

**MEMORANDUM
FINANCE DEPARTMENT**

TO: Thomas Thomas, City Manager **Number:** 026 - 13
SUBJECT: Purchase Card & Merchant Card Services Contracts **Date:** 09-26-12

Attached are the contracts from JP Morgan Chase Bank N.A. for Purchase Card and Merchant Card services. Included in the contract for Purchase Cards is a table representing how the City's annual rebate will be determined. A list of fees associated with the cards is also included. The Merchant Card contract has also included a table of fees associated with the services. Both lists in each contract are consistent to what was reflected in the proposal submitted by the Bank.

With the Merchant Card contract is an Equipment Purchase Agreement for the terminals suggested by JP Morgan Chase Bank N.A.. The total cost for all the terminals is \$5000.00 at \$500 each. The new terminals will accept a variety of payments with just one device. They are equipped with EMV technology which has successfully driven down face-to-face fraud around the world and its now available in the U.S.. It enables customers to insert their chip-enabled payment cards into a slot located on the bottom of the terminal. During the transaction, the terminal scans the card's microprocessor chip to ensure that the card is authentic. This means the City will be less likely to accept counterfeit plastic. These terminals can also process contactless transactions. This enables customers to simply wave or tap their bank cards or smart phones at the time of payment. Contactless technology improves transaction speed significantly.

Staff Recommendation:

The Finance Department recommends that the City Council authorize the designated City official to contract with JP Morgan Chase Bank N.A. for Purchase Card and Merchant Card services.

Submitted by: Banking Services Selection Committee comprised of:
Robert Graff, Fire Captain
Benjamin McCleary, Assistant to City Manager
Ryan, Finance Intern
Jaymie Lum, Auditor
Don Reichert, Budget Coordinator
Cynthia Parchert, Finance Director

Approved:

**Commercial Card Classic
Application & Agreement | JPMORGAN CHASE BANK, N.A.**

V1.1_04_25_12

Client Name	City of Rock Island	State of Incorporation IL
Address Line 1	1528 3 rd Avenue	
Address Line 2		
City	Rock Island	
State	IL	
Zip Code	61201	
Phone	309-732-2122	
Fax		
REBATES		
Please indicate where rebates associated with your Commercial Card rebate program should be deposited. Deposits will be made via Wire Transfer only.		
Account at:	American Bank + Trust	(Enter the name of your financial institution)
ABA:	071100834	(Enter ABA for your financial institution)
Account Number:	0000163767	(Enter your account number)
Account Name:	Concentration Account	(Enter the name of your account)
Please enter the Financial Institution and Account Name exactly as it appears on your account.		
*Requests to modify the account information set forth above must be provided to J.P. Morgan in writing and sent to the following address: CCS.Rebate@jpmchase.com . A form will be provided to you upon receipt of your request to modify the account information. You will be instructed to complete the form and return it to J.P. Morgan at the address specified. Changes to the account information will be effective when J.P. Morgan has a reasonable opportunity to act upon such request.		
SIGNATURE		
This Application must be signed by an owner, officer or partner of the Client with the authority to bind the Client to the terms and conditions of the following Commercial Card Classic Agreement. I hereby certify that I am the duly authorized and acting officer, partner or owner of this Client with the authority to bind the Client to the obligations of the Commercial Card Classic Agreement. I have read and agree to the terms of the Commercial Card Classic Agreement.		
Signature of Authorized Officer	Date	
Name		
Title		
CLIENT ATTESTATION		
The undersigned, a duly authorized officer or representative of Client, does hereby certify that Client has been duly authorized to enter into and perform the Commercial Card Classic Agreement and that the person signing above on behalf of Client, whose execution of this Commercial Card Classic Agreement was witnessed by the undersigned, is an owner, officer, partner, or other representative of Client possessing authority to execute this Commercial Card Classic Agreement.*		
Signature	Date	
Name		
Title		
*Note: The person signing the attestation shall be someone different from the person signing above on behalf of you.		
ADDRESS FOR NOTICES		
Client	See above	
Bank	JPMorgan Chase Bank, N.A.	
	300 S. Riverside Plaza, 9 th FL	
	IL1-0199	
	Chicago, IL 60670	
	Attn: Contracts Manager	
For Internal Purposes Only		
Company ID	(org number)	
Line Number		

Commercial Card Classic Application & Agreement | JPMORGAN CHASE BANK, N.A.

V 1.0_12_09_08

This Commercial Card Classic Agreement is the agreement (the "Agreement") between us and you covering your JPMorgan Chase Bank, N.A. Commercial Card Classic program and the Cards and Accounts issued to you and your employees. This Agreement is effective as of the date of the first signature above. By signing this Agreement you agree to be bound by the terms and conditions referenced herein.

1. Definitions.

The words "you" or "your" means the Client. The words "Client Affiliate" means an entity controlling, controlled by, or under common control with, directly or indirectly, a party to this Agreement. The words "Bank", "we", "our", and "us", means JPMorgan Chase Bank, N.A. The word "Account" means each account issued pursuant to the Commercial Card Classic Agreement and includes any Card bearing an account number and accounts with no associated Card. The word "Card" means a MasterCard® account number assigned to you or your employee(s) and the related account and any card bearing such account number. The word "Program" means the commercial card system composed of Cards, Card-use controls and reports to facilitate purchases of and payments for, business goods and services, established in connection with this Agreement.

2. Conditions Precedent.

Prior to the commencement of the Program rendered by us pursuant to this Agreement, you will provide the information listed on the Application included with this Agreement and will certify to the accuracy of such information.

3. Our Obligations.

- A. In connection with your participation in the Program, we will (i) issue Cards to your employees ("Cardholders") designated by a person authorized to bind the Client to these terms and conditions (an "Authorized Person"); (ii) implement the credit limits (the "Credit Limits") specified by an Authorized Person from time to time and accepted by us; and (iii) deliver Cards and billing statements only to a U.S. address. Notwithstanding anything contained in this Agreement to the contrary, we shall not be obligated to extend credit to you in violation of any limitation or prohibition imposed by applicable law or our policies and procedures.
- B. Notwithstanding the foregoing, Bank shall not be obligated to provide any Account to Client, any Client Affiliate, or any of its or their respective Cardholders or to process any transactions in violation of any limitation or prohibition imposed by applicable law, including, but not limited to, the regulations issued by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC").
- C. Bank may at any time: (i) increase or decrease any Credit Limit or the Cardholder Credit Limit or any other limit in connection with any Account or the Program; (ii) refuse to authorize transactions; (iii) vary the payment terms, or require the provision of security or additional security;; (iv) suspend or terminate any Account; (v) decline to open any Account; or (vi) require merchant category code (MCC) authorization restrictions in connection with a Program.

4. Your Obligations. In connection with your participation in the Program:

- A. You will (i) specify Credit Limits for the Cardholders, (ii) notify us of any changes of Cardholders or in the Credit Limits applicable to Cardholders in a manner acceptable to us, (iii) notify each Cardholder that the Cards are to be used only for business purposes, (iv) clearly disclose to each Cardholder that we provide transaction and account information to third parties, and (v) make commercially reasonable efforts to collect and destroy any Cards you no longer require in connection with this Program.
- B. You represent that the Cards to be issued under this Agreement are substitutes for an accepted credit card or will be issued in response only to a written request or application for such Card, by a prospective Cardholder, which you have obtained in accordance with the requirements of Section 226.12(a) of Regulation Z of the Federal Truth in Lending Act. You further represent that you will retain the applications (paper or electronic) for any Card, when such application is not provided to us, for a period of two (2) years after the application has been received and acted upon.
- C. Client represents and warrants that, it will use commercially reasonable efforts to ensure that such applicants to whom it requests Bank to issue Cards to and whom Client authorizes to use the Cards/Accounts are not identified on a prohibited government sanctions list, or otherwise subject to a sanctions program applicable to Client. Bank reserves the right to terminate the Agreement and/or cancel any of the Accounts at any time, if Bank determines that a Card has been issued to a person residing in a sanctioned jurisdiction or where the Cardholder's name, or the name of an individual authorized to use a Card/Account, appears on a government sanctions list applicable to Client.
- D. The Client shall obtain and provide to Bank such information as Bank may reasonably request, for the purposes of investigating the identity of an actual or prospective Cardholder or Client, evidencing authority for Card requests, and assisting in any review of Bank by a regulator with relevant jurisdiction. Any information provided by Client to Bank shall be, to the best of Client's knowledge, information and belief, accurate and complete in all material respects.
- E. You agree to pay all of your obligations in connection with each Card issued in U.S. dollars. You shall make payment monthly for all transactions posted to a Client Account as reflected on a periodic invoice during a cycle within twenty-five

days of the cycle date or if such day is a Saturday, Sunday or a Bank holiday, the payment shall be due on either the previous or the next Business Day as specified on the periodic statement (the "Payment Date"). If all or any portion of a payment owed by you is not received by us by the Payment Date, then the amounts outstanding shall bear interest, from the first day after the Payment Date to the date on which the Bank receives such payment in full, at the Finance Charge Rate listed in Schedule A. Such interest shall be calculated on the average daily outstanding balance for each day during such period and on the basis of a 360-day year.

F. If you are jointly and severally liable with Cardholders you shall pay us, within ten (10) days of written notice, all amounts owing and payable under or in connection with each joint and several liability Card not paid by a Cardholder within 120 days of the due date of the first billing statement on which such unpaid amount first appears.

G. You will immediately notify us by telephone of any lost, stolen, misappropriated, improperly used, or compromised Cards.

i) **Liability for Fraudulent Transactions Following Notification.** Notwithstanding anything to the contrary contained herein, you shall not be liable for any Fraudulent Transactions occurring on a Card after the effective time of such notification to us of such Fraudulent Transaction. "Fraudulent Transactions" shall mean transactions made on a Card by a person, other than you or Cardholder, who does not have actual, implied, or apparent authority for such use, and for which neither you or nor the Cardholder receives direct or indirect benefit.

ii) **Liability for Fraudulent Transactions Prior to Notification.** Subject to the terms and conditions contained in subsection (iii) below, you shall not be liable for Fraudulent Transactions occurring on a Card prior to the effective time of such notification to us of such Fraudulent Transactions.

iii) We reserve the right, in our sole and absolute discretion, to hold you liable for Fraudulent Transactions should we determine that subsequent to implementation of your Program and at the time that the Fraudulent Transaction occurred, you failed to operate your Program in accordance with our fraud reduction best guidelines as set forth below:

- (1) You block high risk MCC's identified by us and presented to you;
- (2) You maintain reasonable security precautions and controls regarding the dissemination, use and storage of Card and Transaction data; and
- (3) You comply with all other guidelines as we may reasonably require from time to time.

If you fail to comply with your obligations described in this subsection (iii), and we determine you to be liable for Fraudulent Transactions, we will either: (i) invoice you for the amount of such Fraudulent Transaction minus any amounts collected, or (ii) deduct the amount of such Fraudulent Transaction amount from your rebate.

H. You will notify us in writing or by phone of any questions, problems or disputes concerning your billing statement within sixty (60) days of the last day of the Billing Cycle during which such transaction is first charged to you. "Billing Cycle" shall mean the monthly period ending on the same day each month, or, in some instances, the following business day. We will use reasonable efforts to assist you in attempting to obtain reimbursement from the Merchant; provided, however, that you understand that if you are using Cards assigned to a department, rather than in a Cardholder's name, or card-less Accounts, no chargebacks will be granted for transactions where a Cardholder's name is not embossed on the Card or where there is no Card associated with such Account. You will use reasonable efforts to assist us in attempting to obtain reimbursement from the Merchant. We shall not be liable for any transaction where notice of the disputed transaction is received from you or a Cardholder more than sixty (60) days after the last day of the Billing Cycle during which such transaction is first charged to you or a Cardholder. You or any Cardholder shall not make a claim against us or refuse to pay any amount because you or the Cardholder may have a dispute with any Merchant as to the goods or services purchased from such Merchant which has honored the Card for that purchase.

