

RECOMMENDATION APPROVED;
RESOLUTION 19-9582 ADOPTED; AND
AGREEMENT 19-3418-A APPROVED;
BY THE BOARD OF HARBOR COMMISSIONERS



Executive Director's
Report to the

Board of Harbor Commissioners

DECEMBER 19, 2019

AMBER M. KLESGES
Board Secretary

DATE: DECEMBER 12, 2019

FROM: ACCOUNTING

12/19/19
#9

SUBJECT: RESOLUTION NO. ¹⁹⁻9582 - FIRST AMENDMENT TO AGREEMENT NO. 16-3418 WITH CITIBANK, NATIONAL ASSOCIATION FOR CITY OF LOS ANGELES HARBOR DEPARTMENT TRAVEL PAYMENT SYSTEM SERVICES

SUMMARY:

Staff requests the Board of Harbor Commissioners' (Board) approval of the First Amendment (Transmittal 1) to Harbor Department Agreement No. 16-3418 (Agreement No. 16-3418) with Citibank, National Association (Citibank) which provides Travel Payment System (TPS) services to the City of Los Angeles Harbor Department (Harbor Department).

The Harbor Department's Agreement No. 16-3418 piggybacks off of the State of California's (State) Agreement No. 5159906. Agreement No. 16-3418 is a three-year agreement effective through October 31, 2019, approved by the Board at its September 15, 2016 meeting. The State's Standard Agreement Amendment for its Agreement No. 5159906 (Transmittal 2) exercises its option to extend its Agreement No. 5159906 two additional years with one two-year extension option. The proposed First Amendment will extend the term of Harbor Department Agreement No. 16-3418 with Citibank from November 1, 2019 through October 31, 2021 with one two-year extension option. This First Amendment will continue to cover the Harbor Department's program for charge cards utilized by staff towards business and travel services in accordance with existing City of Los Angeles travel policies and procedures. The Harbor Department will continue to be financially responsible for expenses incurred under the proposed First Amendment.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

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2. Find that in accordance with the Los Angeles City Charter Section 1022, the services required can be performed more feasibly by an outside contractor than by City employees;
3. Approve the proposed First Amendment (Transmittal 1) to Harbor Department Agreement No. 16-3418 between the Harbor Department and Citibank, National Association;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed First Amendment; and
5. Adopt Resolution No. 19-9582

DISCUSSION:

Background/Context – Since 2008, the Harbor Department has participated in the State of California's Department of General Services Statewide Travel Program (DGS/STP). As part of this program, the Harbor Department has implemented the State's Corporate/Government Card and Meeting Planners' Accounts, also known as Business Travel Accounts (BTAs), as the charge card and travel reservation program for the Harbor Department.

The Harbor Department currently issues a total of 37 Citibank charge cards known as Government Cards (GCs) in accordance with Harbor Department policy, which outlines who is authorized to be issued a GC, for what purposes and how the card may be used, as well as the responsibilities of the cardholder. Currently, GCs are issued by request to Board of Harbor Commissioners, the Executive Director, Deputy Executive Directors and other Harbor Department staff on a case-by-case basis with the approval of employees' immediate supervisor and the Executive Director. Consistent with the Harbor Department's travel policy, all card issuance requests must provide a reasonable explanation in line with policy to justify the business purpose of the request.

The State's Agreement No. 5159906 with Citibank was for a term of three years through October 31, 2019 with two two-year options to extend. The Harbor Department approved its Agreement No. 16-3418 with Citibank in 2016 without the renewal options, and therefore the Harbor Department's agreement with Citibank expired on October 31, 2019. Because the State has exercised its first of two options to extend the Agreement for two additional years under its Standard Agreement Amendment (Transmittal 2), the Harbor Department is permitted to piggyback under the State's Amended Agreement No. 5159906 through the proposed First Amendment (Transmittal 1).

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There are no initial upfront costs related under the proposed action. The Harbor Department will pay Citibank only when reservations are made to the State's CalTravelStore, or cardholders charge transactions to their card. If approved, the First Amendment (Transmittal 1) will be effective retroactively from November 1, 2019 for a period of two years, allowing the Department to continue to participate in the DGS/STP.

By utilizing the State's Citibank agreement, the Harbor Department has been able to take advantage of price discounts and program benefits. If the First Amendment is approved, authorized Citibank TPS program cardholders will continue to be able to pay for travel and business-related expenses, and the Harbor Department will continue using the Citibank BTA program. The Harbor Department will also continue to benefit from Citibank BTS program services, such as online account management and card controls by the Program Administrator, Automated Clearing House payment capability, no Return Payment fee, and waived annual/late/over-limit fees, program benefits which include an annual prompt payment incentive, and competitive Foreign Transaction Fees (2.5%). Additionally, the Citibank TPS program uses the MasterCard service logo which is accepted worldwide. Another advantage to the State's DGS/STP is the ability to purchase discounted air travel tickets through the State's vendor – CalTravelStore. CalTravelStore is the only authorized Travel Management Service Provider for all State of California Government Travel and provides the most economical rates available through the use of contracted travel-related services for airfare. Without the use of CalTravelStore, the Harbor Department could pay more for airfare while also spending significant staff time to research and compare tickets in order to secure airfare at the lowest available price.

Certain other terms of the State's Amended Agreement No. 5159906 have changed; however, changes do not apply to the Harbor Department, for the following reasons:

1. Under the State's Amended Agreement No. 5159906, Individual Liability Cards are considered delinquent at 60 days past due; however, this provision does not apply to the Harbor Department since cards issued to staff are Corporate Bill Cards and not Individual Liability Cards; and
2. Under the State's Amended Agreement No. 5159906, Early Payment Incentive, Threshold: Citibank is responsible for issuing an Early Payment Incentive to the State if the total calculated amount of the participating entity's combined direct bill account is under \$25.00. This provision is not expected to apply to the Harbor Department since the Harbor Department has historically exceeded this threshold with on-time payments.

Due to the program features and advantages stated herein, staff recommends continued participation in the State's DGS/STP and approval of the proposed First Amendment with Citibank for the travel and charge card management program. If the proposed First

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Amendment is not approved the Harbor Department would on its own undergo a competitive process to secure a new travel agency service and new charge card service for staff. However, the Harbor Department's bargaining position is not as strong as the State's due to the relatively larger volume of State travel/charge card transactions such that the Harbor Department would not likely realize the same level of cost-benefits as it would under the proposed First Amendment. In the intervening period as the Harbor Department undergoes the proposed First Amendment approval process Citibank is accommodating the Harbor Department so as to ensure business continuity.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the First Amendment to the Agreement with Citibank to provide TPS services, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

This proposed Board action extends the Harbor Department's DGS/STP Citibank MasterCard agreement by an additional two years by piggybacking on the State's agreement and utilizing the State's vendor – CalTravelStore, for continued travel payment and management services. In the proposed First Amendment, as under the previous TPS, there are no upfront fees charged unless travel-related services are used by the Harbor Department for official business purposes. Each Harbor Department division will continue to budget for travel-related expenses as part of the annual budget adoption process, subject to Board approval, in each division's respective travel accounts.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed First Amendment as to form and legality.

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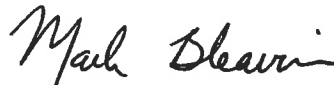
TRANSMITTALS:

1. Standard Agreement STD 213A (Amendment 1 - Agreement between the Harbor Department and Citibank)
2. Standard Agreement Amendment STD 213A (Agreement between State of California and Citibank)

FIS Approval: MB
CA Approval: gme



FRANK LIU
Director, Accounting Division



MARLA BLEAVINS
Deputy Executive Director and Chief
Financial Officer

APPROVED:

 FOR

EUGENE D. SEROKA
Executive Director

MB:FL
Author: L. Hillyer

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES
STANDARD AGREEMENT

STD 213A (Rev. 07/2019)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED **6** PAGES

AGREEMENT NUMBER 5159906	AMENDMENT NUMBER 1	Purchasing Authority Number
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1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY NAME

Port of Los Angeles

CONTRACTOR NAME

Citibank, N.A.

2. The term of this Agreement is: **November 1, 2019 through October 31, 2021 with one two-year option to extend**

START DATE

Upon DGS approval

THROUGH END DATE

October 31, 2021

3. The maximum amount of this Agreement after this Amendment is:

\$ 00.00 **No maximum. Agreement is under DGS MSA 5159906 for Travel Payment System. See Exhibit B.**

4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

Effective October 31, 2019, and consistent with MSA 5159906, this amendment:

A. Extends agreement term from October 31, 2109 to October 31, 2021.

B. Replaces Exhibit D, Additional Provisions in its entirety.

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

Citibank, N. A.

CONTRACTOR BUSINESS ADDRESS

388 Greenwich Street

CITY

New York

STATE

NY

ZIP

10013

PRINTED NAME OF PERSON SIGNING

TITLE

CONTRACTOR AUTHORIZED SIGNATURE

SEBASTIEN DECASPERIE
 Vice President

DATE SIGNED

11/18/2019

PARTICIPATING ENTITY

CONTRACTING AGENCY NAME

Port of Los Angeles

CONTRACTING AGENCY ADDRESS

425 S. Palos Verdes Street

CITY

San Pedro

STATE

CA

ZIP

90731

PRINTED NAME OF PERSON SIGNING

Eugene Seroka

TITLE

General Manager, Harbor Department

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (if Applicable)

APPROVED AS TO FORM AND LEGALITY

December 5, 2019

MICHAEL N. FEUER, City Attorney

By *Sebastian Decasperie*
 Deputy City Attorney

Exhibit D: Additional Provisions

1. DEFINITIONS

"Account" means each credit account established by the Contractor under the Program, including, without limitation, as the context requires, those accounts associated with Cards and Special Use Accounts.

"Billing Currency" means U.S. Dollars.

"Card" means a physical card issued by the Contractor in connection with an Account.

"Participating Entity" means each State Agency and Optional User designated by the State to participate in the Program, and such other entity related to the State that the Contractor approves of to participate in the Program. In respect of such Optional User, each Optional User (i) is liable for all amounts incurred in connection with such Optional User's participation in the Program, and (ii) shall enter into a Participation Agreement with the Contractor.

"Program" means all Cards, Accounts and services provided to the State and Participating Entities for business use pursuant to the terms of this Agreement.

"Special Use Accounts" means Central Travel Accounts (CTA), also known as Direct Bill Accounts, Virtual Card Accounts, also known as Virtual Card Number Accounts, and any other Account designated as a Special Use Account.

"T&E Card", also known as Individual Liability Accounts, means an Account intended to be used for travel and entertainment expenses.

