



Prepared for LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT

FINANCIAL PROPOSAL
October 10, 2017

DISCLAIMER

This document was prepared exclusively for the benefit and internal use of the party to whom it is directly addressed and delivered (including such party's subsidiaries, the "Organization") in order to assist the Organization in evaluating certain products or services that may be provided by JPMorgan Chase Bank, N.A. ("J.P. Morgan"). This document contains information that is confidential and proprietary to J.P. Morgan, which may only be used in order to evaluate the products and services described herein and may not be disclosed to any other person. In preparing this document, J.P. Morgan has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was provided to us by or on behalf of the Organization or which was otherwise reviewed by J.P. Morgan. Neither this document nor any of its contents may be used for any other purpose without the prior written consent of J.P. Morgan. J.P. Morgan makes no representations as to the legal, regulatory, tax, or accounting implications of the matters referred to in this document.

Notwithstanding anything in this document to the contrary, the statements in this document are not intended to be legally binding. Any products, services, terms, or other matters described in this document (other than in respect of confidentiality) are subject to the terms of separate legally binding documentation and are subject to change without notice.

Neither J.P. Morgan nor any of its directors, officers, employees, or agents shall incur any responsibility or liability whatsoever to the Organization or any other party in respect of the contents of this document or any matters referred to in, or discussed as a result of, this document.

J.P. Morgan and Chase are marketing names for certain businesses of JPMorgan Chase Bank, N.A., and its subsidiaries worldwide. JPMorgan Chase Bank is licensed under U.S. Pat. Nos. 5,910,988 and 6,032,137.

The financial proposal is valid for 30 days. J.P. Morgan reserves the right to amend this proposal thereafter or upon any requested changes. Any requested changes may result in a new financial proposal.

© JPMorgan Chase Bank, N.A. All Rights Reserved.

Definitions

"Large Ticket Transaction Volume" means total Large Ticket Transactions made on any and all cards or accounts, net of returns, cash advances, convenience check amounts, fraudulent transactions and any transactions that do not qualify for interchange under applicable Association rules.

"Net Charge Volume" means total charges made on any and all cards or accounts, net of returns, cash advances, convenience check amounts, fraudulent transactions and any transactions that do not qualify for interchange under applicable Association rules. Net Charge Volume does not include Large Ticket Transaction Volume.

"Total Charge Volume" means the sum of Net Charge Volume and Large Ticket Transaction Volume.

FINANCIAL PROPOSAL

Pricing Assumptions – U.S. Programs

The proposed pricing for your requested card programs is based on the following assumptions:

COMMERCIAL CARD SOLUTIONS			
	<i>U.S. One Card</i>	<i>U.S. Single-Use Account</i>	<i>Total</i>
<i>Annual Total Charge Volume</i>	\$5,600,000	\$11,000,000	\$16,600,000
<i>Statement Billing Period</i>	30	30	
<i>Payment Days from Statement Date</i>	14	14	
<i>Cards</i>	185	n/a	185
<i>Contract Initial Term</i>	5 years with one-year auto renewals		
<i>Type of Liability, Billing, and Payment</i>	Corporate, Central, Central	Corporate, Central, Central	

FINANCIAL PROPOSAL

Financial Incentives – U.S. Programs

Annual Volume Incentive

J.P. Morgan will pay the Organization a rebate based on the annual Total Charge Volume associated with all programs achieved according to the following schedule. The rebate will be calculated as the Volume Rebate Rate (as determined according to the following schedule) multiplied by the annual Net Charge Volume associated with all programs, subject to the rebate adjustments below.