I. You will not exceed the Credit Limit; provided however, that if you exceed the Credit Limit, you shall pay all amounts exceeding the Credit Limits.

J. You agree to provide us with such financial statements and other related information at such frequencies and in such detail as we may reasonably request. If applicable, you will notify us within five business days of any change in your bond rating. We shall be entitled to receive, and to rely upon, financial statements provided by you to our affiliates, whether for purposes of this Agreement or for other purposes.

5. **Notices.** All notices required or permitted to be given under this Agreement shall be addressed as set forth above or as otherwise agreed in writing by the parties from time to time, and shall be effective upon receipt.

6. **Representations and Warranties.** You represent and warrant that this Agreement constitutes a legal, valid and binding obligation, enforceable against you, in accordance with its terms, and that execution and performance of this Agreement (i) does not breach any agreement with any third party, (ii) does not violate any law, rule, or regulation, or any duty arising in law or equity applicable to it, (iii) is within your organizational powers, and (iv) has been authorized by all necessary organizational action.

7. **Fees.** You agree to pay the fees and charges incurred by you as specified by us, from time to time, on a periodic invoice. The fees initially applicable are specified in Exhibit A attached hereto. We may change the fees and charges payable by you at any

time provided we notify you at least thirty (30) days prior to the effective date of the change. The schedule of fees reflects the cost for services agreed to for this Program.

8. **Termination.** This Agreement may be terminated by either party at any time for any reason. Furthermore, we may refuse to allow further transactions or revoke any or all of the Cards at any time and for any reason. In the event this Agreement is terminated for any reason, you shall immediately pay all amounts owing under this Agreement, without set-off or deduction, and destroy all physical Cards furnished to Cardholders. Sections 4.B, 4.C, 4.D, 4.E, 4.F, 6, 7, 8, 9, 10.B, 10.C, 10.D, 10.E, 10.F, 10.G, 10.I, and 10.J shall survive the termination of this Agreement. In the event collection is initiated by us, you shall be liable for payments of reasonable attorneys' fees, including but not limited to reasonable in-house counsel fees incurred by us.
9. **Limitation of Liability.** We will be liable only for direct damages if we fail to exercise ordinary care. We shall be deemed to have exercised ordinary care if our action or failure to act is in conformity with general banking usages or is otherwise a commercially reasonable practice of the banking industry. We shall not be liable for any special, indirect or consequential damages, even if we have been advised of the possibility of these damages. You will indemnify us for all claims, costs, demands, expenses, liabilities and losses, including reasonable legal fees and expenses, arising from any claim of a third party relating to any action taken or not taken by us pursuant to this Agreement, unless the action or non-action constitutes the lack of ordinary care or willful misconduct by us; or the breach of any representation or warranty made by you to us in this Agreement.
10. **Miscellaneous.**
 - A. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of you and us and our respective successors and assigns.
 - B. We shall not be held responsible for any act, failure, event or circumstance addressed herein if such act, failure, event or circumstance is caused by conditions beyond our reasonable control.
 - C. This Agreement embodies the entire agreement and understanding between you and us and supersedes all prior agreements and understandings between you and us relating to the subject matter thereof.
 - D. Without limiting our rights under applicable law, you authorize us to apply or offset any sums standing to your credit with any office branch, subsidiary or affiliate of us to the payment when due of any amount owing by you under this Agreement.
 - E. The Cards are non-transferable, non-assignable and shall remain the property of JPMorgan Chase Bank, N.A.
 - F. This Agreement may be amended or waived only by notice to you in writing from us.
 - G. To the extent that you would have or be able to claim sovereign immunity in any action, claim, suit, or proceeding brought by us, you irrevocably waive and agree not to claim such immunity.
 - H. International Transactions include any transaction made in a foreign currency or that is made outside the United States of America even if it is made in U.S. dollars. If an international transaction is made in a currency other than U.S. dollars, MasterCard will convert the transaction into U.S. dollars using its respective currency conversion procedures. The exchange rate MasterCard uses to convert currency is a rate that it selects either from the range of rates available in the wholesale currency markets for the applicable processing date (which rate may vary from the rate the respective entity itself receives), or the government-mandated rate in effect on the applicable processing date. The rate in effect on the applicable processing date may differ from the rate on the date when the international transaction occurred or when the Account was used. We reserve the right to charge an international transaction Fee, as specified in Exhibit A. The international transaction Fee will be calculated on the U.S. dollar amount provided to us by MasterCard. The same process and charges may apply if any international transaction is reversed.
 - I. **USA PATRIOT Act Disclosure.** We comply with Section 326 of the USA PATRIOT Act. This law mandates that we obtain, verify and record information that identifies each business or person that opens a new account. By signing this Agreement you agree to provide and consent to us obtaining, if necessary from third parties, Cardholder's name, residential address, date of birth, and social security number to verify Cardholder's identity.
 - J. **CHOICE OF LAW.** THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS. THE PARTIES HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY.

Exhibit A

TO COMMERCIAL CARD CLASSIC AGREEMENT City of Rock Island INCENTIVES & FEES

DEFINITIONS

"Charge Volume" means total U.S. dollar charges made on a Card, net of returns, and excluding cash advances, Fraudulent Transactions and any transactions that do not qualify for interchange under applicable Association rules.

"Contract Year" means a 12-month period beginning on the effective date of the Agreement or any anniversary of such date.

"Credit Losses" means all amounts due to Bank in connection with any Card that Bank has written off as uncollectible excluding amounts due in respect of Fraudulent Transactions.

"Gross Rebate" means rebate amount prior to reduction by Credit Losses and/or Excess Redemption Expenses.

"Settlement Terms" means the combination of the number of calendar days in a billing cycle and the number of calendar days following the end of a billing cycle to the date the payment is due. Settlement Terms are expressed as X & Y, where X is the number of calendar days in the billing cycle and Y is the number of calendar days following the end of a billing cycle to the date the payment is due.

REBATES

Volume Rebate

Bank will pay the Client a Gross Rebate based on the annual Charge Volume achieved according to the following schedule. The Gross Rebate will be calculated as the Rebate Rate times the annual Charge Volume.

Annual Charge Volume	Rebate Rate (%)
\$250,000*-\$499,999	0.15%
\$500,000-\$999,999	1.00%
\$1,000,000-\$3,999,999	1.15%
\$4,000,000-\$9,999,999	1.21%
\$10,000,000 & Over	1.30%

* Client must meet \$250,000 minimum annual Charge Volume requirement in order to qualify for a rebate.

In the event of a reduction in interchange rates by the Associations, the Bank reserves the right to ratably adjust the rebate rates accordingly.

General Rebate Terms

Rebates will be calculated annually in arrears. Gross Rebate amounts are subject to reduction by all Credit Losses and/or Excess Redemption Expenses. If Credit Losses and/or Excess Redemption Expenses exceed the Gross Rebate earned for any Contract Year, Bank will invoice the Client for the amount in excess of the Gross Rebate, which amount shall be payable within 14 days. Upon termination of the Program, the Credit Losses for the six-month period immediately preceding the termination will be deemed to be equal to the Credit Losses for the prior six-month period. In no event shall the Bank pay the Client a rebate for the year in which this Agreement is terminated.

Rebate payments will be made within 90 days after the end of the Contract Year via wire transfer to an account designated by the Client.

To qualify for any rebate payment, all of the following conditions apply.

- a. Settlement of any centrally billed account(s) must be by automatic debit or by Client initiated ACH or wire or by check.
- b. Payments must be received by Bank in accordance with the Settlement Terms. Delinquent payments shall be subject to a Finance Charge as specified below. Settlement Terms are 30 & 25.
- c. The Client must maintain a satisfactory Bank credit risk rating (investment grade equivalent).
- d. The Client is not in default under the Agreement.

FEES

The following are the fees associated with the US Purchasing program in the United States:

PROGRAM FEES

Annual card fee	NONE
Executive Cards	
Executive Elite	\$325 annual fee
Executive	\$75 annual fee
Cash advance fee	2.0% (\$3.00 minimum)
Rush Card Request	\$0 if effected through Bank. If effected through the Association, Client shall pay any fees charged by the Association.
Return check (payment)	\$15 per return
Document retrieval	Non-dispute-related: \$8 per document
<hr/>	
Foreign Transaction Fee	1% surcharge (Association pass through)

PAST-DUE FEES

Late fee	Central Bill: None
<hr/>	
Finance charge	<u>Central Bill:</u> Prime + 2.0% is applied to the average daily balance and will be charged on the cycle date. Average daily balance is calculated as follows: (past due balance + any new spend) / number of days in cycle.

CARD DESIGN

Basic plastic	\$0.00
Client logo plastic	\$350 per logo. Logos can be printed in white or black ink only. Executive Card Logos can be printed in silver ink only.

OPTIONAL PROGRAM/TECHNOLOGY SERVICES

Smartdata monthly maintenance fee	NONE
File transfer using FTP	Setup fee (one time)—\$300
Data file fees (T&E expense system feeds, SAP, SmartLink, etc.)	Monthly — \$50/month

Should Client request services not in this schedule, the Client agrees to pay the fees associated with such services.

Commercial Card Classic - Customer Profile Form

Company Information

Company Name City of Rock Island	Cycle Date Choose from 4th - 26th except 15th ***	Payment Terms 30/25
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Program Administrator Setup - Individual designated by Corporate Officer to have authority over the program.

Primary Program Administrator Name Cynthia Partchert			Additional Program Administrator Name		
Address Line 1 1528 3 rd Avenue			Address Line 1 1528 3 rd Avenue		
Address Line 2			Address Line 2		
City Rock Island	State I L	Zip Code 61201	City Rock Island	State I L	Zip Code 61201
Phone Number (309) 732-2117	Ext		Phone Number	Ext	
Fax Number	VID		Fax Number	VID	
Email Address partchert.cynthia@rigov.org			Email Address		
Hierarchy Level <input checked="" type="checkbox"/> Organization <input type="checkbox"/> Company			Hierarchy Level <input checked="" type="checkbox"/> Organization <input type="checkbox"/> Company		
Additional Authorization <input checked="" type="checkbox"/> Authorized Signer			Additional Authorization <input checked="" type="checkbox"/> Authorized Signer		

Hierarchy Level – Organization level access is for the organization as a whole including all subsidiary companies, programs and cardholder level accounts. Company level access is for one (or more, if designated) company within an organization including, the program and all cardholder level accounts. If company access is granted, specify which company. If left blank organizational level access will be assumed.

Authorized Level – Minimum of one Authorized Signer per program. Has ability to designate program administrators with maintenance authority over program. The individual can delete other program administrators no longer with the company. Program Administrators – individual designated by Authorized Signer with maintenance authority over the program. Program Administrators cannot further delegate their authority.

Card Delivery Administrator – Bulk Ship Other – Bulk Ship Cardholders

Required if different than Primary Program Administrator (Card Delivery address cannot be a post office box)

Name		
Address Line 1		
Address Line 2		
City	State	Zip Code

Statement Delivery

Required if different than Primary Program Administrator

Name		
Address Line 1		
Address Line 2		
City	State	Zip Code

This application must be signed by an owner, officer or partner of the company with the authority to bind the company to the terms and conditions of this Commercial Card Classic Agreement. I hereby certify that I am duly authorized and acting officer partner or owner of the company with the authority to bind the company to the obligations of the Commercial Card Classic Agreement. I have read and agree to the terms of the Commercial Card Classic Agreement. In furtherance of this Commercial Card Classic program, I hereby authorize the above listed persons to give instructions to JPMorgan Chase as to (i) employees authorized to use Commercial Cards and (ii) limits and reporting structures as the use of such cards.

