

**MEMORANDUM
FINANCE DEPARTMENT**

TO: John Phillips, City Manager **Number:** 012 – 12
SUBJECT: American Bank Contract Addendum – Purchase **Date:** 05 - 31 - 11
Card Rebates

The FY2012 budget increases the emphasis on the use of purchase cards, because it includes revenue of \$30,000 from purchase card rebates. These rebates are direct payments to the city based on the annual dollar volume of purchase card activity.

Attached is an addendum to the American Bank contract for purchase cards. This contract addendum defines the purchase card rebate schedule. Please note that the rebate percentage increases as the dollar volume of annual purchases increases. This rebate schedule slightly exceeds the purchase card rebate program that was previously described in the Illinois Municipal League Review Magazine.

Recommendation:

Council authorize the city manager to sign the American Bank contract addendum allowing annual rebates to the city based on purchase card volume.

Submitted by: Bill Scott, Finance Director
Approved: John Phillips, City Manager

PURCHASING CARDS AGREEMENT ADDENDUM

WHEREAS a Purchasing Cards Agreement (the "Agreement") was made and entered into as of the 12th day of March, 2008 between American Bank and Trust Company, N.A. (hereinafter referred to as "American Bank & Trust"), a national association, organized under the laws of the United States of America, operating an office at 1600 4th Avenue, Rock Island, Illinois 61201-8615, and the City of Rock Island (hereinafter referred to as the "Company"), an Illinois municipality, located at 1528 3rd Avenue, Rock Island, Illinois 61201-8678, and

WHEREAS the Agreement stipulates changes to the Agreement can be made by a written agreement signed by both parties.

NOW THEREFORE it is proposed to establish a cash rebate program for authorized transactions made using the Visa Purchase Cards issued to the Company's authorized users in accordance with the Purchasing Cards Agreement between American Bank & Trust and the Company.

PURCHASE CARD REBATE TABLE

American Bank & Trust agrees to provide an annual rebate by check to the Company the first week of February each year during the course of this Agreement. The rebate will be calculated by aggregating all authorized purchases net of all authorized returns made during the calendar year January 1 through December 31 by authorized cards of the Company. Fraudulent and transactions in dispute will not be included in the aggregate.

The rebate table will be --

ANNUAL VOLUME	REBATE %
Up to \$300,000	0.00%
\$300,001 - \$750,000	0.45%
\$750,001 - \$1,500,000	0.50%
\$1,500,001 - \$3,500,000	0.60%
\$3,500,001 - \$5,500,000	0.65%
\$5,500,001 - \$7,500,000	0.70%
\$7,500,001 - \$10,000,000	0.75%
> \$10,000,001	0.80%

NOTICES. Any notices required or permitted by the Agreement shall be in writing and delivered by hand or by posting in the U.S. Mail, First Class with postage prepaid, to the following addresses:

To Bank:

Attn: Andrew J. Guzzo, EVP - Retail
American Bank and Trust Company, N.A.
3730 18th Avenue
Rock Island, IL 61201-3023

To Client:

Attn: William S. Scott, Finance Director
City of Rock Island
1528 Third Avenue
Rock Island, IL 61201-8678

EFFECTIVE DATE. The Effective Date of this Purchasing Cards Agreement Addendum is the 1st day of January, 2011.

TERMINATION. The Term of this Addendum will coincide with the Purchasing Cards Agreement with the first term of the Addendum ending March 8, 2014 (the "Initial Term"): In accordance with the Purchasing Cards Agreement this Addendum will automatically renew (the "Renewal Term") for successive three-year terms unless written notice of termination is given by either party at least 90 days prior to the end of the Initial Term or the Renewal Term of the Purchasing Cards Agreement.

In addition, American Bank & Trust or the Company may terminate this Addendum at any time upon six months prior written notice to the other party.

IN WITNESS WHEREOF, American Bank & Trust and the Company have caused this Addendum to the Purchasing Cards Agreement to be executed in their respective names as of the above-written Effective Date.

AMERICAN BANK AND TRUST COMPANY, N.A. CITY OF ROCK ISLAND, ILLINOIS

By: Andrew J. Guzzo
Title: Executive Vice President -- Retail

By: John Phillips
Title: City Manager

Attest:

Attest:

By: John T. Kustes
Title: Executive Vice President, COO

By: Aleisha Patchin
Title: City Clerk

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