Combined U.S. One Card and U.S. Single-Use Account Programs	
Annual Total Charge Volume	Volume Rebate Rate @ 30 & 14 Settlement Terms
\$2,000,000	1.25%
\$3,000,000	1.25%
\$4,000,000	1.50%
\$5,000,000	1.50%
\$6,000,000	1.55%
\$7,000,000	1.55%
\$8,000,000	1.60%
\$9,000,000	1.60%
\$10,000,000	1.65%
\$15,000,000	1.72%
\$20,000,000	1.72%
\$25,000,000	1.73%
\$30,000,000	1.73%
\$35,000,000	1.77%
\$45,000,000	1.81%
\$55,000,000	1.84%
\$65,000,000	1.85%
\$75,000,000+	1.86%

Annual Large Ticket Volume Incentive

Should the Organization achieve the minimum annual Total Charge Volume required to earn an annual Volume Incentive as stated above, Chase will pay the Organization a rebate based on annual Large Ticket Transaction Volume associated with all programs. The rebate will be calculated as the Large Ticket Rebate Rate (as determined according to the following schedule) multiplied by the annual Large Ticket Transaction Volume associated with all programs

Combined U.S. One Card and U.S. Single-Use Account Programs	
	Large Ticket Volume Rebate Rate @ 30/14

FINANCIAL PROPOSAL

Large Ticket Rebate	0.60%
---------------------	-------

File Turn Adjustment 30 & 14 program

Programs with Settlement Terms of 30 & 14 will have an Average File Turn of 29 if the Organization spends ratably throughout each cycle. The Average File Turn Adjustment for the Organization's Program(s) with Settlement Terms of 30 & 14 is calculated by determining the difference between the Organization's actual Average File Turn for such Program(s) and 29. If the Organization's actual Average File Turn for such Program(s) is less than 29, the Volume Rebate Rate and Large Ticket Rebate Rate will each be increased by 0.0050% for each whole number less than 29. If the Average File Turn for such Program(s) is greater than 29, the Volume Rebate Rate and Large Ticket Rebate Rate will each be decreased by 0.0050% for each whole number greater than 29 but less than 46.

Terms and Conditions

- J.P. Morgan may adjust pricing if the U.S. One Card program or U.S. Single-Use Account program performance decreases by more than 20%. The U.S. One Card program assumes \$26,000 in average annual spend per card. The U.S. Single-Use Account program assumes an average annual transaction size of \$1,500.
- The U.S. One Card and U.S. Single-Use Account programs will be on a MasterCard platform.
- This offer will be effective at time of contract signing.
- Credit losses and any redemption expenses exceeding the redemption pool will be deducted from all rebates. In cases where rebates earned are insufficient to cover these deductions, the Organization will be invoiced for the difference.
- The Organization shall not be liable for fraudulent transactions provided the Organization operates its program in accordance with Chase's fraud reduction requirements (i.e., block required high risk MCCs, maintain reasonable security precautions and controls regarding accounts and transaction info, and comply with other requirements as Chase may reasonably require from time to time).
- To qualify for rebates, the Organization must be current at the time of rebate calculation/payment, have an Average File Turn less than 46, and not be in default under the contract. Rebates will be calculated annually in arrears and paid in the first quarter for the previous contract year, and will be paid by wire transfer to an account designated by the Organization.
- In the event that the association lowers its interchange rates, J.P. Morgan reserves the right to adjust rebates accordingly.
- All clients are subject to prior credit approval before a firm commitment will be issued from J.P. Morgan.

FINANCIAL PROPOSAL

UNITED STATES

The following are the fees associated with U.S. Single-Use Account programs:

STANDARD SERVICES AND FEES

Late payment charge	Central bill: 1% of full amount past due assessed at end of the Cycle in which payment first became due and each Cycle thereafter
International transaction	1.5% of the US Dollar amount charged

If the Organization requests services not listed in this table, the Organization agrees to pay the fees associated with such services.

FINANCIAL PROPOSAL

UNITED STATES

The following are the fees associated with U.S. One Card programs:

STANDARD SERVICES AND FEES

Late payment fee	Central bill: None Individual bill: \$10 late fee at the end of the first Cycle NOTE: Client can be billed both a late fee and a finance charge
Delinquency/Finance charge	Central bill: Prime + 2.00 is applied to the average daily balance, which is calculated as follows: (past due balance + any new spend) / number of days in Cycle. Will be charged at the end of the first Cycle and each Cycle thereafter.
International transaction	1% surcharge
Standard Card	\$0.00

ADDITIONAL SERVICES AND FEES

Cash advances	2.0% of advance amount (\$3.00 minimum with no maximum)
Rush card	\$25 per card if processed through J.P. Morgan.

If the Organization requests services not listed in this table, the Organization agrees to pay the fees associated with such services.