Signature of Corporate Officer: _____ Date: _____

Printed Name: _____ Title: _____

REMITTANCE DEBIT AUTHORIZATION AGREEMENT

Client Name: City of Rock Island

Client Address: 1528 3 rd Avenue Rock Island IL 61201

Contact Name: Cynthia Partchert

The above-named entity ("Client"), hereby authorizes JPMorgan Chase Bank, N.A. and its designated affiliates (the "Bank") to initiate debit and credit entries to Client's checking/demand deposit account indicated below, by Automated Clearing House ("ACH") or FedWire, other means, for the full amount owing to the Bank under the Commercial Card Classic Card Agreement (the "Agreement") between Client and the Bank, and hereby authorizes the Depository Bank named below ("Depository") to provide such debit or credit to such account. All remittances shall be in U.S. dollars.

This authorization is without respect to the source of any funds in the account and shall remain in full force and effect until the Bank has received written notification of Client's request for termination. Such notice must be provided at least thirty days (30) prior to the effective date of termination.

Client shall be deemed to have requested initiation of a debit transfer, as the remittance method for all sums due the Bank and for the full amount of fees payable by Client in accordance with the Agreement. Client shall remain responsible to remit all sums due the Bank, in good funds, until such debit transfer clears against Client's checking/demand deposit account indicated below. Client shall provide the Bank with such information as may be reasonably required by the Bank to initiate each debit authorized hereby. The Bank shall provide Client with a debit advice describing the fees and period covered.

Client also authorizes the Bank to debit or credit Client's checking/demand deposit account indicated below, for the full amount of adjustments processed to correct inaccurate entries authorized by Client under the Agreement.

American Bank and Trust

Full Name of Depository Bank (no abbreviations or acronyms) at which Account resides

Concentration

Account Title

0000163767

071108834

Account Number**

Bank Transit Routing Number/Sort Code/Swift Code

Cynthia Partchert

Finance Director

09/27/12

Print Name

Title

Date

Authorized Account Signer Sign Here: _____

Affix a copy of a voided check here that corresponds to the account information above.

Bank use only

Payment Terms:

Bank #:

Agent #:

Co#:

Corp Acct #:

****Please be advised that if there is an ACH debit block on your account, the Bank will not be allowed to auto-debit prior to removing the block. Please provide approval for the Bank's ACH ID, which is 36-0899825 (hyphen must be included). Originating Name of the debit will be "TOTALSYSTEMS".**

Commercial Account Implementation Form – Bank Use Only

Requestor L WILLIAMS

QC By

Date

Company Information

Bank #: Company #:

Agent #: Big Agent #:

Company Name: City of Rock Island

Primary Contact: Cynthia Partchert

Phone Number: (309) 732-2117

Fax#:

Email: parchert.cynthia@rigov.org

Address 1: 1528 3 rd Avenue

Address 2:

City: Rock Island State: I L Zip Code: 61201

Corp Bill/Corp Pay Ind Bill/Ind Pay

Ind Bill//Corp Pay Suspend/Cancel Terms:

Cycle: ***

Credit Limit:

Payment Terms: 30/25

Payment Instructions:

Bank Name: American Bank and Trust

ABA#: 071108834

DDA#: 0000163767

Corporate Setup

FC RC: CA Front-end Fee RC: Min Pay: LC Fee RC:

Hold Statement Option:

000 = Send 025 = Hold and Return 255 = Foreign Address

Statement:

Detail or Summary

Foreign address: Y or N

Cash Percentage: %

PIN Request: (Mailer) Y or N

Hold Plastic: Y or N

IBX Initiator:

Plastic Delivery: N or B

Stmt Memo Sup: Y or N

Branch:

Combined Corp #:

Additional Program Information

Desired Start Date:

Plastic Logo: (check one) JP Morgan Chase: Graphix #:

Logo Color: (Options:Black, Blue, White, Green, Red, Burgundy, Silver,Gold)

Number of Cards:

Gold Plastic: (check one) 64923 (Bank 2234) 64925 (Bank 2237) 64428 (Bank 2235)

Tipping Color is Silver: 004

Reporting: (check one) SDG2 SDOL TBR None

Pins: (check one) Custom Pin Mailers None

Special Handling Notes

MCCG: Default Custom

Corporate Account Number Diversion Account Number

Acct Number XXXX - - - -

Commercial Card Fee Account Number XXXX - - - -

Credit Spending Limit: \$5,000; MCCG: 99E



**SELECT GOVERNMENT MERCHANT PAYMENT CARD PROCESSING AGREEMENT
U.S. GOVERNMENT AGREEMENT**

THIS SELECT GOVERNMENT MERCHANT PAYMENT CARD PROCESSING AGREEMENT (the "Agreement") is entered into by and between **JPMorgan Chase Bank, N.A.**, a national banking association ("Member"), **Paymenttech, LLC**, a Delaware limited liability company ("Paymenttech"), and _____, an entity duly organized under the laws of the state of _____ ("Merchant").

WHEREAS, Member is a member of several Payment Brands and Paymenttech is authorized, through Member, to process the Merchant's Transactions; and

WHEREAS, Merchant wishes to accept Payment Cards from its Payors as a method of payment for goods or services offered by Merchant or as payment on an account held by Merchant;

ACCORDINGLY, in consideration of the mutual promises made and the mutual benefits to be derived from this Agreement, Paymenttech, Member, and Merchant agree to the following terms and conditions intending to be legally bound:

1. MERCHANT'S ACCEPTANCE OF PAYMENT CARDS.

1.1 Exclusivity. Unless otherwise agreed to by the parties in writing, during the term of this Agreement Paymenttech shall be Merchant's exclusive provider of all Transaction processing services (including, without limitation, the authorization, conveyance and settlement of Transactions) and Merchant shall not use the services of any bank, corporation, entity or person other than Paymenttech for such services. Merchant shall submit to Paymenttech Transaction Data generated from all of its Transactions via electronic data transmission according to Paymenttech's formats and procedures throughout the term of this Agreement.

1.2 Certain Payment Acceptance Policies and Prohibitions.

(a) Each Transaction must be evidenced by its own Transaction Receipt completed in accordance with Payment Brand Rules.

(b) Merchant shall not require the Payor to pay the fees payable by Merchant under this Agreement.

(c) Merchant shall never issue Refunds for Transactions by cash or a cash equivalent (e.g., check) unless required by law or permitted by the Payment Brand Rules.

(d) Unless permitted by the Payment Brand Rules, Merchant shall not engage in any practice that unfavorably discriminates against or provides unequal treatment of any Payment Brand relative to any other Payment Brand.

(e) Except where expressly permitted by law or the Payment Brand Rules, Merchant shall not set a dollar amount above or below which Merchant refuses to honor otherwise valid Payment Cards.

(f) Merchant shall examine each Payment Card physically presented at the point of sale to determine that the Payment Card presented is valid and has not expired. Merchant shall exercise reasonable diligence to determine that the authorized signature on any Payment Card physically presented at the point of sale corresponds to the Payor's signature on the Transaction Receipt.

(g) With respect to any Transaction for which a Payor is not physically present at the point of sale, such as in any on-line, mail, telephone, pre-authorized or recurring Transaction, Merchant must (i) have notified Paymenttech on its Application, or otherwise obtained Paymenttech's prior written approval, of Merchant's intention to conduct such Transactions; and (ii) have appropriate procedures in place to ensure that each Transaction is made to a purchaser who actually is the Payor. Merchant acknowledges that under certain Payment Brand Rules, Merchant cannot rebut a Chargeback where the Payor disputes making the purchase and Merchant does not have an electronic record (e.g., "swiping" or "tapping" a Payment Card) or physical imprint of the Payment Card.

(h) Merchant agrees to accept all categories of Visa and MasterCard Payment Cards (i.e., debit and credit cards), unless Merchant has notified Paymenttech on its Application or otherwise in writing of its election to accept one of the following "limited acceptance" options: (i) all Visa and MasterCard consumer credit cards and Visa and MasterCard commercial credit and debit cards; or (ii) Visa and MasterCard debit cards only (but no credit cards). Notwithstanding the election of one of the foregoing limited acceptance options, Merchant must honor all foreign bank-issued Visa or MasterCard Payment Cards. If Merchant elects one of the limited acceptance categories: (Y) Merchant must display

appropriate signage to indicate the limited acceptance category; and (Z) Paymentech, at its option, may process any Transactions submitted to Paymentech outside of the limited acceptance category, in which case such Transactions will be assessed the applicable interchange fees plus any additional fees/surcharges assessed by Paymentech or the Payment Brands.

(i) Merchant shall not split a single Transaction into two or more Transactions to avoid or circumvent authorization limits or monitoring programs.

(j) Merchant shall not accept Payment Cards for the purchase of scrip.

(k) Merchant shall not require a Payor to complete a postcard or similar device that includes the Payor's Payment Card account number, expiration date, or any other account data in plain view when mailed.

(l) Merchant shall not add any tax or surcharge to Transactions, unless applicable law expressly requires a Merchant be permitted to impose the tax or surcharge. If any tax or surcharge amount is allowed, such amount shall be included in the Transaction amount and shall not be collected separately.

(m) Merchant shall not request or use a Payment Card account number for any purpose except as payment for its goods or services, unless required by the Payment Brand Rules in order to support specific services offered by the Payment Brands.

1.3 Payment Brand Rules. Merchant agrees to comply with (a) all Payment Brand Rules as may be applicable to Merchant and in effect from time to time; and (b) such other procedures as Paymentech may from time to time prescribe for the creation or transmission of Transaction Data.

1.4 Requirements for Certain Transactions. As to all Transactions, Merchant represents and warrants that, to the best of its knowledge:

(a) The Transaction Data (i) represents a payment for or Refund of a bona fide sale or lease of the goods, services, or both, which Merchant has provided in the ordinary course of its business, as represented in its Application; and (ii) is not submitted on behalf of a third party.

(b) The Transaction Data represents an obligation of the Payor for the amount of the Transaction.

(c) The Transaction is not for any purpose other than payment for the current Transaction. The Transaction does not represent the collection of a dishonored check or the collection or refinancing of an existing debt. The Transaction does not represent payment for a previous Transaction or charge incurred at the Merchant or a Transaction that was previously charged back by the Payor, irrespective of Payor consent or approval.

(d) Except as specifically stated in Merchant's Application or otherwise approved in writing by Paymentech in advance, with respect to any prepayment for services or full prepayment for custom-ordered merchandise manufactured to the Payor's specifications, at the time Merchant accepts a Payment Card for any goods or services, the goods have been provided or shipped or the services actually rendered to the Payor. For approved prepayments, Merchant must advise the Payor (i) that payment is being made in advance of the shipment or provision of goods or services; and (ii) the time when shipment or provision of the goods or services is expected.

(e) The Transaction Data is free from any material alteration not authorized by the Payor.

(f) The amount charged for the Transaction is not subject to any dispute, setoff, or counterclaim.

(g) Merchant has not disbursed or advanced any cash to the Payor (except as authorized by the Payment Brand Rules) or itself or to any of its representatives, agents, or employees in connection with the Transaction, nor has Merchant accepted payment for effecting credits to a Payor.

(h) The goods or services related to each Transaction are Merchant's property or Merchant has the legal right to sell them.

(i) Merchant has made no representation or agreement for the issuance of Refunds except as stated in Merchant's Refund Policy, which has been previously submitted to Paymentech in writing as provided in Section 3, and which is available to the Payor.

(j) Any Transaction submitted to Paymentech to credit a Payor's account represents a Refund for a Transaction previously submitted to Paymentech.

(k) Merchant has no knowledge or notice of information that would lead Merchant to believe that the enforceability or collectibility of the Transaction is in any manner impaired. Merchant has originated the Transaction and Transaction Data in compliance with this Agreement, applicable laws and all applicable Payment Brand Rules.