2. THE PROGRAM

(a) For the term hereof, the Contractor hereby agrees to provide the State and Participating Entities with the Program in the United States. Under the Program, the Contractor will establish Accounts for Cardholders in the United States. The Program and each Account established in the United States shall be subject to and governed by this Contract.

(b) Each Account is established for the purpose of permitting Cardholders to charge purchases of goods and services that are for the business purposes of the State or a Participating Entity (as applicable) from merchants that accept the Accounts, provided that an Account is valid and has not expired or been canceled or suspended by the Contractor. The State shall use commercially reasonable efforts to ensure that each Account is used only for such purpose.

3. **AVAILABLE CARDS/ACCOUNTS:** Under the Program, the following Cards and Accounts will be available: T&E Cards, CTAs, and Virtual Card Accounts, and any other Accounts and/or Cards provided for under the Program after the effective date of this Contract.

4. BILLING AND PAYMENT PROCEDURES:

(a) Corporate Bill/Corporate Liability Cards and Accounts. Except with respect to the T&E Cards issued pursuant to Sections 4(b) below, the terms of this Section 4(a) shall apply to all Accounts established under the Program:

(i) Each Participating Entity is liable for and shall pay in full by the due date set forth in Cost Proposal, all charges, fees, and other costs incurred on its Accounts in accordance with the terms of this Contract.

(ii) For each statement period that there is Account activity, the Contractor will provide each Participating Entity with a statement for the Account in the Billing Currency, which will indicate the outstanding balance, amount due and the payment due date. In addition, it will show an itemized list of current purchases, payments and credits, and, if applicable, any other charges or fees as provided for in this Contract.

(iii) Unless required by applicable law or otherwise agreed between the State and the Contractor, all Account statements will be provided to the State via an electronic method. If necessary to retrieve statements, the State shall ensure that each Program Administrator or other authorized employee of the State has secure encrypted access to the Contractor's website to access and view electronic Account statements.

(b) Individual Bill/Individual Liability Cards and Accounts. Individual Liability Cards (as defined below) are available to all Participating Entities. The following terms shall apply with respect to Individual Liability Cards:

(i) The State may request that the Contractor issue to an employee, partner, officer, contractor, agent and subcontractor of the State or any State Agency a T&E Card with the following features: (A) a physical card issued in the name of the Individual Cardholder; (B) with billing statements for such T&E Card issued to such Cardholder; and (C) with respect to which, such Cardholder is solely liable for all amounts incurred through such T&E Cards (an "Individual Liability Card").

- (ii) If the State requests that an Individual Liability Card be issued to a prospective Cardholder pursuant to Section 4(b)(i), then the Contractor has the right to determine whether such prospective Cardholder is eligible to receive such Individual Liability Card based on a review of the creditworthiness of such individual. If the Contractor determines based on such review that such proposed Cardholder can be issued an Individual Liability Card, then the Contractor will issue an Individual Liability Card to such individual.
 - (A) If the Bank determines based on its review that a prospective Cardholder will not be issued an Individual Liability Card, then the Program Administrator may instead request that the Bank issue a Corporate Liability Card to such prospective Cardholder.
- (iii) Each Cardholder is liable for all charges made to his or her T&E Card and any applicable fees as provided in the Cardholder Account Contract then in effect. Billing statements provided by the Contractor to Cardholders will include the following information: outstanding balance, amount due, payment due date, and a list of charges to such T&E Card for the applicable statement period. Unless required by applicable law or otherwise agreed between the State and the Contractor, all T&E Card Account statements will be provided to the Cardholder via an electronic method or postal mail. The Cardholder is required to deliver payment in full to the Contractor in accordance with the terms of the Cardholder Account Agreement, regardless of whether the Cardholder has been reimbursed by the State or a State Agency for such amounts. The Contractor will also provide the State with information on a monthly basis, or such other period as the Contractor and State may agree, with respect to all charges made by Cardholders to the respective T&E Cards during each statement period. The State shall ensure that the Program Administrator or other authorized employee of the State has secure encrypted access to the Contractor's website to access and view electronic Account statements.
- (iv) The State acknowledges that the Contractor may investigate a Cardholder's creditworthiness prior to issuing, renewing or replacing Individual Liability Cards and otherwise as the Contractor deems appropriate in connection with the Program. Additionally, State acknowledges that the Contractor may provide information regarding Cardholders to credit bureaus.
- (v) Individual Liability Cards are considered delinquent at 60 days past due. The Contractor will take the following actions in respect to delinquent Individual Liability Cards:
 - (A) Suspension of charging privileges shall occur at 61 days past due.
 - (B) Card cancellation shall occur at 91 days past due. Reinstatement of cancelled cards, due to delinquency, must be mutually agreed upon between the State and the Contractor.
 - (C) Adverse bureau reporting shall occur at 181 days past due.

(c) General Provisions. The following terms shall apply to all Cards and Accounts.

- (1) Payment Requirements. The Contractor may accept late or partial payments (including, but not limited to, those marked as in settlement of a dispute or "payment in full" or with other restrictive endorsements), without losing any of its rights under this Contract. The State and each Cardholder, as the case may be, are required to comply with all requirements established by the Contractor regarding procedures for remitting payments to the Contractor and required information to be included with payments. The State acknowledges that a failure by the State or any Cardholder, as the case may be, to comply with the Contractor's procedures for remitting payments may result in late payment of amounts due, assessment of late charges, reduction in the spending limit of the subject Account(s), and/or the closing or suspension of the subject Account.
- (2) Credit Balance Refunds. If Contractor receives a payment that exceeds the amount that is due on an Account, then the Contractor will apply the excess amount of such payment (a "Credit Balance") against charges incurred on such Account. If a Credit Balance of more than \$1.00 remains outstanding on an Account for 180 days or more, then if such Account (a) is an Account for which a Cardholder is solely liable, any such Credit Balance shall be refunded to the Cardholder named on such Account, and (b) is an Account for which the Participating Entity is liable, then any such Credit Balance shall be refunded to the Participating Entity. If a Credit Balance equal to or less than \$1.00 remains outstanding in an Account for 180 days or more, then the Contractor shall deem such Credit Balance to be zero.

5. FEES AND CHARGES:

1. Annual Fee	Waived
2. Cash Advance / ATM	Not offered per State requirements.
3. Late Payment Charge / Purchase Finance Charge	

a. Individual Bill	2.5% of the outstanding balance if any portion of the past due balance appears on two consecutive billing statements (approximately 55-60 days after the billing cycle date in which the charge first appears), a Late Payment Charge will be assessed to the cardholder. This fee is NOT assessed to the Participating Entity, per the State's requirements.
b. Central Bill	Per the State's requirements, subject to State of California Prompt Payment Legislation. Government Code Chapter 4.5 Section 927.
4. Foreign Transaction Fee	1.0% in addition to Card Association fee levied to Citi. Total fee not to exceed 2.5%.
6. Return Payment Fee	Waived; \$10.00 billed to Individual Liability Cardholders for returned payments (not to the Participating Entity).
6. Implementation Fee	Waived.
7. Implementation and Training	Implementation and training for a single site included, after which webinar and online training is no charge.
8. File Integration and Reporting	No charge for standard file to central data point or Citi's standard online reporting system.
9. Custom File Development and Integration	Not required for State of CA. If requested at a later date, Custom Integration includes but is not limited to AS2, SWIFTNet, and web-service API's.
10. Custom Card Design	Not required for State of CA.
11. Central Travel Account / Travel Agency Data	Citi can accept a standard reconciliation file from a Travel Management Company (TMC) at no cost.
12. Card Special Handling	Not required for State of CA. If requested, \$25 per request for expediting a card via courier to the cardholder or a company location.
13. Statements	No cost (electronic statements only via CitiManager).
14. Telephone Payment	Online Payments Via CitiManager – no cost; optionally, telephone payment \$14.95 per request billed to Individually Billed cardholder account (not to the State of CA).
15. Statement and Receipt Copies	Via CitiManager – no cost.

1. **PRICING TERM:** The pricing for this Agreement shall be effective for **seven (7)** years from the date hereof or for the term of this Agreement, whichever time is shorter.
2. **PAYMENT DUE DATE:** Payment is due in full **30** days after billing statement date.
3. **REBATES:** Rebates will be payable retrospectively on an annual basis within 90 days of the contract anniversary, each year starting on such an anniversary being a "Rebate Period." The Company shall be eligible for rebates according to the rebate parameters set forth below.
 - (a) For the purpose of the rebate calculation, the annual total for all Canadian sales volume will be converted to U.S. Dollars using a twelve-month average of the Interbank wholesale exchange rate, as determined from rates publicly published and added to the U.S. annual sales volume calculated under this Agreement.
 - (b) Qualified Annual Spend Volume is the total spend on the Accounts during the Rebate Period, excluding returns, credits, and unauthorized use of Cards or Accounts during the Rebate Period. Transactions associated with reduced large ticket interchange are counted towards Qualified Annual Spend Volume and calculated as a flat 50 bps in rebate per large ticket interchange item.
 - (i) For Corporate Card programs the following criteria must be met by the merchant for the transaction to qualify for large ticket interchange:
 - a. Transaction amount must be more than \$7,255
 - b. Transaction must be at a Non-T&E or Lodging merchant
 - c. Airline, Auto Rental, Passenger Railway or Restaurant transactions do not qualify
 - d. Transaction must have the following additional addendum data:

All except Lodging	Lodging
Card Acceptor Tax ID	Card Acceptor Tax ID
Customer Code	Customer Service Toll Free (800) Number
Total Tax Amount	Property Phone Number
Card Acceptor Type	Arrival Date
Product Code	Departure Date
Item Description	Folio Number
Item Quantity	
Item Unit of Measure	
Extended Item Amount	
Debit or Credit Indicator	

- (c) The following will be deducted by the Bank from any rebates before payment: (i) any outstanding balances that are 180 days past its Payment Due Date, with associated fees; and (ii) Upon a Termination Event or termination of this agreement (whichever is earlier), all monies due from the Company to the Bank under this Agreement and/or under any other card program between the Bank and Company or any of Company's Affiliates.
- (d) Early Payment Incentive: The Bank will add 0.5 basis point based on the schedule listed in Attachment 7: Cost Prompt Payment Incentive.
- (i) For centrally billed programs, payment timeliness is calculated for each cycle by measuring the number of days in between the statement cycle date and the payment posting date.
 - (ii) Threshold: Citibank is responsible to issue an Early Payment Incentive to the State if the total calculated amount of the participating entity's combined direct bill accounts (CTA, MTG, VCN) is under \$25.00. Any participating entity that does not earn a minimum of \$25.00 annually for Early Pay Incentive will forfeit its incentive share for that contract year and the monies will be issued to the State.
 - a. In the event a participating entity's agreement is terminated prior to the completion of the contract year, payment for Early Pay Incentive shall be made to the participating entity within 90 days following the last day of the year in which the termination occurred for any incentive share earned prior to the termination date.
 - (iii) Opting Out of Early Payment Incentive: Participating entities have a full Opt Out provision through submittal of a completed Payment Instructions document to the State and/or Citibank.
 - a. If an Early Payment Incentive is earned by a department that selects the "Opt Out" provision or that does not provide banking instructions, as required to receive payment, Citibank will process the monies for issuance and pay to the State included with the annual Total Spend Volume Incentive or supplemental payment.
 - b. Citibank will provide a full itemized reporting of all the monies incorporated in the Total Spend Volume incentive payment(s).

