

Attachment A – Financial / Revenue Proposal

State of West Virginia – Purchasing Card Rebate Schedule

Rebate Percentage

Qualifying Annual Volume (1) (2)			Monthly (3) (4)	Semi-Monthly (twice per month) (3) (4)	Bi-weekly (Every two weeks) (3) (4)	Weekly (3) (4)
\$0.00	-	\$349,999,999	1.50%	1.63%	1.63%	1.76%
\$350,000,000	-	\$374,999,999	1.55%	1.68%	1.68%	1.76%
\$375,000,000	-	\$399,999,999	1.61%	1.68%	1.68%	1.76%
\$400,000,000	-	\$424,999,999	1.61%	1.68%	1.68%	1.76%
\$425,000,000	-	\$449,999,999	1.61%	1.68%	1.68%	1.76%
\$450,000,000	-	\$474,999,999	1.61%	1.68%	1.68%	1.78%
\$475,000,000	-	\$499,999,999	1.61%	1.68%	1.68%	1.78%
\$500,000,000	-	\$549,999,999	1.61%	1.68%	1.68%	1.78%
\$550,000,000	-	\$599,999,999	1.61%	1.68%	1.68%	1.78%
\$600,000,000	-	\$649,999,999	1.61%	1.68%	1.68%	1.78%
\$650,000,000	-	\$699,999,999	1.61%	1.68%	1.68%	1.78%
\$700,000,000	-	And Above	1.61%	1.68%	1.68%	1.78%
		Payment Terms (days)	25	12	12	5

- **Sign-on Bonus**

PNC is also offering the State of West Virginia an incentive in the form of a one-time signing bonus of \$1.5MM based upon a spend commitment of \$350MM of annual aggregate program spend. This incentive is payable within 30 days of the first transaction having been processed. If the State of West Virginia does not achieve \$350MM in card program at the end of the first 12 months following the implementation of the Services, whether because of termination of the program or otherwise, the Rebate, if any, for the subsequent calendar years may, at PNC Bank's election, be reduced by a pro-rated portion of the bonus based on the percentage of spend activity shortfall.

- **Performance Incentive**

PNC is also offering the State of West Virginia a one-time performance incentive of \$1MM based upon a program spend threshold of \$550MM in annual aggregate program volume. This incentive is payable within the year the volume threshold is achieved.

- **Rebate Calculation**

Please reference the exhibit titled 'Incentive Calculation' for a sampling of the methodology utilized in determining the rebate and the total incentives available to the State of West Virginia.

- **Large Ticket Volume**

Transactions that qualify for the Visa Large Ticket Merchant Program will be included in determining the aggregate annual dollar volume achieved but will earn a rebate equal to one half of the interchange earned by PNC on qualifying Large Ticket transactions.

- **Quarterly Rebates**

Rebates are paid on a quarterly basis. The quarterly payment due each quarter shall be determined by (i) determining the actual aggregate Dollar Volume for the period from the first day of the billing cycle for the applicable calendar year until the last day of the billing cycle for the applicable quarter, (ii) multiplying that Dollar Volume by (A) four (4) for the first quarter of the year, (B) two (2) after the second quarter of the year, or (C) four-thirds (4/3) after the third quarter of the year, to determine the expected Annual Dollar Volume for purposes of determining the applicable Rebate Tier shown on the table above, and (iii) multiplying the applicable rebate incentive by the actual Dollar Volume for the applicable quarter. At the end of the year (ending on the date of the monthly cycle that ends in December), the full year Annual Dollar Volume will be used to calculate the actual annual rebate value, and PNC Bank will pay the State the annual rebate earned MINUS the partial rebates paid to the State during the year. In the event that the actual annual rebate earned is less than the rebates paid to the State during the year, the State will be responsible to reimburse PNC Bank the amount of the overpayment by January 31 of the following calendar year.

- **Rebate Considerations**

- Rebates are based upon aggregate program spend of the Agencies participating in the State of West Virginia's card programs.
- If the State of West Virginia utilized PNC Merchant Services to support interagency activity, this spend volume will be deducted from the aggregate program spend and will not be considered for rebate calculations.
- Rebates will be provided on a quarterly basis.
- Program spend equates to the calendar year total of sales minus returns and cash advances.
- Specific program parameters include

- Purchasing Card**

- Annual program volume is \$364MM.
 - Total annual transactions are 721,658.
 - Total number of program accounts is 6,500.
 - Program is deployed through 135 state agencies.
 - Approximately \$31.5MM of volume is comprised of Large Ticket Transactions

- Corporate (T&E) Card**

- Annual program volume is \$18MM.
 - Total annual transactions are 90,000.
 - Total number of program accounts is 13,000.
 - Program is deployed through 135 state agencies.

- Rebates are based upon a 30-day billing cycle and 25-day payment terms.
- Program administration, billing and payment will be supported at the agency level.
- Program liability will be at the agency level.
- Payment will be made individual agencies via PNC initiated EFT debit to a designated agency account or an EFT credit initiated by each agency.
- Rebate incentives are listed in percentage
- To facilitate streamlined billing and payment practices, the payment terms have been adjusted to accommodate the reduced billing cycles of semi-monthly, bi-weekly, and weekly.
- Regardless of the level of spend achieved in year 1 of the State's purchasing card program, PNC guarantees that rebates for the first year will be determined based upon 1.50%. (assuming monthly billing cycle and 25 day payment terms) If the State chooses a different billing cycle / payment terms, PNC will guarantee the first year rebate calculation based upon the rebate quoted at the minimum volume tier of the chosen billing cycle.