(l) Unless specifically stated in its Application or otherwise approved in writing by Paymentech in advance, Merchant shall not accept Payment Cards in connection with installment plans. If the Payor pays in installments or on a deferred payment plan, as previously approved by Paymentech, a Transaction Data record has been prepared separately for each installment transaction or deferred payment on the dates the Payor agreed to be charged. All installments and deferred payments, whether or not they have been submitted to Paymentech for processing, shall be deemed to be a part of the original Transaction.

(m) Merchant has not submitted any Transaction that Merchant knows or should have known to be either fraudulent,

illegal, damaging to the Payment Brand(s), not authorized by the Payor or otherwise in violation of any provision of this Agreement, applicable law, or Payment Brand Rules.

(n) For recurring Transactions, Merchant must (i) obtain the Payor's consent to periodically charge the Payor on a recurring basis for the goods or services purchased; (ii) retain this permission for the duration of the recurring services and provide it upon request to Paymentech or the issuing bank of the Payor's Payment Card; and (iii) retain written documentation specifying the frequency of the recurring charge and the duration of time during which such charges may be made. Merchant shall not submit any recurring transaction after receiving: (i) a cancellation notice from the Payor; or (ii) notice from Paymentech or any Payment Brand (via authorization code or otherwise) that the Payment Card is not to be honored. Merchant shall include in its Transaction Data the electronic indicator that the Transaction is a recurring Transaction.

1.5 Stored Value Card Transactions. As to all Stored Value Card Transactions, if any, in addition to any representations and warranties previously made, Merchant agrees to:

(a) comply with all applicable laws relating to Stored Value Card Transactions, and indemnify and hold Paymentech harmless from any loss, damage, or claim relating to or arising out of any failure to comply with applicable laws in connection therewith;

(b) be responsible for ensuring that all Stored Value Cards require activation at the point of sale;

(c) provide immediate written notification to Paymentech of any Stored Value Card fraud losses immediately;

(d) be solely responsible for any and all value adding and fraud losses and expenses relating to or arising from Merchant's Stored Value Card Transactions;

(e) discourage transportation of groups of sequentially numbered gift cards;

(f) deactivate or otherwise remove all value from Stored Value Cards that have been compromised; and

(g) be responsible for any fraudulent transactions involving Merchant's Stored Value Cards, including, without limitation, the unauthorized activation of Stored Value Cards, reloading of existing Stored Value Cards (whether pursuant to a manual telephone order or otherwise) with additional value, or the unauthorized replication of Stored Value Cards or Stored Value Card data for fraudulent Transactions.

2. AUTHORIZATIONS. Merchant is required to obtain an authorization code through Paymentech, in accordance with this Agreement, for each Transaction. Merchant acknowledges that authorization of a Transaction indicates that the Payment Card (a) contains a valid account number; and (b) has an available credit balance sufficient for the amount of the Transaction; but, it does not constitute a representation from Paymentech, a Payment Brand, or a card issuing bank that a particular Transaction is in fact a valid or undisputed Transaction entered into by the actual Payor. Paymentech reserves the right to refuse to process any Transaction Data presented by Merchant unless it includes a proper authorization.

3. REFUND AND ADJUSTMENT POLICIES AND PROCEDURES; PRIVACY POLICIES.

3.1 Refund Policy. Merchant is required to maintain a Refund Policy and to disclose such Refund Policy to Paymentech and Payors. Any material change in Merchant's Refund Policy must be submitted to Paymentech, in writing, not less than 14 days prior to the effective date of such change. Paymentech reserves the right to refuse to process any Transactions made subject to a revised Refund Policy of which Paymentech has not been notified in advance. To the extent that Merchant operates an electronic commerce website through which Transaction Data is generated, Merchant must include its Refund Policy on the website in accordance with Payment Brand Rules.

3.2 Procedure for Refund Transactions. If, under Merchant's Refund Policy, Merchant allows a Refund, Merchant shall prepare and deliver to Paymentech Transaction Data reflecting any such Refund within three (3) days of approving the Payor's request for such Refund. The amount of a Refund cannot exceed the amount shown as the total on the original Transaction Data except by the exact amount required to reimburse the Payor for shipping charges that the Payor paid to return merchandise. Merchant shall not accept any payment from a Payor as consideration for issuing a Refund. Merchant shall not give cash (or cash equivalent) refunds to a Payor in connection with a Transaction, unless required by law or permitted by the Payment Brand Rules.

3.3 Payor Data Protection Policies. To the extent that Merchant operates an electronic commerce website through which Transaction Data is generated, in addition to any requirements otherwise set forth in this Agreement, Merchant shall display the following on its website: (a) its Payor data privacy policy; (b) a description of its security capabilities and policy for transmission of Payment Card Information; and (c) the address of Merchant's fixed place of business (regardless of website or server locations). Furthermore, Merchant must offer its Payors a data protection method such as 3-D Secure or Secure Sockets Layer (SSL).

4. SETTLEMENT.

4.1 Submission of Transaction Data. Failure to transmit Transaction Data to Paymentech within one (1) business day following the day that such Transaction originated could result in higher interchange fees and other costs, as well as increased Chargebacks. Unless Merchant has notified Paymentech on its Application or Paymentech has otherwise agreed in writing in advance, Merchant shall not submit Transactions for processing until (a) the Transaction is completed; (b) the goods are delivered or shipped; (c) the services are performed; or (d) Merchant has obtained the Payor's consent for a recurring Transaction. Paymentech may from time to time contact Payors to verify that they have received goods or services for which Transactions have been submitted. Paymentech reserves the right to refuse to process any Transaction Data presented by Merchant if Paymentech reasonably believes that the Transaction may be uncollectible from the Payor or was prepared in violation of any provision of this Agreement, applicable law, or the Payment Brand Rules. For all Transactions, Paymentech will submit Merchant's Transaction Data to the applicable Payment Brands.

4.2 Merchant's Settlement Account. In order to receive funds from Paymentech, Merchant must designate and maintain one or more accounts used primarily for business purposes at a bank that is a member of the Automated Clearing House system or the Federal Reserve wire system (collectively referred to as "Settlement Account"). During the Term of this Agreement, and thereafter until Paymentech notifies Merchant that all amounts due from Merchant under this Agreement have been paid in full, Merchant shall not close its Settlement Account without giving Paymentech at least five (5) days' prior written notice and substituting another Settlement Account. Merchant is solely liable for all fees, costs, and overdrafts associated with the Settlement Account. Merchant authorizes Paymentech to initiate electronic credit and debit entries and adjustments to the Settlement Account at any time without regard to the source of any monies in the Settlement Account, and this authority will remain in full force and effect until Paymentech notifies Merchant that all amounts due from Merchant under this Agreement have been paid in full. Paymentech will not be liable for any delays in receipt of funds or errors in Settlement Account entries caused by third parties, including, without limitation, delays or errors by the Payment Brands or Merchant's bank.

4.3 Conveyed Transactions. For Conveyed Transactions Merchant shall have a valid agreement in effect with the applicable Payment Brand. If Merchant submits Conveyed Transactions to Paymentech and Merchant does not have a valid agreement with the applicable Payment Brand, Paymentech may, but shall not be obligated to, submit such Transaction Data to the applicable Payment Brand and to share with them information about Merchant (from the Application or otherwise) as may be required to approve Merchant's acceptance of the Payment Brand's Payment Card. Payment of proceeds due Merchant for Conveyed Transactions shall be governed by the agreement Merchant has with the applicable Payment Brand, and Paymentech does not bear any responsibility for their performance thereunder, including, without limitation, the funding and settlement of Merchant's Conveyed Transactions.

4.4 Transfer of Transaction Settlement Funds. Subject to Section 4.3, for all Transactions, Paymentech will submit Merchant's Transaction Data to the applicable Payment Brand. Promptly after Paymentech receives funds for Settled Transactions from the Payment Brands, Paymentech will provisionally fund the Settlement Account. The proceeds payable to Merchant shall be equal to the amounts submitted by Merchant in connection with its Transaction Data minus the sum of the following: (a) all fees, charges, and other amounts described on Schedule A or that Merchant has otherwise agreed to pay; (b) all Refunds and Chargebacks; (c) all Reserve Account (as defined in Section 4.6) amounts; (d) all fees, charges, fines, assessments, penalties, or other liabilities that may be imposed on Paymentech or Member from time to time by the Payment Brands and all related costs and expenses incurred by Paymentech. Merchant agrees that all amounts are due and payable as provided in this Agreement. In the event Paymentech does not deduct such amounts from Merchant's proceeds when such amounts are due and payable, Merchant agrees to pay all such amounts to Paymentech immediately without any deduction or offset. Additionally, Paymentech may debit the Settlement Account or Merchant's Reserve Account for such amounts at any time. Furthermore, Merchant agrees to reimburse Paymentech, Member, the Payment Brands, and their respective affiliates, officers, directors, employees, agents, and sponsoring banks from any losses, liabilities, and damages of any and every kind (including, without limitation, Paymentech's costs, expenses, and reasonable attorneys' fees) arising out of any claim, complaint, or Chargeback (a) made or claimed by a Payor with respect to any Transaction or Transaction Data submitted by Merchant; (b) caused by Merchant's noncompliance with this Agreement or the Payment Brand Rules (including without limitation any breach of a representation or warranty made by Merchant or Merchant's failure to comply with the Security Standards); (c) resulting from any voluntary or involuntary bankruptcy or insolvency proceeding by or against Merchant; or (d) related to Merchant's placement or the placement of any person owning or controlling Merchant's business in one or more databases of terminated or high risk merchants maintained by the Payment Brands. The obligations provided for in this Section shall survive termination of this Agreement and do not apply to any claim or complaint to the extent they are caused by Paymentech's own negligence or willful misconduct.

4.5 Negative Amounts. Merchant shall maintain sufficient funds in the Settlement Account to prevent the occurrence of a negative balance. In the event that the proceeds from Merchant's Settled Transactions or the balance of Merchant's Settlement Account are not sufficient to pay amounts due under this Agreement, in addition to any other rights and remedies Paymentech may have under this Agreement, Paymentech may pursue one or more of the following options:

- (a) demand and receive immediate payment for such amounts, and if payment is not made within three (3) days of demand, debit the Settlement Account for the negative amount;
- (b) withhold all or some of Merchant's Settlement funds and apply them against the negative amount; and
- (c) apply funds held in the Reserve Account against the negative amount.

Furthermore, if the amount represented by Merchant's Transaction Data in any day is negative due to Refunds or credits being submitted by Merchant in excess of its proceeds from Transactions, Merchant shall immediately provide Paymentech with sufficient funds to prevent the occurrence of a negative balance.

Reserve Account. If:

- (a) there is a material breach of the Agreement by Merchant;
- (b) Merchant is receiving excessive Chargebacks (as defined in Section 7.2 below);
- (c) Paymentech has reasonable grounds to believe that it may be or become liable to third parties for the provisional funds extended to Merchant; or
- (d) Paymentech has reasonable grounds to believe that it may be subject to any additional liabilities arising out of or relating to this Agreement, including, without limitation, any fines, fees, or penalties assessed against Paymentech or Member by any of the Payment Brands arising out of or relating to Merchant's Transactions, Chargebacks, or failure to comply with the Payment Brand Rules or the Security Standards;

then each such event may subject Paymentech to additional risk (such risk being hereinafter referred to as "Anticipated Risk"). In any such event, Paymentech may temporarily suspend or delay payments to Merchant during Paymentech's investigation of the issue and/or designate an amount of funds that Paymentech must maintain in order to protect itself against Anticipated Risks (such funds being hereinafter referred to as the "Reserve Account"), which may be funded in the same manner as provided for negative balances in Section 4.5. The Reserve Account will contain sufficient funds to cover any unbilled processing costs plus Paymentech's estimated exposure based on reasonable criteria for Chargebacks and all additional Anticipated Risks. Paymentech may (but is not required to) apply funds in the Reserve Account toward, and set off any funds that would otherwise be payable to Merchant against, the satisfaction of any amounts which are or may become due from Merchant pursuant to this Agreement. Funds in the Reserve Account will be held and controlled by Paymentech, will not bear interest, and may be commingled with other funds. Effective upon Paymentech's establishment of a Reserve Account, Merchant irrevocably grants to Paymentech a security interest in any interest Merchant may now have or later acquire in any and all funds, together with the proceeds thereof, that may at any time be in the Reserve Account and that would otherwise be payable to Merchant pursuant to the terms of this Agreement. Merchant agrees to execute and deliver to Paymentech such instruments and documents that Paymentech may reasonably request to perfect and confirm the security interest in the Reserve Account funds. Upon (i) satisfaction of all of Merchant's obligations under this Agreement; and (ii) Merchant's execution of documents reasonably requested by Paymentech in connection with the return of any Reserve Account funds, Paymentech will pay to Merchant any funds then remaining in the Reserve Account.