6. PROGRAM ADMINISTRATOR

- (a) The State shall designate one or more individuals (individually and collectively, the "Program Administrator"), to administer the Program on behalf of the State and Participating Entities, including, without limitation, cooperating with the Contractor with respect to the Program. The Program Administrator shall undertake the following duties on behalf of the State, as well as any other reasonable duties requested by the Contractor and agreed to by the State:
- (i) the Program Administrator shall be familiar with all aspects of the Program, including but not limited to, billing procedures, number and status of Accounts, status of Cardholders, notice requirements, and status of late payment charges;
 - (ii) the Program Administrator shall on behalf of the State administer, monitor and be responsible for entitlement and usage of the Contractor's electronic communication and reporting systems by himself/herself and any delegates in accordance with the Program including, but not limited to, users' ability, if any, to (A) request Accounts and modify Account information or usage parameters, (B) establish and modify Account authorization controls, and (C) access Account and transaction data for reporting and monitoring purposes; and,
 - (iii) if requested, the Program Administrator shall advise the Contractor of a Cardholder's contact information and, with respect to Accounts for which the Cardholder makes payments, whether a Cardholder has been reimbursed by the State or a Participating Entity for spend on such Accounts.
- (b) The State must inform the Contractor promptly of any change (including termination) of the Program Administrator or delegates who have been granted access to the Contractor's electronic and reporting systems by the Program Administrator. The State shall comply with any security procedures designed to verify the origination of communications from the State, the Program Administrator and his or her delegates as the Contractor may implement from time to time. The Contractor is not responsible for errors or omissions made by the State, the Program Administrator or his or her delegates in such communications, and may act in reliance on such communications; provided that the Contractor reserves the right to not act on any such communication where it reasonably doubts its authenticity or appropriateness.

7. SPENDING LIMIT

The Initial aggregate spending limit for the United States under this Contract is set by the Contractor. With respect to any sub-limits applicable to individual Accounts, the State may advise the Contractor of the State's desired sub-limit allocation for such Accounts. The Contractor may lower or raise the aggregate spending limit for the Program and any Account sub-limit in the Contractor's sole discretion; provided that, in the event of a decrease in the aggregate spending limit for the Program, the Contractor will inform the State as soon as reasonably practicable of such decrease.

8. DESCRIPTION OF SPECIAL USE ACCOUNTS

The State and/or a Participating Entity, through the Program Administrator, may request that one or more Special Use Accounts be established in connection with the Program by providing a written request to the Contractor's State account or sales manager. If any such requested Special Use Account is offered by the Contractor in connection with the type of Program provided for the State under this Contract, then, in addition to the other terms and conditions set forth in this Contract (including if applicable any fee provisions set forth in the Cost Proposal), the provisions in this Section (including any specific provisions relating to such Special Use Account set forth below) shall apply to such Special Use Account. The Program Administrator shall complete the applicable documentation (if any) required to establish such Special Use Account. With respect to each such Special Use Account, the State or its designee shall be responsible for controlling access to, and usage of, each such Special Use Account by employees, partners, officers, contractors, agents and subcontractors of the State or any Participating Entity, and any third parties that have access to such Account, such as Travel Management Companies (as defined below) and merchant vendors. The State and/or a Participating Entity may only cancel a Special Use Account through the Program Administrator, the Program Administrator's designee, or the person whose name is listed on the Account, which person may cancel such Special Use Account by notifying the Contractor either by telephone or in writing.

(a) Central Travel Account ("CTA")

- (i) A CTA is an Account that the State and/or a Participating Entity may provide to its Travel Management Company in order to charge the travel expenses of individuals who contact such Travel Management Company for such purpose. "Travel Management Company" means an entity that has been appointed by the Card Association to accept T&E Cards and/or a CTA number and which the State (for itself or on behalf of a Participating Entity) has authorized to communicate with and supply data to the Contractor. The State and/or a Participating Entity acknowledges that any descriptions of charges on CTA Account statements are provided to the Contractor by Travel Management Companies and a failure by a Travel Management Company to provide the Contractor with full details of a charge shall not constitute a basis for the State and/or a Participating Entity to delay or withhold payment of such charge. If the State and/or a Participating Entity wish to cancel any charges on the CTA, the State and/or a Participating Entity must contact the Travel Management Company directly to obtain credit against the original charge. The Contractor will only credit the CTA with a refund if it receives written instructions from the Travel Management Company to do so.
- (ii) The Contractor is not responsible for: (A) any decision by a Travel Management Company to accept or reject use of the CTA or CTA number; (B) charges incurred by users of the CTA who do not in fact have sufficient authorization from the State and/or a Participating Entity; or (C) (as between the Contractor and the State and/or a Participating Entity), the failure by the Travel Management Company to obtain authorization of a user to incur a charge, which failure shall not relieve the State and/or a Participating Entity of its liability to pay for such charge.

(b) Virtual Card Accounts

- (i) The Contractor shall establish Virtual Card Accounts, which are Accounts that allow an Authorized Account User to request the issuance of unique Transaction Account Numbers associated with each such Virtual Card Account to settle transactions with merchants ("Virtual Card Accounts" or "VCAs"). Once Virtual Card Accounts are established, Transaction Account Numbers associated with such Virtual Card Accounts will be issued by the Contractor. "Transaction Account Number" means a unique number associated with a Virtual Card Account that is issued upon the request of an Authorized Account User and provided to a merchant (in lieu of an Account number) for the purpose of completing one or more transactions. "Authorized Account User" means each eligible employee, partner, officer, contractor, agent or subcontractor of the State or a Participating Entity expressly designated by the Program Administrator to request the issuance of a Transaction Account Number.
- (ii) All charges and fees associated with a Transaction Account Number will post to the Virtual Card Account under which the Transaction Account Number was generated and are required to be paid by the State in accordance with the terms of this Contract. Each Transaction Account Number is issued for the purpose of permitting Authorized Account Users to charge to the subject Virtual Card Account purchases of goods and services which are for the business of the State or a Participating Entity from merchants that accept such Transaction Account Numbers. The State shall use commercially reasonable efforts to ensure that each Transaction Account Number is used only for such purpose. Purchases under the VCA may only be charged to Virtual Card Accounts through the use of Transaction Account Numbers. Each Transaction Account Number issued by the Contractor is subject to the same terms and conditions governing use of the associated Virtual Card Account.
- (iii) Authorized Account Users may request Transaction Account Numbers in accordance with the Contractor's applicable procedures. The Contractor may rely on the authority of each Authorized Account User to request

Transaction Account Numbers until the Contractor has received written notice or other notice acceptable to it from the Program Administrator terminating such authority. The Program Administrator shall monitor and control Authorized Account Users' ability to (A) request Transaction Account Numbers and modify Transaction Account Number usage parameters, (B) establish and modify Virtual Card Account authorization controls, and (C) access Virtual Card Account and transaction data for reporting and monitoring purposes.

- (iv) Each Transaction Account Number will be valid for the term indicated by the Contractor unless earlier canceled or suspended by the Contractor at the request of the State and/or a Participating Entity or as otherwise permitted under this Contract. Each Transaction Account Number may be used for one or more purchases, as determined by the Contractor or otherwise agreed between the Contractor and the State.
- (v) The State shall supervise the use of Transaction Account Numbers. The State shall establish and maintain compliance with procedures designed to ensure the security of the Virtual Card Accounts, Transaction Account Number requests and generated Transaction Account Numbers. The Contractor reserves the right to cancel or suspend any Transaction Account Number at any time for any reason, without notice unless required by applicable law or regulation.

9. LIABILITY FOR USE OF ACCOUNT

- (a) Except for Accounts for which Cardholders are solely liable under this Contract, each Participating Entity shall be liable for and shall pay all amounts charged to its Account(s) plus any applicable charges and fees, including costs, fees and charges incurred as a result of or in connection with (i) the legitimate authorized use of an Account, (ii) the loss, or theft of any Account information, or (iii) the unauthorized use of an Account, or Account information, in each case of clauses (i)-(iii), by the State, any State Agency, any of the State's or a State Agency's personnel, any Cardholder or any third party. Any Optional User shall be liable for and shall pay all amounts charged to the Account(s) plus any applicable charges and fees, including costs, fees and charges incurred as a result of or in connection with (i) the legitimate authorized use of an Account, (ii) the loss, or theft of any Account information, or (iii) the unauthorized use of an Account, or Account information, in each case of clauses (i)-(iii), by the Optional User, any Optional User's, any Cardholder or any third party.
- (b) If a Cardholder, Program Administrator or any employee of the State or a Participating Entity has any reason to believe that a Card or Account information is lost or stolen, or that any fraud or unauthorized use of an Account has occurred or is likely to or will occur, the State must notify the Contractor promptly. Notification can be made to the Contractor at any time – 24 hours a day, 7 days a week – and shall be made via the telephone number listed in the Account materials. The State shall (and shall ensure its Participating Entities) cooperate with the Contractor in its efforts to investigate fraudulent activity. No later than sixty (60) days from the date of an Account statement, the State and/or a Participating Entity shall notify the Contractor in writing of any charges on the Account statement that occurred as a result of loss, theft, fraud or unauthorized use. If the Contractor detects unusual or suspicious activity on an Account, it may temporarily suspend credit privileges until it can verify the activity.
- (c) If the State and/or a Participating Entity or a Cardholder believes that an amount charged to an Account is the result of fraud or unauthorized use by a third party, the Contractor offers a dispute process subject to the Card Association rules and procedures. To dispute a charge, the Cardholder or the State and/or a Participating Entity must complete and submit all required forms and documentation, as and when requested by the Contractor (a "Disputed Charge"). Disputed Charges shall not be due and payable until completion of the dispute process. If upon conclusion of the dispute process the State and/or a Participating Entity or the Cardholder is found to be
 - (i) not liable for a Disputed Charge, then such Disputed Charge shall be removed from the applicable Account, or (ii) liable for a Disputed Charge, then such Disputed Charge shall be then due and payable.
- (d) In addition to the dispute process mechanism set forth in Section 8(c) above, the parties acknowledge that the corporate liability waiver program may offer partial or full waiver for certain State and/or Participating Entity liabilities described in Section 8(a), subject to the terms and conditions of such program. Reference to such waiver program (and a summary of the relevant terms) is included in the Contract where applicable.

