

State of Washington Contracts & Procurement Division Department of Enterprise Services P.O. Box 41411 Olympia, WA 98504-1411	CONTRACT AMENDMENT	
	Contract No.:	00612
U.S. Bank National Association Corporate Payment Systems Mail Code: EP-MN-18 901 Marquette Avenue Minneapolis, MN 55402	Amendment No.:	1
	Effective Date:	January 1, 2019

**FIRST AMENDMENT
TO
CONTRACT NO. 00612
COMMERCIAL CARD SERVICES
CATEGORY 1 – PURCHASING, TRAVEL, ONE AND DECLINING BALANCE CARDS**

This First Amendment (“Amendment”) to Contract No. 00612 is made and entered into by and between the State of Washington acting by and through the Department of Enterprise Services, a Washington State governmental agency (“State”) on behalf of the NASPO ValuePoint Cooperative Purchasing Program, and U.S. Bank National Association, a wholly owned subsidiary of U.S. Bancorp, a Delaware corporation (“Contractor”) and is dated as of January 1, 2019.

RECITALS

- A. Enterprise Services, on behalf of the State of Washington, is authorized to participate in cooperative purchasing agreements pertaining to certain competitively awarded master agreements. See RCW 39.26.060.
- B. Enterprise Services, on behalf of the State of Washington, is a member of the NASPO ValuePoint Cooperative Purchasing Program, a nonprofit public cooperative contracting association in which all of the cooperative contracts are led by one of the fifty states on behalf NASPO ValuePoint Cooperative Purchasing Program member states.
- C. In 2013, Enterprise Services, on behalf of the State of Washington, led a competitive procurement, structured as a WSCA-NASPO cooperative procurement, for incentive-based commercial card services to facilitate authorized purchaser payments.
- D. State and Contractor (collectively the “Parties”) entered into that certain Contract No. 00612 for Commercial Card Services, Category 1 – Purchasing, Travel, One and Declining Balance Cards dated effective as of January 1, 2014 (“Contract”).
- E. In 2015, WSCA-NASPO changed its name to NASPO ValuePoint.
- F. This commercial card services Contract is structured to provide purchaser incentives based on the transactions. The parties desire to clarify the incentive structure to account for 1) large ticket programs 2) the Visa Partnership Program, and 3) any other interchange programs entered into

by the Associates, Customer, Merchants, or others whereby the parties to those interchange programs have agreed to lower interchange rates for certain Transactions referred to as Discount Interchange Rate Program (DIRP).

- G. The parties desire to extend the term of the contract, update WSCA-NASPO to NASPO ValuePoint; and adjust the incentive rebates definitions and rates.
- H. The amendment set forth herein is within the scope of the Contract.
- I. The Parties now desire to amend the Contract as set forth herein.

A G R E E M E N T

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the Parties hereby agree to amend the Contract as follows:

1. **TERM.** Section 1.5 – (Contract Term) of the Contract is hereby amended by deleting the existing section 1.5 in its entirety and inserting the following in lieu thereof:
 - 1.5 **Contract Term**
The term of this contract is eighty-four (84) months, ending December 31, 2020.
2. **REFERENCES TO WSCA-NASPO.** The parties understand and agree that any Contract reference to WSCA-NASPO shall be deemed to refer to NASPO ValuePoint, the successor cooperative purchasing organization to WSCA-NASPO.
3. **INCENTIVE SHARE.** Section 3.1 – (Incentive Share Components) of the Contract, including the table captioned *Rebates Applicable to Purchase Card and One Card*, is hereby amended by deleting the existing section 3.1 in its entirety and inserting the following in lieu thereof:
 - a. Incentive Share consists of volume, speed of pay, and Discount Interchange Rate Program. Incentive Share will be a single payment paid directly to Entity in each state unless the state's Participating Addendum chooses to disburse any of the Incentive Share Components in an alternate manner. Incentive Share payments will be either mailed or transmitted via ACH by the 60th day following the end of each quarter.
 - i. Standard volume incentive: Charges set forth on the Statements furnished for all Accounts, less Fees, Cash Advances, Convenience Checks, Fraudulent Charges, chargebacks, Charges qualifying for Discount Interchange Rate Program rates and net of Charge-off Adjustments.
 - ii. Discount Interchange Rate Program Volume Incentive: Only those Charges that are processed using Discount Interchange Rate Program rates, less credits, and net of Charge-off Adjustments for each Agreement Quarter.
 - b. **Incentive #1 - Standard Volume Incentive** – Each Participating Entity will receive a basis point (percentage) of their quarterly standard sales volume. The formula for calculating Standard Volume Incentive is:
 $(\text{Quarterly standard volume sales per entity} - \text{Quarterly Qualifying DIRP volume sales}) \times \text{basis points (percentage)} = \text{Entity Quarterly Standard Volume Incentive}.$