5. ACCOUNTING. Paymentech will supply a detailed statement reflecting the activity of Merchant's account(s) by online access (or otherwise if agreed to by both parties) and Merchant shall ensure that any online access to such statements is secure. If Merchant believes any adjustments should be made with respect to Merchant's Settlement Account, Merchant must notify Paymentech in writing within 90 days after any such adjustment is or should have been effected.

6. RETRIEVAL REQUESTS. In order to comply with Retrieval Requests, Merchant shall store and retain Transaction Data and Transaction Receipts in compliance with the Payment Brand Rules, including any time frames set forth therein. Within seven (7) days (or such shorter time as the Payment Brand Rules may require) of Paymentech sending Merchant a Retrieval Request, Merchant must provide to Paymentech, via certified or overnight mail or by confirmed fax, (a) written resolution of Merchant's investigation of such Retrieval Request; and (b) legible copies of any supporting documentation requested or required by the Retrieval Request. Merchant acknowledges that failure to fulfill a Retrieval Request timely and in accordance with Payment Brand Rules may result in an irreversible Chargeback.

7. CHARGEBACKS.

7.1 Chargeback Reasons. Merchant has full liability for all Chargebacks. Following are some of the most common reasons for Chargebacks:

- (a) Merchant fails to issue a Refund to a Payor upon the return or non-delivery of goods or services;
- (b) A required authorization/approval code was not obtained;
- (c) The Transaction Data was prepared incorrectly or fraudulently;
- (d) Paymentech did not receive Merchant's response to a Retrieval Request in accordance with Section 6;
- (e) The Payor disputes the Transaction or the authenticity of the signature on the Transaction Receipt, or claims that the Transaction is subject to a set-off, defense, or counterclaim;
- (f) The Payor refuses to make payment for a Transaction because, in the Payor's opinion, a claim or complaint has not been resolved or has been resolved in an unsatisfactory manner; or
- (g) The credit or debit card comprising the Payment Card was not actually presented at the time of the Transaction or Merchant failed to obtain an electronic record or physical imprint of such Payment Card, and the Payor denies making the purchase.

7.2 Response to Chargebacks. If Merchant has reason to dispute or respond to a Chargeback, then Merchant must do so by the date provided on the applicable Chargeback notice. Paymentech will not investigate or attempt to obtain a reversal or other adjustment to any Chargeback if Merchant has not timely responded to the notice.

7.3 Excessive Chargebacks. If Merchant is receiving an excessive amount of Chargebacks, as determined by the Payment Brands from time to time, in addition to Paymentech's other remedies under this Agreement, Paymentech may take one or more of the following actions: (a) review Merchant's internal procedures relating to acceptance of Payment Cards and notify Merchant of new procedures Merchant should adopt in order to avoid future Chargebacks; (b) notify Merchant of a new rate Paymentech will charge to process Merchant's Chargebacks; or (iii) establish a Reserve Account. Merchant also agrees to pay any and all penalties, fees, fines, and costs assessed against Merchant, Paymentech, and/or Member relating to Merchant's violation of this Agreement or the Payment Brand Rules with respect to Merchant's acceptance of Payment Cards, its Transactions, or with respect to excessive Chargebacks under this Section.

7.4 Claims of Payors. Following a Chargeback, Merchant may resubmit applicable Transaction Data for a second presentment, but only in accordance with Payment Brand Rules. To the extent Paymentech has paid or may be called upon to pay a Chargeback or Refund for or on the account of a Payor and Merchant does not reimburse Paymentech as provided in this Agreement, then for the purpose of Paymentech obtaining reimbursement of such sums paid or anticipated to be paid, Paymentech has all of the rights and remedies of such Payor under applicable federal, state, or local laws and Merchant authorizes Paymentech to assert any and all such claims in its own name for and on behalf of any such Payor individually or all such Payors as a class.

8. DISPLAY OF PAYMENT BRAND MARKS. Merchant is prohibited from using the Payment Brand Marks, as defined below (sometimes referred to herein as "Marks"), other than as expressly authorized by Paymentech in writing or by the Payment Brands. Payment Brand Marks mean the brands, emblems, trademarks and/or logos that identify a Payment Brand. Additionally, Merchant shall not use the Payment Brand Marks other than to display decals, signage, advertising, and other forms depicting the Payment Brand Marks that are provided to Merchant (a) by the Payment Brands; (b) by Paymentech pursuant to this Agreement; or (c) as otherwise approved in writing by Paymentech. Merchant may use the Payment Brand Marks only to promote the services covered by the Marks by using them on decals, indoor and outdoor signs, advertising materials, and marketing materials; provided, that all such uses by Merchant must be approved by Paymentech and consistent with Payment Brand Rules. Merchant shall not use the Payment Brand Marks in any way that Payors could believe that the goods or services offered by Merchant are sponsored, endorsed, or guaranteed by the owners of the Payment Brand Marks. Merchant recognizes that it has no ownership rights in the Payment Brand Marks. Merchant shall not assign the rights to use the Payment Brand Marks to any third party. Merchant's right to use the Payment Brand Marks hereunder terminates with the termination of this Agreement.

9. FEES; ADJUSTMENTS.

9.1 Schedule A. Merchant shall pay all applicable fees for all Transactions, which shall be calculated and payable pursuant to this Agreement. Merchant acknowledges that the fees stated in Schedule A are based upon the assumption that Merchant's Transactions will qualify for certain interchange rates as determined in each case by the applicable Payment Brand. If any of Merchant's Transactions fail to qualify for such interchange rates, Paymentech shall process

each such Transaction at the applicable interchange rate determined by the applicable Payment Brand. Unless otherwise indicated on Schedule A, Merchant shall be solely responsible for all communication expenses required to facilitate the transmission of all Transaction Data to Paymentech. Fees payable under this Agreement that contain a fraction of a cent will be rounded up to the next full cent.

9.2 Price Adjustments. Unless otherwise agreed to by the parties or expressly provided for herein, the fees set forth on Schedule A shall not change during the Initial Term. Notwithstanding the foregoing, the fees set forth on Schedule A and any additional pricing supplements may be adjusted to reflect increases by Payment Brands in interchange, assessments, or other Payment Brand fees, additional fees imposed by the Payment Brands, or increases in third party fees identified in this Agreement. Merchant shall pay all such fees, as so adjusted. Each such adjustment shall become effective upon the date the corresponding increase or additional fee is implemented by the Payment Brand or third party provider.

10. TERMINATION.

10.1 Term. This Agreement takes effect upon the earlier of (a) Paymentech's signature hereto; or (b) the date Paymentech processes Merchant's first Transaction submitted pursuant to this Agreement and continues for three (3) years from such date (the "Initial Term"). Unless otherwise terminated by either party as provided in this Agreement, this Agreement will automatically renew for successive one-year terms (each a "Renewal Term"; the Initial Term and all Renewal Terms collectively referred to herein as "Term"). Either party may give notice of non-renewal of this Agreement in writing no more than 90 days and no less than 30 days prior to any expiration date.

10.2 Events of Default. If any of the following events shall occur (each an "Event of Default"):

- (a) any transfer or assignment in violation of Section 15.4 of this Agreement;
- (b) irregular Transactions by Merchant, excessive Chargebacks, or any other circumstances which, in Paymentech's discretion, may increase Paymentech's or Member's exposure for Merchant's Chargebacks or otherwise present an Anticipated Risk to Paymentech;
- (c) any representation or warranty in this Agreement is breached in any material respect or was or is incorrect in any material respect when made or deemed to be made;
- (d) Merchant fails in any material respect to perform any of its obligations with respect to the funding or establishing of a Reserve Account, as detailed in Section 4.6;
- (e) material breach of Section 1.1;
- (f) Merchant fails in any material respect in performance or observance of any term, covenant, condition, or agreement contained in this Agreement, including, without limitation, compliance with Payment Brand Rules and Security Standards;
- (g) a case or other proceeding shall be commenced by or against Merchant in any court of competent jurisdiction seeking relief under the Bankruptcy Code or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up, or adjustment of debts, the appointment of a trustee, receiver, custodian, liquidator, or the like of Merchant, or of all or any substantial part of the assets, domestic or foreign, of Merchant, and such case or proceeding shall continue undismissed or unstayed for a period of 60 consecutive days, or an order granting the relief requested in such case or proceeding against Merchant (including, without limitation, an order for relief under the Bankruptcy Code) shall be entered;
- (h) Paymentech, in its sole reasonable discretion, deems Merchant to be financially insecure;
- (i) any Payment Brand (i) notifies Paymentech or Member that it is no longer willing to accept Merchant's Transaction Data; or (ii) requires Paymentech or Member to terminate or limit this Agreement;
- (j) Merchant or any person owning or controlling Merchant's business is listed in one or more databases of terminated or high risk merchants maintained by the Payment Brands;
- (k) Merchant engages in conduct that creates or could tend to create harm or loss to the goodwill of any Payment Brand, Paymentech, or Member;
- (l) for a period of more than 60 consecutive days, Merchant does not transmit Transaction Data to Paymentech;
- (m) Merchant fails to comply with Section 15.15; or
- (n) Paymentech's Transaction processing services under this Agreement fail to conform to generally accepted standards for such services in the Transaction processing industry.

then, the non-defaulting party may terminate this Agreement by providing the defaulting party with written notice of termination. Following receipt of such notice, and solely for termination based on subsections (c), (f) and (n), the defaulting party shall have thirty (30) days to cure the Event of Default, and the Agreement shall terminate in the event such cure is not effected by the end of such period. No cure period shall be provided when termination is based any other Event of Default.

If this Agreement is terminated by Paymentech for Merchant's default hereunder, Merchant acknowledges that Paymentech may be required to report Merchant's business name and the names and other identification of its principals to the Payment Brands. Merchant expressly agrees and consents to such reporting in the event Merchant is terminated for any reason specified, and Merchant agrees to waive and hold Paymentech harmless from and against any and all claims which Merchant may have as a result of such reporting.

10.3 Other Events. In addition to the remedies above and any rights Paymentech may have under this Agreement, Paymentech may suspend the processing of some or all of Merchant's Transactions upon: (a) an occurrence of an Event of Default by Merchant; (b) receipt by Paymentech of notice that a Payment Brand intends to impose any fine or penalty as a result of excessive Chargebacks or Merchant's acts or omissions; or (c) receipt by Paymentech of objections or concerns expressed by a Payment Brand which render Paymentech's continued processing of Merchant's Transactions unduly burdensome, impractical, or risky.