10. SUBCONTRACTORS

The State acknowledges that the Contractor may, from time to time, subcontract for the performance of any of its obligations under this Contract, provided that the use of subcontractors by the Contractor shall not relieve the Contractor of any obligation, duty or liability under this Contract.

11. TERMINATION

Contractor may terminate, withdraw or suspend a Participating Agreement, effective immediately, upon notice in writing if any of the following occurs:

- (a) Subject to applicable laws and any and all bankruptcy court rules and orders, the participating State Agency files bankruptcy;
- (b) The participating Optional User breaches any of the material terms and conditions in this Agreement, and fails to remedy such breach within 60 days after being notified in writing;
- (c) The participating Optional User fails to meet any of its other obligations in this Agreement and does not remedy such failure within 60 days after being notified in writing;
- (d) The participating Optional User enters into liquidation, insolvency, bankruptcy or files, has filed against it, applies for or otherwise becomes subject to bankruptcy proceedings, a moratorium, administration, liquidation (including provisional liquidation) or similar proceeding;
- (e) The participating Optional User experiences any significant deterioration of its creditworthiness as determined by the Contractor based on the Contractor's risk policies and procedures.

STANDARD AGREEMENT AMENDMENT

STD. 213 A (Rev 8/03)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 6 Pages

AGREEMENT NUMBER	AMENDMENT NUMBER
5159906	1
REGISTRATION NUMBER	

- This Agreement is entered into between the State Agency and Contractor named below:
STATE AGENCY'S NAME
Department of General Services
CONTRACTOR'S NAME
Citibank, N.A.
- The term of this Agreement is Upon DGS Approval through October 31, 2021 With (1) two-year option to extend
- The maximum amount of this Agreement after this amendment is: \$00.00
- The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:
 - A. Agreement term end date is extended from October 31, 2019 to October 31, 2021.
 - B. Replaces Exhibit D, Additional Provisions in its entirety.

The effective date of this amendment is upon DGS – Office of Legal Services approval.

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

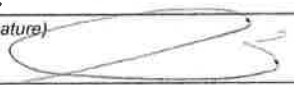
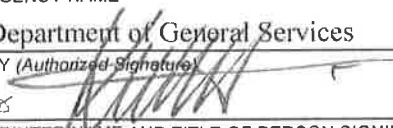
CONTRACTOR		CALIFORNIA Department of General Services Use Only <div style="border: 2px solid black; padding: 5px; text-align: center;"> APPROVED OCT 24 2019 OFFICE OF LEGAL SERVICES DEPT. OF GENERAL SERVICES </div>
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) <u>Citibank, N.A.</u>		
BY (Authorized Signature) 	DATE SIGNED (Do not type) <u>10/07/2019</u>	
PRINTED NAME AND TITLE OF PERSON SIGNING SEBASTIEN DELASNERIE Vice President		
ADDRESS <u>388 Greenwich St</u> <u>New York, 10013 NY</u>		
STATE OF CALIFORNIA		<input type="checkbox"/> Exempt per:
AGENCY NAME <u>Department of General Services</u>		
BY (Authorized Signature) 	DATE SIGNED (Do not type) <u>10/21/2019</u>	
PRINTED NAME AND TITLE OF PERSON SIGNING Kimberley Hettrick, Master Agreement Unit 1 Supervisor		
ADDRESS <u>707 Third Street, 2nd Floor</u> <u>West Sacramento Ca 95605</u>		

Exhibit D: Additional Provisions

1. DEFINITIONS

"Account" means each credit account established by the Contractor under the Program, including, without limitation, as the context requires, those accounts associated with Cards and Special Use Accounts.

"Billing Currency" means U.S. Dollars.

"Card" means a physical card issued by the Contractor in connection with an Account.

"Participating Entity" means each State Agency and Optional User designated by the State to participate in the Program, and such other entity related to the State that the Contractor approves of to participate in the Program. In respect of such Optional User, each Optional User (i) is liable for all amounts incurred in connection with such Optional User's participation in the Program, and (ii) shall enter into a Participation Agreement with the Contractor.

"Program" means all Cards, Accounts and services provided to the State and Participating Entities for business use pursuant to the terms of this Agreement.

"Special Use Accounts" means Central Travel Accounts (CTA), also known as Direct Bill Accounts, Virtual Card Accounts, also known as Virtual Card Number Accounts, and any other Account designated as a Special Use Account.

"T&E Card", also known as Individual Liability Accounts, means an Account intended to be used for travel and entertainment expenses.

2. THE PROGRAM

(a) For the term hereof, the Contractor hereby agrees to provide the State and Participating Entities with the Program in the United States. Under the Program, the Contractor will establish Accounts for Cardholders in the United States. The Program and each Account established in the United States shall be subject to and governed by this Contract.

(b) Each Account is established for the purpose of permitting Cardholders to charge purchases of goods and services that are for the business purposes of the State or a Participating Entity (as applicable) from merchants that accept the Accounts, provided that an Account is valid and has not expired or been canceled or suspended by the Contractor. The State shall use commercially reasonable efforts to ensure that each Account is used only for such purpose.

3. **AVAILABLE CARDS/ACCOUNTS:** Under the Program, the following Cards and Accounts will be available: T&E Cards, CTAs, and Virtual Card Accounts, and any other Accounts and/or Cards provided for under the Program after the effective date of this Contract.

4. BILLING AND PAYMENT PROCEDURES:

(a) Corporate Bill/Corporate Liability Cards and Accounts. Except with respect to the T&E Cards issued pursuant to Sections 4(b) below, the terms of this Section 4(a) shall apply to all Accounts established under the Program:

- (i) Each Participating Entity is liable for and shall pay in full by the due date set forth in Cost Proposal, all charges, fees, and other costs incurred on its Accounts in accordance with the terms of this Contract.
- (ii) For each statement period that there is Account activity, the Contractor will provide each Participating Entity with a statement for the Account in the Billing Currency, which will indicate the outstanding balance, amount due and the payment due date. In addition, it will show an itemized list of current purchases, payments and credits, and, if applicable, any other charges or fees as provided for in this Contract.
- (iii) Unless required by applicable law or otherwise agreed between the State and the Contractor, all Account statements will be provided to the State via an electronic method. If necessary to retrieve statements, the State shall ensure that each Program Administrator or other authorized employee of the State has secure encrypted access to the Contractor's website to access and view electronic Account statements.

(b) Individual Bill/Individual Liability Cards and Accounts. Individual Liability Cards (as defined below) are available to all Participating Entities. The following terms shall apply with respect to Individual Liability Cards:

- (i) The State may request that the Contractor issue to an employee, partner, officer, contractor, agent and subcontractor of the State or any State Agency a T&E Card with the following features: (A) a physical card issued in the name of the Individual Cardholder; (B) with billing statements for such T&E Card issued to such Cardholder; and (C) with respect to which, such Cardholder is solely liable for all amounts incurred through such T&E Cards (an "Individual Liability Card").

- (ii) If the State requests that an Individual Liability Card be issued to a prospective Cardholder pursuant to Section 4(b)(i), then the Contractor has the right to determine whether such prospective Cardholder is eligible to receive such Individual Liability Card based on a review of the creditworthiness of such individual. If the Contractor determines based on such review that such proposed Cardholder can be issued an Individual Liability Card, then the Contractor will issue an Individual Liability Card to such individual.
 - (A) If the Bank determines based on its review that a prospective Cardholder will not be issued an Individual Liability Card, then the Program Administrator may instead request that the Bank Issue a Corporate Liability Card to such prospective Cardholder.
- (iii) Each Cardholder is liable for all charges made to his or her T&E Card and any applicable fees as provided in the Cardholder Account Contract then in effect. Billing statements provided by the Contractor to Cardholders will include the following information: outstanding balance, amount due, payment due date, and a list of charges to such T&E Card for the applicable statement period. Unless required by applicable law or otherwise agreed between the State and the Contractor, all T&E Card Account statements will be provided to the Cardholder via an electronic method or postal mail. The Cardholder is required to deliver payment in full to the Contractor in accordance with the terms of the Cardholder Account Agreement, regardless of whether the Cardholder has been reimbursed by the State or a State Agency for such amounts. The Contractor will also provide the State with information on a monthly basis, or such other period as the Contractor and State may agree, with respect to all charges made by Cardholders to the respective T&E Cards during each statement period. The State shall ensure that the Program Administrator or other authorized employee of the State has secure encrypted access to the Contractor's website to access and view electronic Account statements.
- (iv) The State acknowledges that the Contractor may investigate a Cardholder's creditworthiness prior to issuing, renewing or replacing Individual Liability Cards and otherwise as the Contractor deems appropriate in connection with the Program. Additionally, State acknowledges that the Contractor may provide information regarding Cardholders to credit bureaus.
- (v) Individual Liability Cards are considered delinquent at 60 days past due. The Contractor will take the following actions in respect to delinquent Individual Liability Cards:
 - (A) Suspension of charging privileges shall occur at 61 days past due.
 - (B) Card cancellation shall occur at 91 days past due. Reinstatement of cancelled cards, due to delinquency, must be mutually agreed upon between the State and the Contractor.
 - (C) Adverse bureau reporting shall occur at 181 days past due.
- (c) General Provisions. The following terms shall apply to all Cards and Accounts.
 - (1) Payment Requirements. The Contractor may accept late or partial payments (including, but not limited to, those marked as in settlement of a dispute or "payment in full" or with other restrictive endorsements), without losing any of its rights under this Contract. The State and each Cardholder, as the case may be, are required to comply with all requirements established by the Contractor regarding procedures for remitting payments to the Contractor and required information to be included with payments. The State acknowledges that a failure by the State or any Cardholder, as the case may be, to comply with the Contractor's procedures for remitting payments may result in late payment of amounts due, assessment of late charges, reduction in the spending limit of the subject Account(s), and/or the closing or suspension of the subject Account.
 - (2) Credit Balance Refunds. If Contractor receives a payment that exceeds the amount that is due on an Account, then the Contractor will apply the excess amount of such payment (a "Credit Balance") against charges incurred on such Account. If a Credit Balance of more than \$1.00 remains outstanding on an Account for 180 days or more, then if such Account (a) is an Account for which a Cardholder is solely liable, any such Credit Balance shall be refunded to the Cardholder named on such Account, and (b) is an Account for which the Participating Entity is liable, then any such Credit Balance shall be refunded to the Participating Entity. If a Credit Balance equal to or less than \$1.00 remains outstanding in an Account for 180 days or more, then the Contractor shall deem such Credit Balance to be zero.

