable) PABP requirements or other Security Guidelines, or the compromise of any Card account information, may result in assessments, fines, and/or penalties by the Associations, and you agree to indemnify and reimburse us immediately for any assessment, fine, or penalty imposed on us or JP Morgan Chase, NA (the "Member") due to any such event or your breach of this Section. You further agree to (i) exercise reasonable due diligence to ensure that any and all of your Service Providers, agents, business partners, contractors, and subcontractors maintain compliance with the Security Guidelines established by CISP, SDP, and (where applicable) PA DSS and PABP and (ii) provide us upon our request with evaluation of your compliance with Security Guidelines as required by the Associations. If any Association requires an audit of you or any of your Service Providers, agents, business partners, contractors, or subcontractors due to a data security compromise event or suspected event, you agree to cooperate with such audit and agree to pay for the costs of such audit and our reasonable costs relating to such audit, including attorney's fees."

3. All terms and conditions in the original Banking Agreement and the Processing Agreement not specifically amended herein shall be incorporated by reference in its entirety and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this 12 day of AUGUST, 2008.

CITY OF CHANDLER:

By: \_\_\_\_\_  
Mayor

CONTRACTOR: JPMorgan Chase

By: Patricia W. [Signature]  
Title: Vice President

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney [Signature]

ATTEST: (If corporation)

[Signature]  
Secretary

ATTEST:

\_\_\_\_\_  
City Clerk

[SEAL]

PAYMENTECH: Paymentech, LLC

By: Lynnda Semanova  
Title: Director, Western Region Client Relations



AMENDMENT NUMBER TWO,  
TO AGREEMENT BETWEEN THE CITY OF CHANDLER AND JP MORGAN CHASE  
FOR BANKING SERVICES AGREEMENT NO. NO. MS6-946-2174

This Amendment # 2 to that certain Agreement Between the City Of Chandler (CITY) and JP Morgan Chase (CONTRACTOR) for Banking Services dated September 29, 2005 and Amended on September 14, 2006 is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

WHEREAS, on September 29, 2005 the City of Chandler awarded a three year agreement to JP Morgan Chase with two one year optional extensions for Banking Services to include but not limited to checking account maintenance, deposits, armored car service, electronic payments, deposits (ACH), wire transfers, credit card payment processing and online bank balance reporting. The agreement was amended on September 14, 2006 to include Lockbox services.

NOW THEREFORE, the parties agree as follows:

1. The term of this agreement is amended to extend the term of the Agreement from October 1, 2008 through September 30, 2009
2. All terms and conditions in the original Agreement not specifically amended herein shall be incorporated by reference in its entirety and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this 12 day of AUGUST, 2008.

CITY OF CHANDLER:  
By: \_\_\_\_\_  
Mayor

CONTRACTOR:  
By: Patricia E. Fort  
Title: Vice President

APPROVED AS TO FORM:  
  
\_\_\_\_\_  
City Attorney  
  
ATTEST:  
  
\_\_\_\_\_  
City Clerk

ATTEST: (If corporation)  
Janet M. King  
Secretary

WITNESS: (If individual or Partnership)  
  
\_\_\_\_\_

[SEAL]