10.4 Account Activity After Termination; Termination Reserve. The provisions governing processing and settlement of Transactions, all related adjustments, fees and other amounts due from Merchant, and the resolution of any related Chargebacks, disputes, or other issues involving Transactions, will continue to apply even after termination of this Agreement, with respect to all Transactions made prior to such termination or after such termination, as described below. After termination of this Agreement for any reason whatsoever, Merchant shall continue to bear total responsibility for all Chargebacks, fees, fines, assessments, credits, and adjustments resulting from Transactions processed pursuant to this Agreement and all other amounts then due or which thereafter may become due to Paymentech under this Agreement or which may be due to Paymentech before or after such termination to either Paymentech or Member. If Merchant submits Transaction Data to Paymentech after the date of termination, Paymentech may, at its sole discretion and without waiving any of its rights or remedies under this Agreement, process such Transaction Data in accordance with and subject to all of the terms of this Agreement.

Upon notice of termination of this Agreement, Paymentech may estimate the aggregate dollar amount of anticipated Chargebacks, Refunds and Anticipated Risks that Paymentech reasonably anticipates subsequent to termination, and Merchant agrees to immediately deposit such amount in its Settlement Account, or Paymentech may withhold such amount from Merchant's settlement funds in order to establish a Reserve Account pursuant to and governed by the terms and conditions of this Agreement.

11. INDEMNIFICATION. Paymentech agrees to indemnify Merchant and its affiliates, officers, directors, employees, and agents from any losses, liabilities, and damages of any and every kind (including, without limitation, Merchant's costs, expenses, and reasonable attorneys' fees) arising out of any Payor complaint or Chargeback and related to (a) any failure by Paymentech to properly safeguard Payment Card Information; (b) Paymentech's failure to deliver funds to Merchant in accordance with Section 4.4 herein; or (c) any voluntary or involuntary bankruptcy or insolvency proceeding by or against Paymentech. This indemnification does not apply to any claim or complaint relating to Merchant's failure to resolve a payment dispute concerning merchandise or services sold by Merchant or Merchant's negligence or willful misconduct. The indemnification provided under this Section 11.1 shall survive the termination of this Agreement.

12. TRANSACTION DATA AND PAYMENT CARD INFORMATION; PAYMENT CARD INDUSTRY COMPLIANCE.

12.1 Merchant financial information, information related to Merchant's Transactions, and other information that Merchant provides to Paymentech may be shared by Paymentech with its affiliates. Paymentech will not otherwise disclose or use such information other than (i) as necessary to process Merchant's Transactions or otherwise provide services and maintain Merchant's account pursuant to this Agreement; (ii) to detect, prevent, reduce, or otherwise address fraud, security, or technical issues; (iii) to enhance or improve Paymentech's products and services generally; or (iv) as required or permitted by the Payment Brands or applicable law. Paymentech may prepare, use, and/or share with third parties, aggregated, non-personally identifiable information derived from Transaction Data of all of Paymentech's customers or specific segments of Paymentech's customers.

12.2 Payment Card Industry Compliance. Merchant acknowledges and understands the importance of compliance with the Security Standards, such as those relating to the storage and disclosure of Transaction Data and Payment Card Information. Therefore, Merchant shall exercise reasonable care to prevent disclosure or use of Payment Card Information, other than (a) to Merchant's agents and contractors for the purpose of assisting Merchant in completing a Transaction; (b) to the applicable Payment Brand; or (c) as specifically required by law. Furthermore, Merchant acknowledges and understands that its use of any fraud mitigation or security enhancement solution (e.g. an encryption product or service), whether provided to Merchant by Paymentech or a third party, in no way limits Merchant's obligation to comply with the Security Standards or Merchant's liabilities set forth in this Agreement.

Merchant is allowed by the Payment Brand Rules to store only certain Payment Card Information (currently limited to the Payor's name, Payment Card account number, and expiration date) and is prohibited from storing additional Payment Card Information, including, without limitation, any security code data, such as CVV2, CVC2, and PIN data, and any magnetic stripe track data. Merchant shall store all media containing Payment Card Information in an unreadable format wherever it is stored and in an area limited to selected personnel on a "need to know" basis only. Prior to either party discarding any material containing Payment Card Information, the party will render the account numbers unreadable in accordance with the requirements of the Security Standards. If at any time Merchant determines or suspects that Payment Card Information has been compromised Merchant must notify Paymentech immediately and assist in providing notification to such parties as may be required by law or Payment Brand Rules, or as Paymentech otherwise reasonably deems necessary.

Merchant agrees to comply with all Security Standards, as defined in Section 17. Merchant further agrees to provide Paymentech, upon its request, with such tests, scans, and assessments of Merchant's compliance with Security Standards as may from time to time be required by the Payment Brands.

Merchant must immediately notify Paymentech of its use of any Service Provider. Merchant shall ensure that, to the extent required by each Payment Brand, its Service Providers are (w) compliant with all applicable Security Standards; and (x) appropriately registered with, or otherwise recognized as being compliant with the Security Standards, by all applicable Payment Brands. To the extent required by each Payment Brand, all Payment Applications, or software involved in processing, storing, receiving, or transmitting of Payment Card Information, shall be (y) compliant with all Security Standards applicable to such Payment Applications or software; and (z) registered with and/or recognized by such Payment Brand(s) as being so compliant.

Merchant understands that its failure, or the failure of any of its Service Providers, to comply with the Payment Brand Rules, including the Security Standards, or the compromise of any of Payment Card Information (whether such Payment Card Information is under the control of Merchant or its Service Provider), may result in assessments, fines, and/or penalties by the Payment Brands, and Merchant agrees to indemnify and reimburse Paymentech immediately for any such assessment, fine, or penalty imposed on Paymentech or the Member and any related loss, cost, or expense incurred by Paymentech or the Member. If any Payment Brand requires a forensic examination of Merchant or any of Merchant's Service Providers due to a Data Compromise Event or suspected event, Merchant agrees to cooperate with, and cause all applicable Service Providers to cooperate with, such forensic examination until it is completed, including, without limitation, the engagement of an examiner acceptable to the relevant Payment Brand. Notwithstanding the foregoing, the Payment Brands may directly, or demand that Paymentech, engage an examiner on behalf of the Merchant in order to expedite the investigation of the Data Compromise Event or suspected event. In either scenario, Merchant agrees to pay for all costs and expenses related to such forensic examination, including all of Paymentech's reasonable attorneys' fees and other costs relating to such forensic examination.

By executing this Agreement, Merchant represents that, in the event of its failure, including bankruptcy, insolvency, or other suspension of business operations, Merchant shall not sell, transfer, or disclose to third parties any materials that contain Transaction Data or Payment Card Information. Upon request, Merchant must return such information to Paymentech or provide Paymentech with acceptable proof of its destruction.

13. INFORMATION ABOUT MERCHANT AND MERCHANT'S BUSINESS.

13.1 Additional Financial Information. Upon five (5) days' written notice at any time, Merchant agrees to furnish to Paymentech (a) its most recently prepared financial statements and credit information; and (b) if applicable, its three most recent filings with the SEC.

13.2 Audit Rights. With prior notice and during Merchant's normal business hours, Paymentech's duly authorized representatives may visit Merchant's business premises and may examine Merchant's books and records that pertain to Merchant's Transactions or Merchant's compliance with this Agreement.

13.3 Other Information. Merchant agrees to provide Paymentech at least 30 days' prior written notice of its intent to change current product lines or services, Merchant's trade name, or the manner in which Merchant accepts Payment Cards. If Paymentech determines such a change is material to its relationship with Merchant, Paymentech may refuse to process Transaction Data made subsequent to the change or terminate this Agreement. Merchant agrees to provide Paymentech with prompt written notice if Merchant is the subject of any voluntary or involuntary bankruptcy or insolvency petition or proceeding. Merchant's signature on this Agreement authorizes Paymentech to perform any credit check deemed necessary with respect to Merchant.

14. DISCLAIMER; LIMITATION OF DAMAGES. Subject to Section 5, Paymentech will, at its own expense, correct any Transaction Data to the extent that such errors have been caused by Paymentech or by malfunctions of Paymentech's processing systems. Under no circumstances will Paymentech's financial responsibility for its failure of performance under this Agreement exceed the total fees paid to Paymentech under this Agreement (net of Payment Brand fees, third party fees, interchange, assessments, penalties, and fines) for the six months prior to the time the liability arose. **EXCEPT AS OTHERWISE PROVIDED FOR IN THIS AGREEMENT, AND EXCEPT WITH RESPECT TO MERCHANT'S FAILURE TO COMPLY WITH THE SECURITY STANDARDS, IN NO EVENT WILL ANY PARTY, ITS RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AFFILIATES, BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, REGARDLESS OF THE FORM OF ACTION AND EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, OR ANY LOSS, THEFT, DISAPPEARANCE, OR DAMAGE TO DATA TRANSMITTED ELECTRONICALLY IN CONNECTION WITH THIS AGREEMENT. ANY FINES, FEES, PENALTIES OR ASSESSMENTS IMPOSED BY THE PAYMENT BRANDS RELATED TO MERCHANT'S ACCEPTANCE OF PAYMENT CARDS SHALL NOT BE DEEMED TO BE CONSEQUENTIAL DAMAGES. ALL PARTIES ACKNOWLEDGE THAT THIS IS AN AGREEMENT FOR COMMERCIAL SERVICES. THE UNIFORM COMMERCIAL CODE DOES NOT APPLY AND PAYMENTECH AND MEMBER HEREBY DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, MADE TO MERCHANT OR ANY OTHER PERSON, REGARDING QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE (REGARDLESS OF ANY COURSE OF DEALING, CUSTOM, OR USAGE OF TRADE) OF ANY SERVICES PROVIDED UNDER THIS AGREEMENT OR ANY GOODS PROVIDED INCIDENTAL TO SUCH SERVICES.**

15. MISCELLANEOUS.

15.1 Taxes. Unless Merchant is otherwise exempt, and, if applicable, provides a valid exemption certificate, Merchant agrees to pay any taxes imposed on the services, equipment, supplies, and other property provided under this Agreement, and Merchant authorizes Paymentech to increase the amount collected from Merchant to reflect any and all assessments or increases in the sales, use, occupational, property, lease, or other taxes imposed on such sale or lease of services, tangible property, intellectual property, equipment, supplies, and other goods purchased.

15.2 Section Headings. The section headings of this Agreement are for convenience only and do not define, limit, or describe the scope or intent of this Agreement.

15.3 Assignment. Any transfer or assignment of this Agreement by Merchant, by operation of law, merger, or otherwise without Paymentech's prior written consent is null and void. In the event of such transfer or assignment, the party to whom the Agreement was transferred or assigned shall be bound to the terms and conditions of this Agreement to the same extent as if Paymentech, Member and such assignee or transferee, as the case may be, entered into an agreement identical to this Agreement on the effective date of such transfer or assignment. Furthermore, Merchant shall indemnify and hold Paymentech and Member harmless from all liabilities, Chargebacks, expenses, costs, fees, and fines arising in connection with the submission of Transaction Data to Paymentech by such transferee or assignee. For purposes of this Agreement any transfer of voting control of Merchant or its parent, or the sale of all or substantially all of Merchant's assets, shall be considered an assignment or transfer hereof. Upon notice to Merchant, another Payment Brand member may be substituted for Member under whose sponsorship this Agreement is performed and for whom Paymentech is acting as agent hereunder. Subject to Payment Brand Rules, Paymentech may assign or transfer this Agreement and its rights and obligations hereunder and may delegate its duties hereunder, in whole or in part, to any third party, whether in connection with a change in sponsorship, as set forth in the preceding sentence, or otherwise, without notice to or consent of Merchant. No assignee for the benefit of creditors, custodian, receiver, trustee in bankruptcy, debtor in possession, sheriff or any other officer of a court, or other person charged with taking custody of a party's assets or business, shall have any right to continue or to assume or to assign this Agreement.

15.4 Parties; Independent Contractor. This Agreement is binding upon and inures to the benefit of the parties and their respective heirs, administrators, representatives, and permitted successors and assigns. Merchant agrees that it is responsible for its employees' actions. In providing services to Merchant, Paymentech will not be acting in the capacity of agent, partner, or joint venturer; Paymentech is acting solely as an independent contractor.