5. FEES AND CHARGES:

1. Annual Fee	Waived
2. Cash Advance / ATM	Not offered per State requirements.
3. Late Payment Charge / Purchase Finance Charge	

a. Individual Bill	2.5% of the outstanding balance If any portion of the past due balance appears on two consecutive billing statements (approximately 55-60 days after the billing cycle date in which the charge first appears), a Late Payment Charge will be assessed to the cardholder. This fee is NOT assessed to the Participating Entity, per the State's requirements.
b. Central Bill	Per the State's requirements, subject to State of California Prompt Payment Legislation, Government Code Chapter 4.5 Section 927.
4. Foreign Transaction Fee	1.0% In addition to Card Association fee levied to Citi. Total fee not to exceed 2.5%.
5. Return Payment Fee	Waived; \$10.00 billed to Individual Liability Cardholders for returned payments (not to the Participating Entity).
6. Implementation Fee	Waived.
7. Implementation and Training	Implementation and training for a single site included, after which webinar and online training is no charge.
8. File Integration and Reporting	No charge for standard file to central data point or Citi's standard online reporting system.
9. Custom File Development and Integration	Not required for State of CA. If requested at a later date, Custom integration includes but is not limited to AS2, SWIFTNet, and web-service API's.
10. Custom Card Design	Not required for State of CA.
11. Central Travel Account / Travel Agency Data	Citi can accept a standard reconciliation file from a Travel Management Company (TMC) at no cost.
12. Card Special Handling	Not required for State of CA. If requested, \$25 per request for expediting a card via courier to the cardholder or a company location.
13. Statements	No cost (electronic statements only via CitiManager).
14. Telephone Payment	Online Payments Via CitiManager – no cost; optionally, telephone payment \$14.95 per request billed to Individually Billed cardholder account (not to the State of CA).
15. Statement and Receipt Copies	Via CitiManager – no cost.

1. **PRICING TERM:** The pricing for this Agreement shall be effective for **seven (7)** years from the date hereof or for the term of this Agreement, whichever time is shorter.
2. **PAYMENT DUE DATE:** Payment is due in full **30** days after billing statement date.
3. **REBATES:** Rebates will be payable retrospectively on an annual basis within 90 days of the contract anniversary, each year starting on such an anniversary being a "Rebate Period." The Company shall be eligible for rebates according to the rebate parameters set forth below.
 - (a) For the purpose of the rebate calculation, the annual total for all Canadian sales volume will be converted to U.S. Dollars using a twelve-month average of the Interbank wholesale exchange rate, as determined from rates publicly published and added to the U.S. annual sales volume calculated under this Agreement.
 - (b) Qualified Annual Spend Volume is the total spend on the Accounts during the Rebate Period, excluding returns, credits, and unauthorized use of Cards or Accounts during the Rebate Period. Transactions associated with reduced large ticket interchange are counted towards Qualified Annual Spend Volume **and calculated as a flat 50 bps in rebate per large ticket Interchange item.**
 - (i) For Corporate Card programs the following criteria must be met by the merchant for the transaction to qualify for large ticket interchange:
 - a. Transaction amount must be more than \$7,255
 - b. Transaction must be at a Non-T&E or Lodging merchant
 - c. Airline, Auto Rental, Passenger Railway or Restaurant transactions do not qualify
 - d. Transaction must have the following additional addendum data:

All except Lodging	Lodging
Card Acceptor Tax ID	Card Acceptor Tax ID
Customer Code	Customer Service Toll Free (800) Number
Total Tax Amount	Property Phone Number
Card Acceptor Type	Arrival Date
Product Code	Departure Date
Item Description	Folio Number
Item Quantity	
Item Unit of Measure	
Extended Item Amount	
Debit or Credit Indicator	

- (c) The following will be deducted by the Bank from any rebates before payment: (i) any outstanding balances that are 180 days past its Payment Due Date, with associated fees; and (ii) Upon a Termination Event or termination of this agreement (whichever is earlier), all monies due from the Company to the Bank under this Agreement and/or under any other card program between the Bank and Company or any of Company's Affiliates.
- (d) Early Payment Incentive: The Bank will add 0.5 basis point based on the schedule listed in Attachment 7: Cost Prompt Payment Incentive.
- (i) For centrally billed programs, payment timeliness is calculated for each cycle by measuring the number of days in between the statement cycle date and the payment posting date.
- (ii) Threshold: Citibank is responsible to issue an Early Payment Incentive to the State if the total calculated amount of the participating entity's combined direct bill accounts (CTA, MTG, VCN) is under \$25.00. Any participating entity that does not earn a minimum of \$25.00 annually for Early Pay Incentive will forfeit its incentive share for that contract year and the monies will be issued to the State.
- a. In the event a participating entity's agreement is terminated prior to the completion of the contract year, payment for Early Pay Incentive shall be made to the participating entity within 90 days following the last day of the year in which the termination occurred for any incentive share earned prior to the termination date.
- (iii) Opting Out of Early Payment Incentive: Participating entities have a full Opt Out provision through submittal of a completed Payment Instructions document to the State and/or Citibank.
- a. If an Early Payment Incentive is earned by a department that selects the "Opt Out" provision or that does not provide banking instructions, as required to receive payment, Citibank will process the monies for issuance and pay to the State included with the annual Total Spend Volume incentive or supplemental payment.
- b. Citibank will provide a full itemized reporting of all the monies incorporated in the Total Spend Volume incentive payment(s).

6. PROGRAM ADMINISTRATOR

- (a) The State shall designate one or more individuals (individually and collectively, the "Program Administrator"), to administer the Program on behalf of the State and Participating Entities, including, without limitation, cooperating with the Contractor with respect to the Program. The Program Administrator shall undertake the following duties on behalf of the State, as well as any other reasonable duties requested by the Contractor and agreed to by the State:
- (i) the Program Administrator shall be familiar with all aspects of the Program, including but not limited to, billing procedures, number and status of Accounts, status of Cardholders, notice requirements, and status of late payment charges;
- (ii) the Program Administrator shall on behalf of the State administer, monitor and be responsible for entitlement and usage of the Contractor's electronic communication and reporting systems by himself/herself and any delegates in accordance with the Program including, but not limited to, users' ability, if any, to (A) request Accounts and modify Account information or usage parameters, (B) establish and modify Account authorization controls, and (C) access Account and transaction data for reporting and monitoring purposes; and,
- (iii) if requested, the Program Administrator shall advise the Contractor of a Cardholder's contact information and, with respect to Accounts for which the Cardholder makes payments, whether a Cardholder has been reimbursed by the State or a Participating Entity for spend on such Accounts.
- (b) The State must inform the Contractor promptly of any change (including termination) of the Program Administrator or delegates who have been granted access to the Contractor's electronic and reporting systems by the Program Administrator. The State shall comply with any security procedures designed to verify the origination of communications from the State, the Program Administrator and his or her delegates as the Contractor may implement from time to time. The Contractor is not responsible for errors or omissions made by the State, the Program Administrator or his or her delegates in such communications, and may act in reliance on such communications; provided that the Contractor reserves the right to not act on any such communication where it reasonably doubts its authenticity or appropriateness.

7. SPENDING LIMIT

The initial aggregate spending limit for the United States under this Contract is set by the Contractor. With respect to any sub-limits applicable to individual Accounts, the State may advise the Contractor of the State's desired sub-limit allocation for such Accounts. The Contractor may lower or raise the aggregate spending limit for the Program and any Account sub-limit in the Contractor's sole discretion; provided that, in the event of a decrease in the aggregate spending limit for the Program, the Contractor will inform the State as soon as reasonably practicable of such decrease.

8. DESCRIPTION OF SPECIAL USE ACCOUNTS

The State and/or a Participating Entity, through the Program Administrator, may request that one or more Special Use Accounts be established in connection with the Program by providing a written request to the Contractor's State account or sales manager. If any such requested Special Use Account is offered by the Contractor in connection with the type of Program provided for the State under this Contract, then, in addition to the other terms and conditions set forth in this Contract (including if applicable any fee provisions set forth in the Cost Proposal), the provisions in this Section (including any specific provisions relating to such Special Use Account set forth below) shall apply to such Special Use Account. The Program Administrator shall complete the applicable documentation (if any) required to establish such Special Use Account. With respect to each such Special Use Account, the State or its designee shall be responsible for controlling access to, and usage of, each such Special Use Account by employees, partners, officers, contractors, agents and subcontractors of the State or any Participating Entity, and any third parties that have access to such Account, such as Travel Management Companies (as defined below) and merchant vendors. The State and/or a Participating Entity may only cancel a Special Use Account through the Program Administrator, the Program Administrator's designee, or the person whose name is listed on the Account, which person may cancel such Special Use Account by notifying the Contractor either by telephone or in writing.

(a) Central Travel Account ("CTA")

- (i) A CTA is an Account that the State and/or a Participating Entity may provide to its Travel Management Company in order to charge the travel expenses of individuals who contact such Travel Management Company for such purpose. "Travel Management Company" means an entity that has been appointed by the Card Association to accept T&E Cards and/or a CTA number and which the State (for itself or on behalf of a Participating Entity) has authorized to communicate with and supply data to the Contractor. The State and/or a Participating Entity acknowledges that any descriptions of charges on CTA Account statements are provided to the Contractor by Travel Management Companies and a failure by a Travel Management Company to provide the Contractor with full details of a charge shall not constitute a basis for the State and/or a Participating Entity to delay or withhold payment of such charge. If the State and/or a Participating Entity wish to cancel any charges on the CTA, the State and/or a Participating Entity must contact the Travel Management Company directly to obtain credit against the original charge. The Contractor will only credit the CTA with a refund if it receives written instructions from the Travel Management Company to do so.
- (ii) The Contractor is not responsible for: (A) any decision by a Travel Management Company to accept or reject use of the CTA or CTA number; (B) charges incurred by users of the CTA who do not in fact have sufficient authorization from the State and/or a Participating Entity; or (C) (as between the Contractor and the State and/or a Participating Entity), the failure by the Travel Management Company to obtain authorization of a user to incur a charge, which failure shall not relieve the State and/or a Participating Entity of its liability to pay for such charge.