c. **Incentive #2 - Discount Interchange Rate Program (DIRP) Volume Incentive** – Each Participating Entity will receive an incentive for qualifying DIRP transactions. Contractor will provide a quarterly report identifying all qualifying DIRP transactions to each Entity. The formula for calculating DIRP Incentive is:

$$\frac{\text{Qualifying Quarterly DIRP volume sales per Entity} \times \text{basis points (percentage)}}{\text{Entity Quarterly DIRP Volume Incentive}}$$

d. **Incentive #3 Speed of Pay/Prompt Payment Incentive** – Each Entity will receive an additional incentive share based on speed of pay. Speed of Pay incentive will be determined by averaging quarterly days to pay (file-turn) and applying the appropriate percentage. Average days to pay will be from the date the transaction is posted to the account to the date payment is posted to the account. The Speed of Pay Incentive applies to both Standard and DIRP transactions.

The formula for calculating Speed of Pay Incentive is:

$$\frac{(45 - \text{Average number of days to pay}) / 45 \times \text{basis points (percentage)} \times \text{invoice amount}}{\text{Quarterly Sales Volume}} = \text{Entity Quarterly Prompt Payment Incentive.}$$

e. **Incentive #4 NASPO ValuePoint Annual Sales Volume Incentive** – Each participating state will receive an additional NASPO ValuePoint Annual Sales Volume Incentive based on a tier established from all NASPO ValuePoint participating state annual volume and applied to each state's Annual Sales Volume Incentive.

The formula for calculating NASPO ValuePoint Annual Sales Volume Incentive is:

$$\frac{\text{Participating State annual sales volume (all products)} \times \text{applicable basis points (percentage)} \text{ corresponding to the Tier established for the Annual Overall NASPO ValuePoint Sales Volume (all products)}}{\text{NASPO ValuePoint Annual Sales Volume Incentive.}}$$

f. **Summary Table**

REBATES APPLICABLE TO PURCHASE CARD AND ONE CARD	REBATE BPS	PAID
<p>Incentive #1 - Standard Volume Each Participating Entity will receive a basis point (percentage) of their quarterly standard sales volume. The formula to determine quarterly standard sales volume incentive share: <u>$(\text{Quarterly standard volume sales per entity} - \text{Quarterly Qualifying DIRP volume sales}) \times \text{basis points (percentage)} = \text{Entity Quarterly Standard Volume Incentive.}$</u></p>	150	Quarterly

REBATES APPLICABLE TO PURCHASE CARD AND ONE CARD	REBATE BPS	PAID
<p>Incentive #2 - Discount Interchange Rate Program (DIRP) Volume Incentive Each Participating Entity will receive an incentive for qualifying DIRP transactions. Contractor will provide a quarterly report identifying all qualifying DIRP transactions to each Entity.</p> <p>The formula for calculating DIRP Incentive is: <u>$Qualifying\ Quarterly\ DIRP\ volume\ sales\ per\ Entity\ x\ basis\ points\ (percentage) = Entity\ Quarterly\ DIRP\ Volume\ Incentive$</u></p>	75	Quarterly
<p>Incentive #3 Speed of Pay/Prompt Payment Incentive The Speed of Pay/Prompt Payment Incentive calculation is designed to provide an incentive to each Participating Entity when Client Held Days is less than forty-five (45) days. The Prompt Payment Incentive is based solely on the Client Held Days Payment Performance for each Entity for the Agreement Quarter (3 calendar months). This incentive applies to both Standard and DIRP transactions.</p> <p>The formula to determine the Speed of Pay/Prompt Payment Incentive is: <u>$(45 - Client\ Held\ Days) / 45 \times 0.0045 \times Quarterly\ Sales\ Volume = Entity\ Quarterly\ Prompt\ Payment\ Incentive.$</u></p>	45 (max.)	Quarterly
<p>Incentive #4 NASPO ValuePoint Annual Sales Volume Incentive Each participating state will receive an additional NASPO ValuePoint Annual Sales Volume Incentive based on a tier established from all NASPO ValuePoint participating states annual volume and applied to each state's annual sales volume.</p> <p>The formula for calculating NASPO ValuePoint Annual Sales Volume Incentive is: <u>$Participating\ State\ annual\ sales\ volume\ (all\ products) \times applicable\ basis\ points\ (percentage)\ corresponding\ to\ the\ Tier\ established\ for\ the\ Annual\ Overall\ NASPO\ ValuePoint\ Sales\ Volume\ (all\ products) = NASPO\ ValuePoint\ Annual\ Sales\ Volume\ Incentive.$</u></p>		