15.5 Representations. Merchant represents and warrants that statements made on its Application are true as of the date of this Agreement. Merchant represents and warrants that its execution of and performance under this Agreement (a) in no way breaches, contravenes, violates, or in any manner conflicts with any of its other legal obligations, including, without limitation, its corporate charter or similar document or any agreement between Merchant and any third party or any affiliated entity; (b) has been duly authorized by all necessary action and does not require any consent or

other action by or in respect of any third party; and (c) that the person signing this Agreement on behalf of Merchant is duly authorized to do so. Merchant shall perform its obligations under this Agreement in compliance with all applicable laws.

15.6 Publicity. Unless required by applicable law, neither party may, without the prior written consent of the other party, publicly disclose, through press releases or otherwise, the existence of the business relationship that is the subject of this Agreement.

15.7 Severability. Should any provision of this Agreement be determined to be invalid or unenforceable under any law, rule, or regulation, including any Payment Brand Rule, such determination will not affect the validity or enforceability of any other provision of this Agreement.

15.8 Waivers. No term or condition of this Agreement may be waived except pursuant to a written waiver executed by the party against whom such waiver is sought to be enforced.

15.9 Entire Agreement. The Payment Brand Rules, Application, taxpayer identification and certification documentation, and all schedules, supplements, and attachments to this Agreement are made a part of this Agreement for all purposes. This Agreement represents the entire understanding between Merchant and Paymentech with respect to the matters contained herein and supersedes any prior agreements between the parties. Merchant agrees that in entering into this Agreement it has not relied on any statement of Paymentech or its representatives. This Agreement shall prevail over any conflicting terms of any agreement governing the Settlement Account. In the event that any of the terms and conditions of this Agreement contradicts or conflict with the terms and conditions of Merchant's previously submitted Request for Proposal ("RFP") or Paymentech's subsequent response to Merchant's RFP, the terms and conditions of this Agreement shall control.

15.10 Notices. Except as otherwise provided in this Agreement, all notices must be given in writing and either hand delivered, faxed, mailed first class, postage prepaid, sent via electronic mail transmission, or sent via overnight courier (and will be deemed to be given when so delivered or mailed) to the addresses set forth below or to such other address as either party may from time to time specify to the other party in writing.

15.11 Governing Law; Waiver of Right to Contest Jurisdiction; Waiver of Jury Trial. UNLESS OTHERWISE MANDATED BY APPLICABLE LAW, THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REFERENCE TO CONFLICT OF LAW PROVISIONS. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS EITHER OF THEM MAY HAVE TO CONTEST JURISDICTION OR VENUE. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, ARISING OUT OF, OR IN CONNECTION WITH THIS AGREEMENT.

15.12 Force Majeure. Neither party will be liable for delays in processing or other nonperformance caused by such events as fires, telecommunications failures, utility failures, power failures, equipment failures, labor strife, riots, war, terrorist attack, nonperformance of Paymentech's vendors or suppliers, acts of God, or other causes over which the respective party has no reasonable control, except that nothing in this Section 15.12 will affect or excuse Merchant's liabilities and obligations for Chargebacks, refunds, or unfulfilled goods and services.

15.13 Amendment. Except as otherwise set forth in this Agreement, the Agreement may be amended only by written agreement of the parties. Notwithstanding the foregoing, in the event the terms of this Agreement must be amended pursuant to a change required by the Payment Brand Rules or any third party with jurisdiction over the matters described herein, such amendment will be effective immediately. Merchant's electronic signature or continued submission of Transactions to Paymentech following such notice will be deemed to be Merchant's acceptance of such amendment.

15.14 Counterparts and Electronic Signature. This Agreement may be executed in several counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. A signature received via facsimile or electronically via email shall be as legally binding for all purposes as an original signature.

15.15 Merchant Taxpayer Certification and Paymentech Reporting Obligations. Pursuant to 26 USC 6050W, Paymentech is a "payment settlement entity", obligated to collect and report certain taxpayer information to the United States Internal Revenue Service. Therefore, in conjunction with the execution of this Agreement, Merchant shall provide Paymentech with the appropriate taxpayer certification documentation, via Internal Revenue Service (IRS) Form W-9 (or the appropriate versions of Form W-8, if applicable). Merchant shall promptly notify Paymentech if there are any changes in this information. Paymentech may deduct withholding taxes, if any, from proceeds payable to

Merchant or any entity that is a party to this agreement where required under Applicable Law. Paymentech may, in accordance with Applicable Law and from time to time during the Term of this Agreement, request Merchant to recertify its taxpayer certification hereunder. Furthermore, Merchant shall be responsible for any penalties related to the reporting obligations of Paymentech hereunder to the extent such penalties accrue based on the actions or inactions of Merchant despite reasonable notice from Paymentech.

16. SURVIVAL. The provisions of Sections 4.2, 4.4, 4.5, 4.6, 5, 6, 7, 9, 10.2, 10.4, 11, 12, 14, 15, 16 and 17 shall survive the termination of this Agreement.

17. DEFINITIONS.

"Application" means a statement of Merchant's financial condition, a description of the characteristics of Merchant's business or organization, and related information Merchant has previously or concurrently submitted to Paymentech, including credit, financial and other business related information, to induce Paymentech to enter into this Agreement with Merchant and that has induced Paymentech to process Merchant's Transactions under the terms and conditions of this Agreement.

"Chargeback" means a reversal of a Transaction Merchant previously presented to Paymentech pursuant to Payment Brand Rules.

"Conveyed Transaction" means any Transaction conveyed to a Payment Brand for settlement by such Payment Brand directly to Merchant.

"Payor" or **"Customer"** means the person or entity to whom a Payment Card is issued or who is otherwise authorized to use the Payment Card.

"Data Compromise Event" means an occurrence that results, or could result, directly or indirectly, in the unauthorized access to or disclosure of Transaction Data and/or Payment Card Information.

"Effective Date" means the date the Agreement takes effect pursuant to Section 10.1.

"Merchant" means the legal entity identified in the Application and on the first and signature pages of this Agreement.

"Member" means JPMorgan Chase Bank, N.A. or other entity providing sponsorship to Paymentech as required by all applicable Payment Brands. Member is a principal party to this Agreement and Merchant's acceptance of Payment Brand products is extended by the Member.

"Payment Application" means a third party application used by merchant that is involved in the authorization or settlement of Transaction Data.

"Payment Brand" means any payment method provider whose payment method is accepted by Paymentech for processing, including, without limitation, Visa Inc., MasterCard International, Inc., Discover Financial Services, LLC, and other credit and debit card providers, debit network providers, gift card, and other stored value and loyalty program providers. Payment Brand also includes the Payment Card Industry Security Standards Council.

"Payment Brand Rules" means all bylaws, rules, programs, and regulations, as they exist from time to time, of the Payment Brands.

"Payment Card" or **"Payment Instrument"** means an account, or evidence of an account, authorized and established between a Payor and a Payment Brand, or representatives or members of a Payment Brand that Merchant accepts from Payors as payment on an account or for goods, or services. Payment Cards include, but are not limited to, credit and debit cards, stored value cards, loyalty cards, electronic gift cards, authorized account or access numbers, paper certificates, and credit accounts.

"Payment Card Information" means information related to a Payor or the Payor's Payment Card, that is obtained by Merchant from the Payor's Payment Card, or from the Payor in connection with his or her use of a Payment Card (e.g., a security code, a PIN number, credit limits, account balances, or the customer's zip code when provided as part of an address verification system). Without limiting the foregoing, such information may include the Payment Card account number and expiration date, the Payor's name or date of birth, PIN data, security code data (such as CVV2 and CVC2), and any data read, scanned, imprinted, or otherwise obtained from the Payment Card, whether printed thereon, or magnetically, electronically, or otherwise stored thereon. For the avoidance of doubt, the data elements that constitute Payment Card Information shall be treated according to their corresponding meanings as "cardholder data" and "sensitive authentication data" as such terms are used in the then current PCI DSS.

"Paymentech" means Paymentech, LLC, a Delaware limited liability company, having its principal office at 14221 Dallas Parkway, Dallas, Texas 75254.

"Refund" means any refund or credit issued for any reason, including, without limitation, for a return of merchandise or cancellation of services, and any adjustment of a Transaction.

"Refund Policy" means a written policy with regard to Refunds.

"Retrieval Request" means a request for information by a Payor or Payment Brand relating to a claim or complaint concerning a Transaction.

"Security Standards" means all rules, regulations, standards, or guidelines adopted or required by the Payment Brands or the Payment Card Industry Security Standards Council relating to privacy, data security, and the safeguarding, disclosure, and handling of Payment Card Information, including, without limitation, the Payment Card Industry Data Security Standards ("PCI DSS"), Visa's Cardholder Information Security Program ("CISP"), Discover's Information Security & Compliance Program, American Express's Data Security Operating Policy, MasterCard's Site Data Protection Program ("SDP"), Visa's Payment Application Best Practices ("PABP"), the Payment Card Industry's Payment Application Data Security Standard ("PA DSS"), MasterCard's POS Terminal Security program, and the Payment Card Industry PIN Transmission Security program (PCI PTS), in each case as they may be amended from time to time.

"Service Provider" means any party that processes, stores, receives, transmits, or has access to Payment Card Information on Merchant's behalf, including, without limitation, its agents, business partners, contractors, and subcontractors.

"Settled Transaction" means a Transaction conducted between a Payor and Merchant utilizing a Payment Card in which consideration is exchanged between the Payor and Merchant for payment on an account or the purchase of a good or service or a Refund and the value for such Transaction is settled by the Payment Brand through Paymentech to the Merchant.

"Stored Value Card Transaction" means a Transaction in which a Payor adds or redeems value to or from a stored value card, gift card, or loyalty Payment Card issued by or on behalf of Merchant.

"Transaction" means a transaction conducted between a Payor and Merchant utilizing a Payment Card in which consideration is exchanged between the Payor and Merchant.

"Transaction Data" means the written or electronic record of a Transaction, including, without limitation, an authorization code or settlement record, which is submitted to Paymentech

"Transaction Receipt" means an electronic or paper record of a Transaction generated upon completion of a sale or Refund, a copy of which is presented to the Payor.

IN WITNESS WHEREOF, the undersigned parties have duly executed this Agreement.

Agreed and Accepted by:

Merchant Legal Name

By (authorized signature)

Print Name and Title

Date

Address

City, State Zip

Agreed and Accepted by:

PAYMENTECH, LLC for itself and on behalf of
JPMORGAN CHASE BANK, N.A.

By

Kyle J. Salvati, Group Manager & Senior Director

Print Name and Title

Date

4 Northeaster Boulevard

Address

Salem, New Hampshire 03079

City, State Zip

V14237

To Be Completed By Paymentech, LLC

Merchant Agreement Contract Number is: _____
Merchant Processing Identification Number Will Be Provided At Time of Processing Set Up

Assumptions

Payment Transaction Sales volume	\$2,122,000
Average Transaction amount	\$67.00
Chargeback %	0.030%
Auth / Capture %	105.00%
Number of locations	11
PIN Debit / EBT transactions	1,080
Conveyed transactions	0

Fees

1. Initiation & service fees

Annual fee		N/A
Setup fee		N/A
Rush fee		N/A
PIN Debit Setup fee		N/A
Pin Pad Encryption fee		N/A
Monthly Helpdesk fee		N/A
Monthly Service fee		N/A
Supply fee	Billed Per Order	
Terminal Reprogram fee		N/A
Internet Product:	NetConnect	
	Setup fee \$30.00	Monthly fee N/A
Dial Backup authorization surcharge		\$0.0150

2. Transaction fees

MasterCard per item		N/A
Visa per item		N/A
Discover per item		N/A
JCB per item		N/A
American Express per item		N/A
PIN Debit per item	Pass-thru Debit Network Charges	\$0.2000
EBT per item		N/A
Check Verification - SCAN per item		N/A
Voyager per item		N/A
Wright Express per item		N/A

3. Authorization fees

Voice Authorizations		\$0.90
Electronic Address Verification Service		N/A
Electronic Authorizations:		
MasterCard Authorization		\$0.1000
Visa Authorization		\$0.1000
Discover Authorization		\$0.1000
JCB Authorization		N/A
American Express Authorization		N/A
Voyager Authorization		N/A
Wright Express Authorization		N/A
Private Label Authorization		N/A

4. Stored Value fees

Gift Card Program			
Setup fee	N/A	Processing fee	N/A
Monthly fee	N/A	Block Activation fee	N/A
ACH Services fee	N/A		

Cards, Packaging & Point-of-purchase marketing materials are available and priced on a per run basis, based on current rates. These rates are shown on the Gift Card Materials Order Form.