(b) Virtual Card Accounts

- (i) The Contractor shall establish Virtual Card Accounts, which are Accounts that allow an Authorized Account User to request the issuance of unique Transaction Account Numbers associated with each such Virtual Card Account to settle transactions with merchants ("Virtual Card Accounts" or "VCAs"). Once Virtual Card Accounts are established, Transaction Account Numbers associated with such Virtual Card Accounts will be issued by the Contractor. "Transaction Account Number" means a unique number associated with a Virtual Card Account that is issued upon the request of an Authorized Account User and provided to a merchant (in lieu of an Account number) for the purpose of completing one or more transactions. "Authorized Account User" means each eligible employee, partner, officer, contractor, agent or subcontractor of the State or a Participating Entity expressly designated by the Program Administrator to request the issuance of a Transaction Account Number.
- (ii) All charges and fees associated with a Transaction Account Number will post to the Virtual Card Account under which the Transaction Account Number was generated and are required to be paid by the State in accordance with the terms of this Contract. Each Transaction Account Number is issued for the purpose of permitting Authorized Account Users to charge to the subject Virtual Card Account purchases of goods and services which are for the business of the State or a Participating Entity from merchants that accept such Transaction Account Numbers. The State shall use commercially reasonable efforts to ensure that each Transaction Account Number is used only for such purpose. Purchases under the VCA may only be charged to Virtual Card Accounts through the use of Transaction Account Numbers. Each Transaction Account Number issued by the Contractor is subject to the same terms and conditions governing use of the associated Virtual Card Account.
- (iii) Authorized Account Users may request Transaction Account Numbers in accordance with the Contractor's applicable procedures. The Contractor may rely on the authority of each Authorized Account User to request

Transaction Account Numbers until the Contractor has received written notice or other notice acceptable to it from the Program Administrator terminating such authority. The Program Administrator shall monitor and control Authorized Account Users' ability to (A) request Transaction Account Numbers and modify Transaction Account Number usage parameters, (B) establish and modify Virtual Card Account authorization controls, and (C) access Virtual Card Account and transaction data for reporting and monitoring purposes.

- (iv) Each Transaction Account Number will be valid for the term indicated by the Contractor unless earlier canceled or suspended by the Contractor at the request of the State and/or a Participating Entity or as otherwise permitted under this Contract. Each Transaction Account Number may be used for one or more purchases, as determined by the Contractor or otherwise agreed between the Contractor and the State.
- (v) The State shall supervise the use of Transaction Account Numbers. The State shall establish and maintain compliance with procedures designed to ensure the security of the Virtual Card Accounts, Transaction Account Number requests and generated Transaction Account Numbers. The Contractor reserves the right to cancel or suspend any Transaction Account Number at any time for any reason, without notice unless required by applicable law or regulation.

9. LIABILITY FOR USE OF ACCOUNT

- (a) Except for Accounts for which Cardholders are solely liable under this Contract, each Participating Entity shall be liable for and shall pay all amounts charged to its Account(s) plus any applicable charges and fees, including costs, fees and charges incurred as a result of or in connection with (i) the legitimate authorized use of an Account, (ii) the loss, or theft of any Account information, or (iii) the unauthorized use of an Account, or Account information, in each case of clauses (i)-(iii), by the State, any State Agency, any of the State's or a State Agency's personnel, any Cardholder or any third party. Any Optional User shall be liable for and shall pay all amounts charged to the Account(s) plus any applicable charges and fees, including costs, fees and charges incurred as a result of or in connection with (i) the legitimate authorized use of an Account, (ii) the loss, or theft of any Account information, or (iii) the unauthorized use of an Account, or Account information, in each case of clauses (i)-(iii), by the Optional User, any Cardholder or any third party.
- (b) If a Cardholder, Program Administrator or any employee of the State or a Participating Entity has any reason to believe that a Card or Account information is lost or stolen, or that any fraud or unauthorized use of an Account has occurred or is likely to or will occur, the State must notify the Contractor promptly. Notification can be made to the Contractor at any time - 24 hours a day, 7 days a week - and shall be made via the telephone number listed in the Account materials. The State shall (and shall ensure its Participating Entities) cooperate with the Contractor in its efforts to investigate fraudulent activity. No later than sixty (60) days from the date of an Account statement, the State and/or a Participating Entity shall notify the Contractor in writing of any charges on the Account statement that occurred as a result of loss, theft, fraud or unauthorized use. If the Contractor detects unusual or suspicious activity on an Account, it may temporarily suspend credit privileges until it can verify the activity.
- (c) If the State and/or a Participating Entity or a Cardholder believes that an amount charged to an Account is the result of fraud or unauthorized use by a third party, the Contractor offers a dispute process subject to the Card Association rules and procedures. To dispute a charge, the Cardholder or the State and/or a Participating Entity must complete and submit all required forms and documentation, as and when requested by the Contractor (a "Disputed Charge"). Disputed Charges shall not be due and payable until completion of the dispute process. If upon conclusion of the dispute process the State and/or a Participating Entity or the Cardholder is found to be
 - (i) not liable for a Disputed Charge, then such Disputed Charge shall be removed from the applicable Account, or (ii) liable for a Disputed Charge, then such Disputed Charge shall be then due and payable.
- (d) In addition to the dispute process mechanism set forth in Section 8(c) above, the parties acknowledge that the corporate liability waiver program may offer partial or full waiver for certain State and/or Participating Entity liabilities described in Section 8(a), subject to the terms and conditions of such program. Reference to such waiver program (and a summary of the relevant terms) is included in the Contract where applicable.

10. SUBCONTRACTORS

The State acknowledges that the Contractor may, from time to time, subcontract for the performance of any of its obligations under this Contract, provided that the use of subcontractors by the Contractor shall not relieve the Contractor of any obligation, duty or liability under this Contract.

11. TERMINATION

Contractor may terminate, withdraw or suspend a Participating Agreement, effective immediately, upon notice in writing if any of the following occurs:

- (a) Subject to applicable laws and any and all bankruptcy court rules and orders, the participating State Agency files bankruptcy;
- (b) The participating Optional User breaches any of the material terms and conditions in this Agreement, and fails to remedy such breach within 60 days after being notified in writing;
- (c) The participating Optional User fails to meet any of its other obligations in this Agreement and does not remedy such failure within 60 days after being notified in writing;
- (d) The participating Optional User enters into liquidation, insolvency, bankruptcy or files, has filed against it, applies for or otherwise becomes subject to bankruptcy proceedings, a moratorium, administration, liquidation (including provisional liquidation) or similar proceeding;
- (e) The participating Optional User experiences any significant deterioration of its creditworthiness as determined by the Contractor based on the Contractor's risk policies and procedures.

STANDARD AGREEMENT

STD 213A (Rev. 07/2019)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 6 PAGES

AGREEMENT NUMBER <u>5159906</u>	AMENDMENT NUMBER <u>1</u>	Purchasing Authority Number <u>City of Los Angeles</u>
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19-3418-1A
Head of Department
City of Los Angeles

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY NAME
Port of Los Angeles

CONTRACTOR NAME
Citibank, N.A.

2. The term of this Agreement is: November 1, 2019 through October 31, 2021 with one two-year option to extend

START DATE
Upon DGS approval

THROUGH END DATE
October 31, 2021

3. The maximum amount of this Agreement after this Amendment is:
\$ 00.00 No maximum. Agreement is under DGS MSA 5159906 for Travel Payment System. See Exhibit B.

4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

Effective October 31, 2019, and consistent with MSA 5159906, this amendment:

- A. Extends agreement term from October 31, 2109 to October 31, 2021.
- B. Replaces Exhibit D, Additional Provisions in its entirety.

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

Citibank, N. A.

CONTRACTOR BUSINESS ADDRESS
388 Greenwich Street

CITY <u>New York</u>	STATE <u>NY</u>	ZIP <u>10013</u>
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PRINTED NAME OF PERSON SIGNING

TITLE

CONTRACTOR AUTHORIZED SIGNATURE

SEBASTIEN DE CASNERIE
Vice President

DATE SIGNED

11/18/2019

PARTICIPATING ENTITY

CONTRACTING AGENCY NAME

Port of Los Angeles

CONTRACTING AGENCY ADDRESS
425 S. Palos Verdes Street

CITY <u>San Pedro</u>	STATE <u>CA</u>	ZIP <u>90731</u>
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PRINTED NAME OF PERSON SIGNING
Eugene Seroka

TITLE

General Manager, Harbor Department

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

1/23/2020

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

APPROVED AS TO FORM AND LEGALITY

December 5, 2019
MICHAEL N. FEUER, City Attorney
By Sebastian De Casnerie
Deputy City Attorney

Amklesg, a host

Robert S. Lyman

2A

MICHAEL H. BEVELY

50

APPROVED AS TO FORM AND CONTENT

Exhibit D: Additional Provisions

1. DEFINITIONS

"Account" means each credit account established by the Contractor under the Program, including, without limitation, as the context requires, those accounts associated with Cards and Special Use Accounts.

"Billing Currency" means U.S. Dollars.

"Card" means a physical card issued by the Contractor in connection with an Account.

"Participating Entity" means each State Agency and Optional User designated by the State to participate in the Program, and such other entity related to the State that the Contractor approves of to participate in the Program. In respect of such Optional User, each Optional User (i) is liable for all amounts incurred in connection with such Optional User's participation in the Program, and (ii) shall enter into a Participation Agreement with the Contractor.

"Program" means all Cards, Accounts and services provided to the State and Participating Entities for business use pursuant to the terms of this Agreement.

"Special Use Accounts" means Central Travel Accounts (CTA), also known as Direct Bill Accounts, Virtual Card Accounts, also known as Virtual Card Number Accounts, and any other Account designated as a Special Use Account.

"T&E Card", also known as Individual Liability Accounts, means an Account intended to be used for travel and entertainment expenses.

2. THE PROGRAM

(a) For the term hereof, the Contractor hereby agrees to provide the State and Participating Entities with the Program in the United States. Under the Program, the Contractor will establish Accounts for Cardholders in the United States. The Program and each Account established in the United States shall be subject to and governed by this Contract.

(b) Each Account is established for the purpose of permitting Cardholders to charge purchases of goods and services that are for the business purposes of the State or a Participating Entity (as applicable) from merchants that accept the Accounts, provided that an Account is valid and has not expired or been canceled or suspended by the Contractor. The State shall use commercially reasonable efforts to ensure that each Account is used only for such purpose.

3. **AVAILABLE CARDS/ACCOUNTS:** Under the Program, the following Cards and Accounts will be available: T&E Cards, CTAs, and Virtual Card Accounts, and any other Accounts and/or Cards provided for under the Program after the effective date of this Contract.

4. BILLING AND PAYMENT PROCEDURES:

(a) Corporate Bill/Corporate Liability Cards and Accounts. Except with respect to the T&E Cards issued pursuant to Sections 4(b) below, the terms of this Section 4(a) shall apply to all Accounts established under the Program:

- (i) Each Participating Entity is liable for and shall pay in full by the due date set forth in Cost Proposal, all charges, fees, and other costs incurred on its Accounts in accordance with the terms of this Contract.
- (ii) For each statement period that there is Account activity, the Contractor will provide each Participating Entity with a statement for the Account in the Billing Currency, which will indicate the outstanding balance, amount due and the payment due date. In addition, it will show an itemized list of current purchases, payments and credits, and, if applicable, any other charges or fees as provided for in this Contract.
- (iii) Unless required by applicable law or otherwise agreed between the State and the Contractor, all Account statements will be provided to the State via an electronic method. If necessary to retrieve statements, the State shall ensure that each Program Administrator or other authorized employee of the State has secure encrypted access to the Contractor's website to access and view electronic Account statements.