REBATES APPLICABLE TO PURCHASE CARD AND ONE CARD	REBATE BPS	PAID
\$500,000,000 - \$2,000,000,000	45	Annually
\$2,000,000,001 - \$3,000,000,000	45	
\$3,000,000,001 - \$4,000,000,000	45	
\$4,000,000,001 - \$5,000,000,000	45	
<p>Note: Notwithstanding the foregoing, if a political subdivision in a non-participating state is allowed to join the contract, the Annual Aggregate State rebate component will be negotiated between the Bank, NASPO ValuePoint and that political subdivision as long as the net bps available for this component are not diminished.</p>		

- a. **Minimum Requirements:** If any Entity does not earn at least \$75.00 in Incentive Share for Category 1 Incentive Share Components 1 through 3 or Category 2 Incentive Share Components 1 through 2 will forfeit Incentive Share for the preceding quarter.

Any Incentive Share payment made pursuant to the Contract will be net of accumulated Charge-offs resulting from participating in Contractor programs regardless of whether the underlying Contract between the parties is valid or has been terminated.

In the event that the Card Program or the Contract is terminated prior to the completion of the Base Period or prior to the completion of any Agreement Quarter after the completion of the Base Period by Entity without cause, or by the Contractor with cause, and/or the sole provider provision of this Contract is violated, in addition to any other remedies available to Contractor, this Incentive Share opportunity shall immediately terminate and no Incentive Share shall be paid to Entity.

Any Charge-offs in excess of the net Incentive Share from one (1) Agreement Quarter will be subtracted from one (1) or more of the following Agreement Quarters. Upon termination of the Contract, if the net Incentive Share is a negative dollar amount due to Charge -offs, Contractor may request, and Entity agrees to reimburse, Contractor up to the dollar amount previously paid by Contractor to Entity within thirty (30) days of the termination of the Contract.


4. **NO CHANGE OTHER THAN AMENDMENT.** Except as amended herein, the Contract is unaffected and remains in full force and effect.
5. **INTEGRATED AGREEMENT; MODIFICATION.** This Amendment constitutes the entire agreement and understanding of the Parties with respect to the subject matter and supersedes all prior negotiations and representations. In the event of any conflict between this Amendment and the Contract or any earlier amendment, this Amendment shall control and govern. This Amendment may not be modified except in writing signed by the Parties.
6. **AUTHORITY.** Each party to this Amendment, and each individual signing on behalf of each party, hereby represents and warrants to the other that it has full power and authority to enter into this Amendment and that its execution, delivery, and performance of this Amendment has been fully

authorized and approved, and that no further approvals or consents are required to bind such party.


7. ELECTRONIC SIGNATURES. A signed copy of this Amendment or any other ancillary agreement transmitted by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Amendment or such other ancillary agreement for all purposes.
8. COUNTERPARTS. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, and all of which counterparts together shall constitute the same instrument which may be sufficiently evidenced by one counterpart. Execution of this Amendment at different times and places by the parties shall not affect the validity thereof so long as all the parties hereto execute a counterpart of this Amendment.
9. INCORPORATION. The recitals provided above are incorporated in this Amendment by reference as if set forth at length.

EXECUTED AND EFFECTIVE as of the day and date first above written.

U.S. BANK NATIONAL ASSOCIATION

By: 
Name: Brad W. Hoffelt
Title: Senior Vice President
Date: 6/18/18

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES**

By: 
Name: Elena McGrew
Title: Procurement Supervisor
Date: 6/19/18