5. Reporting Options

Monthly Statement fee			N/A
Statement Type & Frequency:	E-Mail*	Statement & Recap	Monthly
* Chase Paymentech provides merchant reporting/statements electronically. If you would like to receive printed copies of your reporting/statements via the U.S. postal service on a monthly basis, Chase Paymentech reserves the right to charge you \$5.00 per month. Additionally, if Chase Paymentech is unable to provide your reporting/statements electronically because of invalid or outdated information provided by you (for example, email address), and as such Chase Paymentech is required to provide printed copies of your reporting/statements, we reserve the right to charge you \$5.00 per month.			
On-Line Reporting Tool Monthly fee	Resource Online Premier		\$10.00

Initials: _____

Date: _____
(Month/Day/Year)

6. Discount Information

Target Qualification Level:	MasterCard:	Public Sector	MUPS
	Visa:	PS Retail 2 (Emerging Markets)	VCR2
	Discover:	PSL - Public Services (Core)	D161

- MasterCard / Visa / Discover Target Debit Discount rate* N/A
- MasterCard / Visa / Discover Target Credit Discount rate* N/A

- Pass-thru of MasterCard / Visa / Discover Interchange*
MC / Visa / Discover Interchange fees

as set by each Payment Brand

	MasterCard	Visa	Discover
Credit:	\$0.0185	\$0.0195	\$0.0185
Debit:	\$0.0185	\$0.0155	\$0.0185

MasterCard / Visa / Discover Payment Brand fees

- Pass-thru + %: Incremental Discount rate 0.1000%

	Qualified	Mid-Qualified	Non-Qualified
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A

- Three-Tier - Debit: Qualified / Mid-Qualified / Non-Qualified
- Three-Tier - Credit: Qualified / Mid-Qualified / Non-Qualified
- Three-Tier - Reward/WorldCard: Qualified / Mid-Qualified / Non-Qualified
- Two-Tier - Debit: Qualified / Non-Qualified
- Two-Tier - Credit: Qualified / Non-Qualified

	Qualified	Non-Qualified
	N/A	N/A
	N/A	N/A

Discount frequency: **Monthly**

* Your pricing methodology is based on interchange pass through. This means for all transactions you submit for processing, Chase Paymentech will charge you the applicable interchange rate for the transaction. Interchange rates are set by the Payment Brands and can be accessed online by visiting the Learning & Resources section of Chase Paymentech's website, and selecting "Understanding Interchange".

- MasterCard / Visa / Discover Assessment rates
- MC Assessment - Credit transactions \$1000 or greater
- MasterCard / Visa / Discover Int'l Cross-border fees
- Visa / Discover Int'l Processing fees
- Visa Fixed Acquirer Network fee

	MasterCard	Visa	Discover
	0.1100%	0.1100%	0.1050%
	0.1300%	N/A	N/A
	0.4000%	0.4000%	0.5500%
	N/A	0.4600%	0.4000%

Pass Through

	Card Present:	Card Not Present:
Intra-regional:	\$0.0050	\$0.0075
Inter-regional:	\$0.0250	\$0.0300
	\$0.0550	

- MasterCard AVS Auth Access fee
- MasterCard Account Status Verification fee
- MasterCard Processing Integrity - Misuse of Authorization fee
- Visa Zero \$ Account Verification fee
- Visa Misuse of Authorization fee
- Visa Zero Floor Limit fee
- Visa Transaction Integrity fee
- Visa Partial Auth Non-Participation Fee (Fuel Merchants)
- JCB Discount rate

\$0.0250
\$0.0480
\$0.1000
\$0.1000
\$0.0100

N/A

- Pass-thru of PIN Debit and/or EBT Network fees Yes
- PIN Debit I/C Pass-thru + %: Incremental Discount rate N/A

7. Processing fees

Minimum Monthly Discount fee	\$25.00
Chargeback Processing fee	\$15.00
Batch Settlement fee	N/A
Reprint Statement fee	N/A
ACH fee	N/A
ACH Return fee	\$25.00
Safetech Encryption Item Fee	N/A
Safetech Encryption Monthly Fee	N/A
Merchant acknowledges and understands that its use of any fraud mitigation or security enhancement solution (e.g. an encryption product or service), whether provided to Merchant by Paymentech or a third party, in no way limits Merchant's obligation to comply with the Security Standards or Merchant's liabilities set forth in this Agreement.	

8. Other fees

Amount payable upon termination: In addition to the other amounts due under this Agreement (including, without limitation, the fees and charges described in this Schedule A), you may owe an amount in the event you terminate this Agreement. Whether you will owe that amount, and how much you will owe, will be determined in accordance with Section 10 of the Merchant Agreement.

Initials: _____

Date: _____
(Month/Day/Year)

Type	Equipment	Rate
Replacement (swap)	In warranty *	\$50.00
Replacement (swap)	Out of warranty - Verifone Tranz terminals & printers	\$160.00
Replacement (swap)	Out of warranty - Eclipse, Hypercom T7, Nurit terminals & printers, Ingenico i5100	\$200.00
Replacement (swap)	Out of warranty - Omni terminals & printers, Verifone Vx510 & Vx570, MX830 Pinpad, Hypercom T4205, T4210 & T4220, Ingenico i7780	\$250.00
Replacement (swap)	Out of warranty - Verifone Vx610, Nurit 8000, Exadigm terminals	\$500.00
Replacement (swap)	Out of warranty - all Pin Pads	\$100.00
Restocking Fee	Return equipment for any reason other than repair	\$150.00
Late Fee	For all equipment returned late, or not returned	\$500.00

* In warranty coverage applies only to equipment purchased or leased from Chase Paymentech Solutions

Warranty timeframes: 5 years - Omni 3200, 3730, 3750; Verifone Vx510, Vx570, PP1000 SE; Hypercom T42xx, P1300 Pinpad
 3 years - Verifone MX830 Pinpad; Hypercom T7Plus; Ingenico i5100, Ingenico i7780, Exadigm terminals
 1 year - all other equipment

Additional Information About Your Fees

Payment Brand Charges

Part of the fees that we charge you for processing your transactions consist of fees we pay to the Payment Brands. These charges, called "Payment Brand Charges", include, but are not limited to, interchange rates, assessments, file transmission fees, access fees, and international and cross border fees. Therefore, in addition to the rates set forth above, you also will be charged Payment Brand Charges. Payment Brand Interchange rates can be accessed online by visiting the Learning & Resources section of Chase Paymentech's website, and selecting "Understanding Interchange". Please note that Chase Paymentech may, from time to time, elect not to charge you for certain existing, new or increased Payment Brand Charges. If we elect not to charge you, we still reserve the right to begin charging you for existing, new or increased Payment Brand Charges at any time in the future, upon notice to you. No such Payment Brand Charges will be imposed retroactively.

IF YOU SELECT TO USE NETCONNECT, PLEASE READ THE FOLLOWING CAREFULLY

NetConnect is a product that utilizes the Internet for the transmission to us of your Card transactions. We cannot and will not be responsible for the reliability or security of your transmissions to us while they are in transit to us via the Internet. We strongly recommend that you maintain a dial back-up option to us for transmission of Card transactions for use during periods when your Internet connection is unavailable. Transactions sent to us via a dial back-up option during such periods will be billed an additional \$0.015 per transaction for increased communication costs.

City of Rock Island

By: _____ Title: _____ Date: _____
 (Authorized Signature) (Month/Day/Year)



EQUIPMENT PURCHASE AGREEMENT

This Equipment Purchase Agreement (the "Agreement") is made by and between Chase Paymentech ("Company") and The City of Rock Island ("Merchant"), who agree as follows:

WITNESSETH:

WHEREAS, Merchant desires to purchase the Equipment listed below (the "Equipment") from Company; NOW, THEREFORE, Company and Merchant hereby agree as follows:

1. EQUIPMENT AND FEES	Number of Units	Total Payment
A. Equipment (includes standard shipment)		
Terminal Model <u>Ingenico Blue iCT 250</u>	10	\$5,000.00
Unit Cost <u>\$500.00</u>		
Pin Pad Model _____		
Unit Cost _____		
	TOTAL OF A	
B. Shipping Charges		
Shipping charges (extra cost to Merchant includes Applicable sales tax)		
	STATE TAX	TBD
	TOTAL DUE	TBD
	A + B	TBD

2. **PURCHASE AND FEE PAYMENTS.** Payment for Equipment and Shipping Charges as Stated in Section 1, together with applicable sales tax, shall be due and payable on the date of execution of this Agreement and Company may debit the following Merchant's bank account via Automated Clearing House (ACH) for such payment. Merchant shall also be responsible for all use, excise and other taxes that may result from this transaction.

Bank Name: American Bank & Trust

DDA #: 0000163767

Transit Routing #: 071108834

3. **TRANSFER OF TITLE.** Upon payment by Merchant to Company of the amount required pursuant to Section 2 above, Company shall sell, transfer and assign the Equipment to Merchant for its use and benefit. All risks of loss and damage to the Equipment shall be borne by Merchant upon such transfer of title. Certain Company terminals are currently secured to prevent the inadvertent overwriting or modification of the Company's proprietary software application contained thereon. Upon termination of Merchant's processing agreement with Company, Merchant may retain the terminals for use with another processor. However, prior to their use with another processor, Merchant will need to contact Chase Paymentech Customer Service so that any secured terminals can be unlocked."

4. **WARRANTIES.** COMPANY, NOT BEING THE MANUFACTURER OF THE EQUIPMENT NOR THE MANUFACTURER'S AGENT, MAKES NO EXPRESS OR IMPLIED WARRANTY OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT INCLUDING BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE; THE DESIGN OR CONDITION OF THE EQUIPMENT; THE QUALITY OR CAPACITY OF THE EQUIPMENT; THE WORKMANSHIP OF THE EQUIPMENT; COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENTS OF ANY LAW, RULE SPECIFICATION OR CONTRACT PERTAINING THERETO; THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT; THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE; THE ABSENCE OF ANY OBLIGATION BASED ON STRICT LIABILITY IN TORT.

5. **RESTOCKING FEES** – Restocking fees will be applied to the merchant's account if equipment is returned for any reason.

6. **INSTALLATION.** Merchant shall be responsible for installation of the Equipment.

IN WITNESS WHEREOF Merchant has executed this Agreement on the _____ Day of _____, 2012

7. By signing below, person authorizing the purchase of goods or services assumes the responsibility and confirms having the authority to fully execute agreements on behalf of said company.

MERCHANT: The City of Rock Island

SIGNATURE: _____

Accepted and agreed to on the ___ day of ___, 20__.

NAME _____

CHASE PAYMENTECH

TITLE _____

SIGNATURE: _____

(AUTHORIZED AGENT)

ADDRESS: _____

ADDRESS: **P. O. BOX 650370, DALLAS, TX 76265-0370**

14221 DALLAS PARKWAY, DALLAS, TX 75254