(b) Individual Bill/Individual Liability Cards and Accounts. Individual Liability Cards (as defined below) are available to all Participating Entities. The following terms shall apply with respect to Individual Liability Cards:

- (i) The State may request that the Contractor issue to an employee, partner, officer, contractor, agent and subcontractor of the State or any State Agency a T&E Card with the following features: (A) a physical card issued in the name of the Individual Cardholder; (B) with billing statements for such T&E Card issued to such Cardholder; and (C) with respect to which, such Cardholder is solely liable for all amounts incurred through such T&E Cards (an "Individual Liability Card").

- (ii) If the State requests that an Individual Liability Card be issued to a prospective Cardholder pursuant to Section 4(b)(i), then the Contractor has the right to determine whether such prospective Cardholder is eligible to receive such Individual Liability Card based on a review of the creditworthiness of such individual. If the Contractor determines based on such review that such proposed Cardholder can be issued an Individual Liability Card, then the Contractor will issue an Individual Liability Card to such individual.
 - (A) If the Bank determines based on its review that a prospective Cardholder will not be issued an Individual Liability Card, then the Program Administrator may instead request that the Bank issue a Corporate Liability Card to such prospective Cardholder.
- (iii) Each Cardholder is liable for all charges made to his or her T&E Card and any applicable fees as provided in the Cardholder Account Contract then in effect. Billing statements provided by the Contractor to Cardholders will include the following information: outstanding balance, amount due, payment due date, and a list of charges to such T&E Card for the applicable statement period. Unless required by applicable law or otherwise agreed between the State and the Contractor, all T&E Card Account statements will be provided to the Cardholder via an electronic method or postal mail. The Cardholder is required to deliver payment in full to the Contractor in accordance with the terms of the Cardholder Account Agreement, regardless of whether the Cardholder has been reimbursed by the State or a State Agency for such amounts. The Contractor will also provide the State with information on a monthly basis, or such other period as the Contractor and State may agree, with respect to all charges made by Cardholders to the respective T&E Cards during each statement period. The State shall ensure that the Program Administrator or other authorized employee of the State has secure encrypted access to the Contractor's website to access and view electronic Account statements.
- (iv) The State acknowledges that the Contractor may investigate a Cardholder's creditworthiness prior to issuing, renewing or replacing Individual Liability Cards and otherwise as the Contractor deems appropriate in connection with the Program. Additionally, State acknowledges that the Contractor may provide information regarding Cardholders to credit bureaus.
- (v) Individual Liability Cards are considered delinquent at 60 days past due. The Contractor will take the following actions in respect to delinquent Individual Liability Cards:
 - (A) Suspension of charging privileges shall occur at 61 days past due.
 - (B) Card cancellation shall occur at 91 days past due. Reinstatement of cancelled cards, due to delinquency, must be mutually agreed upon between the State and the Contractor.
 - (C) Adverse bureau reporting shall occur at 181 days past due.
- (c) General Provisions. The following terms shall apply to all Cards and Accounts.
 - (1) Payment Requirements. The Contractor may accept late or partial payments (including, but not limited to, those marked as in settlement of a dispute or "payment in full" or with other restrictive endorsements), without losing any of its rights under this Contract. The State and each Cardholder, as the case may be, are required to comply with all requirements established by the Contractor regarding procedures for remitting payments to the Contractor and required information to be included with payments. The State acknowledges that a failure by the State or any Cardholder, as the case may be, to comply with the Contractor's procedures for remitting payments may result in late payment of amounts due, assessment of late charges, reduction in the spending limit of the subject Account(s), and/or the closing or suspension of the subject Account.
 - (2) Credit Balance Refunds. If Contractor receives a payment that exceeds the amount that is due on an Account, then the Contractor will apply the excess amount of such payment (a "Credit Balance") against charges incurred on such Account. If a Credit Balance of more than \$1.00 remains outstanding on an Account for 180 days or more, then if such Account (a) is an Account for which a Cardholder is solely liable, any such Credit Balance shall be refunded to the Cardholder named on such Account, and (b) is an Account for which the Participating Entity is liable, then any such Credit Balance shall be refunded to the Participating Entity. If a Credit Balance equal to or less than \$1.00 remains outstanding in an Account for 180 days or more, then the Contractor shall deem such Credit Balance to be zero.

5. FEES AND CHARGES:

1. Annual Fee	Waived
2. Cash Advance / ATM	Not offered per State requirements.
3. Late Payment Charge / Purchase Finance Charge	

a. Individual Bill	2.5% of the outstanding balance if any portion of the past due balance appears on two consecutive billing statements (approximately 55-60 days after the billing cycle date in which the charge first appears), a Late Payment Charge will be assessed to the cardholder. This fee is NOT assessed to the Participating Entity, per the State's requirements.
b. Central Bill	Per the State's requirements, subject to State of California Prompt Payment Legislation. Government Code Chapter 4.5 Section 927.
4. Foreign Transaction Fee	1.0% In addition to Card Association fee levied to Citi. Total fee not to exceed 2.5%.
5. Return Payment Fee	Waived; \$10.00 billed to Individual Liability Cardholders for returned payments (not to the Participating Entity).
6. Implementation Fee	Waived.
7. Implementation and Training	Implementation and training for a single site Included, after which webinar and online training is no charge.
8. File Integration and Reporting	No charge for standard file to central data point or Citi's standard online reporting system.
9. Custom File Development and Integration	Not required for State of CA. If requested at a later date, Custom Integration includes but is not limited to AS2, SWIFTNet, and web-service API's.
10. Custom Card Design	Not required for State of CA.
11. Central Travel Account / Travel Agency Data	Citi can accept a standard reconciliation file from a Travel Management Company (TMC) at no cost.
12. Card Special Handling	Not required for State of CA. If requested, \$25 per request for expediting a card via courier to the cardholder or a company location.
13. Statements	No cost (electronic statements only via CitiManager).
14. Telephone Payment	Online Payments Via CitiManager – no cost; optionally, telephone payment \$14.95 per request billed to Individually Billed cardholder account (not to the State of CA).
15. Statement and Receipt Copies	Via CitiManager – no cost.

1. **PRICING TERM:** The pricing for this Agreement shall be effective for seven (7) years from the date hereof or for the term of this Agreement, whichever time is shorter.
2. **PAYMENT DUE DATE:** Payment is due in full 30 days after billing statement date.
3. **REBATES:** Rebates will be payable retrospectively on an annual basis within 90 days of the contract anniversary, each year starting on such an anniversary being a "Rebate Period." The Company shall be eligible for rebates according to the rebate parameters set forth below.
 - (a) For the purpose of the rebate calculation, the annual total for all Canadian sales volume will be converted to U.S. Dollars using a twelve-month average of the Interbank wholesale exchange rate, as determined from rates publicly published and added to the U.S. annual sales volume calculated under this Agreement.
 - (b) Qualified Annual Spend Volume is the total spend on the Accounts during the Rebate Period, excluding returns, credits, and unauthorized use of Cards or Accounts during the Rebate Period. Transactions associated with reduced large ticket interchange are counted towards Qualified Annual Spend Volume and calculated as a flat 50 bps in rebate per large ticket interchange item.
 - (i) For Corporate Card programs the following criteria must be met by the merchant for the transaction to qualify for large ticket interchange:
 - a. Transaction amount must be more than \$7,255
 - b. Transaction must be at a Non-T&E or Lodging merchant
 - c. Airline, Auto Rental, Passenger Railway or Restaurant transactions do not qualify
 - d. Transaction must have the following additional addendum data:

All except Lodging	Lodging
Card Acceptor Tax ID	Card Acceptor Tax ID
Customer Code	Customer Service Toll Free (800) Number
Total Tax Amount	Property Phone Number
Card Acceptor Type	Arrival Date
Product Code	Departure Date
Item Description	Folio Number
Item Quantity	
Item Unit of Measure	
Extended Item Amount	
Debit or Credit Indicator	

- (c) The following will be deducted by the Bank from any rebates before payment: (i) any outstanding balances that are 180 days past its Payment Due Date, with associated fees; and (ii) Upon a Termination Event or termination of this agreement (whichever is earlier), all monies due from the Company to the Bank under this Agreement and/or under any other card program between the Bank and Company or any of Company's Affiliates.
- (d) Early Payment Incentive: The Bank will add 0.5 basis point based on the schedule listed in Attachment 7: Cost Prompt Payment Incentive.
- (i) For centrally billed programs, payment timeliness is calculated for each cycle by measuring the number of days in between the statement cycle date and the payment posting date.
- (ii) Threshold: Citibank is responsible to issue an Early Payment Incentive to the State if the total calculated amount of the participating entity's combined direct bill accounts (CTA, MTG, VCN) is under \$25.00. Any participating entity that does not earn a minimum of \$25.00 annually for Early Pay Incentive will forfeit its incentive share for that contract year and the monies will be issued to the State.
- a. In the event a participating entity's agreement is terminated prior to the completion of the contract year, payment for Early Pay Incentive shall be made to the participating entity within 90 days following the last day of the year in which the termination occurred for any incentive share earned prior to the termination date.
- (iii) Opting Out of Early Payment Incentive: Participating entities have a full Opt Out provision through submittal of a completed Payment Instructions document to the State and/or Citibank.
- a. If an Early Payment Incentive is earned by a department that selects the "Opt Out" provision or that does not provide banking instructions, as required to receive payment, Citibank will process the monies for issuance and pay to the State included with the annual Total Spend Volume Incentive or supplemental payment.
- b. Citibank will provide a full itemized reporting of all the monies incorporated in the Total Spend Volume incentive payment(s).

6. PROGRAM ADMINISTRATOR

- (a) The State shall designate one or more individuals (individually and collectively, the "Program Administrator"), to administer the Program on behalf of the State and Participating Entities, including, without limitation, cooperating with the Contractor with respect to the Program. The Program Administrator shall undertake the following duties on behalf of the State, as well as any other reasonable duties requested by the Contractor and agreed to by the State:
- (i) the Program Administrator shall be familiar with all aspects of the Program, including but not limited to, billing procedures, number and status of Accounts, status of Cardholders, notice requirements, and status of late payment charges;
- (ii) the Program Administrator shall on behalf of the State administer, monitor and be responsible for entitlement and usage of the Contractor's electronic communication and reporting systems by himself/herself and any delegates in accordance with the Program including, but not limited to, users' ability, if any, to (A) request Accounts and modify Account information or usage parameters, (B) establish and modify Account authorization controls, and (C) access Account and transaction data for reporting and monitoring purposes; and,
- (iii) if requested, the Program Administrator shall advise the Contractor of a Cardholder's contact information and, with respect to Accounts for which the Cardholder makes payments, whether a Cardholder has been reimbursed by the State or a Participating Entity for spend on such Accounts.
- (b) The State must inform the Contractor promptly of any change (including termination) of the Program Administrator or delegates who have been granted access to the Contractor's electronic and reporting systems by the Program Administrator. The State shall comply with any security procedures designed to verify the origination of communications from the State, the Program Administrator and his or her delegates as the Contractor may implement from time to time. The Contractor is not responsible for errors or omissions made by the State, the Program Administrator or his or her delegates in such communications, and may act in reliance on such communications; provided that the Contractor reserves the right to not act on any such communication where it reasonably doubts its authenticity or appropriateness.

7. SPENDING LIMIT

The initial aggregate spending limit for the United States under this Contract is set by the Contractor. With respect to any sub-limits applicable to individual Accounts, the State may advise the Contractor of the State's desired sub-limit allocation for such Accounts. The Contractor may lower or raise the aggregate spending limit for the Program and any Account sub-limit in the Contractor's sole discretion; provided that, in the event of a decrease in the aggregate spending limit for the Program, the Contractor will inform the State as soon as reasonably practicable of such decrease.

8. DESCRIPTION OF SPECIAL USE ACCOUNTS

The State and/or a Participating Entity, through the Program Administrator, may request that one or more Special Use Accounts be established in connection with the Program by providing a written request to the Contractor's State account or sales manager. If any such requested Special Use Account is offered by the Contractor in connection with the type of Program provided for the State under this Contract, then, in addition to the other terms and conditions set forth in this Contract (including if applicable any fee provisions set forth in the Cost Proposal), the provisions in this Section (including any specific provisions relating to such Special Use Account set forth below) shall apply to such Special Use Account. The Program Administrator shall complete the applicable documentation (if any) required to establish such Special Use Account. With respect to each such Special Use Account, the State or its designee shall be responsible for controlling access to, and usage of, each such Special Use Account by employees, partners, officers, contractors, agents and subcontractors of the State or any Participating Entity, and any third parties that have access to such Account, such as Travel Management Companies (as defined below) and merchant vendors. The State and/or a Participating Entity may only cancel a Special Use Account through the Program Administrator, the Program Administrator's designee, or the person whose name is listed on the Account, which person may cancel such Special Use Account by notifying the Contractor either by telephone or in writing.

(a) Central Travel Account ("CTA")

- (i) A CTA is an Account that the State and/or a Participating Entity may provide to its Travel Management Company in order to charge the travel expenses of individuals who contact such Travel Management Company for such purpose. "Travel Management Company" means an entity that has been appointed by the Card Association to accept T&E Cards and/or a CTA number and which the State (for itself or on behalf of a Participating Entity) has authorized to communicate with and supply data to the Contractor. The State and/or a Participating Entity acknowledges that any descriptions of charges on CTA Account statements are provided to the Contractor by Travel Management Companies and a failure by a Travel Management Company to provide the Contractor with full details of a charge shall not constitute a basis for the State and/or a Participating Entity to delay or withhold payment of such charge. If the State and/or a Participating Entity wish to cancel any charges on the CTA, the State and/or a Participating Entity must contact the Travel Management Company directly to obtain credit against the original charge. The Contractor will only credit the CTA with a refund if it receives written instructions from the Travel Management Company to do so.
- (ii) The Contractor is not responsible for: (A) any decision by a Travel Management Company to accept or reject use of the CTA or CTA number; (B) charges incurred by users of the CTA who do not in fact have sufficient authorization from the State and/or a Participating Entity; or (C) (as between the Contractor and the State and/or a Participating Entity), the failure by the Travel Management Company to obtain authorization of a user to incur a charge, which failure shall not relieve the State and/or a Participating Entity of its liability to pay for such charge.

(b) Virtual Card Accounts

- (i) The Contractor shall establish Virtual Card Accounts, which are Accounts that allow an Authorized Account User to request the issuance of unique Transaction Account Numbers associated with each such Virtual Card Account to settle transactions with merchants ("Virtual Card Accounts" or "VCAs"). Once Virtual Card Accounts are established, Transaction Account Numbers associated with such Virtual Card Accounts will be issued by the Contractor. "Transaction Account Number" means a unique number associated with a Virtual Card Account that is issued upon the request of an Authorized Account User and provided to a merchant (in lieu of an Account number) for the purpose of completing one or more transactions. "Authorized Account User" means each eligible employee, partner, officer, contractor, agent or subcontractor of the State or a Participating Entity expressly designated by the Program Administrator to request the issuance of a Transaction Account Number.
- (ii) All charges and fees associated with a Transaction Account Number will post to the Virtual Card Account under which the Transaction Account Number was generated and are required to be paid by the State in accordance with the terms of this Contract. Each Transaction Account Number is issued for the purpose of permitting Authorized Account Users to charge to the subject Virtual Card Account purchases of goods and services which are for the business of the State or a Participating Entity from merchants that accept such Transaction Account Numbers. The State shall use commercially reasonable efforts to ensure that each Transaction Account Number is used only for such purpose. Purchases under the VCA may only be charged to Virtual Card Accounts through the use of Transaction Account Numbers. Each Transaction Account Number issued by the Contractor is subject to the same terms and conditions governing use of the associated Virtual Card Account.
- (iii) Authorized Account Users may request Transaction Account Numbers in accordance with the Contractor's applicable procedures. The Contractor may rely on the authority of each Authorized Account User to request

Transaction Account Numbers until the Contractor has received written notice or other notice acceptable to it from the Program Administrator terminating such authority. The Program Administrator shall monitor and control Authorized Account Users' ability to (A) request Transaction Account Numbers and modify Transaction Account Number usage parameters, (B) establish and modify Virtual Card Account authorization controls, and (C) access Virtual Card Account and transaction data for reporting and monitoring purposes.

- (iv) Each Transaction Account Number will be valid for the term indicated by the Contractor unless earlier canceled or suspended by the Contractor at the request of the State and/or a Participating Entity or as otherwise permitted under this Contract. Each Transaction Account Number may be used for one or more purchases, as determined by the Contractor or otherwise agreed between the Contractor and the State.
- (v) The State shall supervise the use of Transaction Account Numbers. The State shall establish and maintain compliance with procedures designed to ensure the security of the Virtual Card Accounts, Transaction Account Number requests and generated Transaction Account Numbers. The Contractor reserves the right to cancel or suspend any Transaction Account Number at any time for any reason, without notice unless required by applicable law or regulation.

9. LIABILITY FOR USE OF ACCOUNT

- (a) Except for Accounts for which Cardholders are solely liable under this Contract, each Participating Entity shall be liable for and shall pay all amounts charged to its Account(s) plus any applicable charges and fees, including costs, fees and charges incurred as a result of or in connection with (i) the legitimate authorized use of an Account, (ii) the loss, or theft of any Account information, or (iii) the unauthorized use of an Account, or Account information, in each case of clauses (i)-(iii), by the State, any State Agency, any of the State's or a State Agency's personnel, any Cardholder or any third party. Any Optional User shall be liable for and shall pay all amounts charged to the Account(s) plus any applicable charges and fees, including costs, fees and charges incurred as a result of or in connection with (i) the legitimate authorized use of an Account, (ii) the loss, or theft of any Account information, or (iii) the unauthorized use of an Account, or Account information, in each case of clauses (i)-(iii), by the Optional User, any Cardholder or any third party.
- (b) If a Cardholder, Program Administrator or any employee of the State or a Participating Entity has any reason to believe that a Card or Account information is lost or stolen, or that any fraud or unauthorized use of an Account has occurred or is likely to or will occur, the State must notify the Contractor promptly. Notification can be made to the Contractor at any time - 24 hours a day, 7 days a week - and shall be made via the telephone number listed in the Account materials. The State shall (and shall ensure its Participating Entities) cooperate with the Contractor in its efforts to investigate fraudulent activity. No later than sixty (60) days from the date of an Account statement, the State and/or a Participating Entity shall notify the Contractor in writing of any charges on the Account statement that occurred as a result of loss, theft, fraud or unauthorized use. If the Contractor detects unusual or suspicious activity on an Account, it may temporarily suspend credit privileges until it can verify the activity.
- (c) If the State and/or a Participating Entity or a Cardholder believes that an amount charged to an Account is the result of fraud or unauthorized use by a third party, the Contractor offers a dispute process subject to the Card Association rules and procedures. To dispute a charge, the Cardholder or the State and/or a Participating Entity must complete and submit all required forms and documentation, as and when requested by the Contractor (a "Disputed Charge"). Disputed Charges shall not be due and payable until completion of the dispute process. If upon conclusion of the dispute process the State and/or a Participating Entity or the Cardholder is found to be:
 - (i) not liable for a Disputed Charge, then such Disputed Charge shall be removed from the applicable Account, or (ii) liable for a Disputed Charge, then such Disputed Charge shall be then due and payable.
- (d) In addition to the dispute process mechanism set forth in Section 8(c) above, the parties acknowledge that the corporate liability waiver program may offer partial or full waiver for certain State and/or Participating Entity liabilities described in Section 8(a), subject to the terms and conditions of such program. Reference to such waiver program (and a summary of the relevant terms) is included in the Contract where applicable.

10. SUBCONTRACTORS

The State acknowledges that the Contractor may, from time to time, subcontract for the performance of any of its obligations under this Contract, provided that the use of subcontractors by the Contractor shall not relieve the Contractor of any obligation, duty or liability under this Contract.

11. TERMINATION

Contractor may terminate, withdraw or suspend a Participating Agreement, effective immediately, upon notice in writing if any of the following occurs:

- (a) Subject to applicable laws and any and all bankruptcy court rules and orders, the participating State Agency files bankruptcy;
- (b) The participating Optional User breaches any of the material terms and conditions in this Agreement, and fails to remedy such breach within 60 days after being notified in writing;
- (c) The participating Optional User fails to meet any of its other obligations in this Agreement and does not remedy such failure within 60 days after being notified in writing;
- (d) The participating Optional User enters into liquidation, insolvency, bankruptcy or files, has filed against it, applies for or otherwise becomes subject to bankruptcy proceedings, a moratorium, administration, liquidation (including provisional liquidation) or similar proceeding;
- (e) The participating Optional User experiences any significant deterioration of its creditworthiness as determined by the Contractor based on the Contractor's risk policies and procedures.