▪ ***Additional Considerations***

Fraud Protection

So long as the State of West Virginia cooperates with PNC Bank in utilizing the Visa dispute resolution process within sixty (60) days of the date of the Cardholder Statement on which such unauthorized use appeared, **the State would not be liable for fraud** originating with the following transaction types.

- Telephonic or Internet transactions use of a Purchasing Card
- In-person transaction in which the merchant or third party fails to imprint the Purchasing Card and fails to obtain a signature from the person presenting such Purchasing Card.
- Unauthorized use that continues after PNC Bank is notified orally or in writing of unauthorized use and has had a reasonable time to act on such notice or

The State would not be liable for fraudulent use of any Purchasing Card, so long as any such fraudulent use has been reported to PNC Bank in writing no later than five days after the Statement Date disclosing any such fraudulent use.

Finally, PNC suggests in no event shall maximum aggregate dollar amount of transactions permitted for any cardholder account exceed \$10,000.00 without the prior written consent (including consent via electronic correspondence) of PNC Bank, such consent not to be unreasonably withheld.

Interagency Pricing Considerations

PNC can provide the State of West Virginia additional incentives for supporting interagency spend. This strategy requires that State Agencies utilize PNC Merchant Services as the acquiring processor. Specific incentives and pricing for Interagency volume will be provided upon receipt of additional program metrics including the numbers of State agencies utilizing PNC merchant services, total transaction volume and average transaction size.

FINANCIAL/REVENUE PROPOSAL

State of West Virginia – Purchasing Card Fee Schedule

Category	Standard Price	State of West Virginia
I. Monthly Program Maintenance Fee <i>Standard Account Includes:</i> <ul style="list-style-type: none"> ➤ Program administration ➤ Cardholder statements ➤ Invoices ➤ Standard paper reports ➤ Cards (no limit on # of accounts) ➤ Transmissions (EDI or Flat File) 	\$200 per month	Waived
II. Transaction Fee <div style="text-align: right; padding-right: 20px;"> 0 - 500 500 - 1,000 > 1,000 </div>	\$.50 per transaction \$.25 per transaction no charge	Waived
III. ActivePay	\$15,000 implementation fee	Waived
IV. Corporate Account Late Fee	1% of outstanding balance at 15 days past due	1% of outstanding balance at 15 days past due
V. Cash Advance Transaction Fee	\$3 or 3% per advance <i>(whichever is greater)</i>	\$3 or 3% per advance <i>(whichever is greater)</i>
VI. Foreign Exchange Fee	Exchange Rate + 1%*	Exchange Rate + 1%*
VII. Customization of Card Graphics Type I: Custom Black and White Logo on Standard PNC Bank Card Design <ul style="list-style-type: none"> - Image and Template Design <i>(limited to two different images)</i> - Cost of graphics per card Type II: Custom Card Design or Custom Colors <ul style="list-style-type: none"> - Card Customization (image) - Card Customization per card Order quantity in increments of 1,000	\$250 per image \$1 per card TBD by design	Waived Waived

* Visa will convert the amount from the transaction currency into U.S. dollars, using a conversion exchange rate that is either a rate selected by Visa from a range of rates available in wholesale currency markets for the applicable central processing date (which rate may vary from the rate Visa receives), or the government-mandated rate in effect for the applicable central processing date, plus in each instance, 1%.

State of WV
Rebate Analysis

Scenario A

Billing Cycle Payment Terms	30 days 25 days						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total Volume	
Qualifying Volume Tier	\$ 364,327,000	\$ 406,824,790	\$ 454,721,057	\$ 508,711,290	\$ 569,581,079	\$ 2,304,165,216	
Non Large Ticket Volume (1)	\$ 314,768,000	\$ 355,687,840	\$ 401,927,259	\$ 454,177,803	\$ 513,220,917		
Large Ticket Volume (2)	\$ 31,559,000	\$ 33,136,950	\$ 34,793,798	\$ 36,533,487	\$ 38,360,162		
T&E Volume	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000		
Rebate % Earned	1.55%	1.61%	1.61%	1.61%	1.61%		
Large Ticket Rebate % Earned	0.50%	0.50%	0.50%	0.50%	0.50%		
Rebate (\$\$)						Total \$\$ Benefit	
Non Large Ticket (3)	\$ 5,157,904	\$ 6,016,374	\$ 6,760,829	\$ 7,602,063	\$ 8,552,657	\$ 34,089,826	
Large Ticket (4)	\$ 157,795	\$ 165,685	\$ 173,969	\$ 182,667	\$ 191,801	\$ 871,917	
Sub-Total Rebate	\$ 5,315,699	\$ 6,182,059	\$ 6,934,798	\$ 7,784,730	\$ 8,744,458	\$ 34,961,743	
Incentive							
Sign-on Incentive	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,500,000	
Performance Incentive	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	
Sub-Total Incentives	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 500,000	\$ 1,700,000	
Total Incentive	\$ 5,615,699	\$ 6,482,059	\$ 7,234,798	\$ 8,084,730	\$ 9,244,458	\$ 36,661,743	

Scenario B

Billing Cycle Payment Terms	14 days (Bi-weekly or semi-monthly) 12 days						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total Volume	
Qualifying Volume Tier	\$ 364,327,000	\$ 406,824,790	\$ 454,721,057	\$ 508,711,290	\$ 569,581,079	\$ 2,304,165,216	
Non Large Ticket Volume (1)	\$ 314,768,000	\$ 355,687,840	\$ 401,927,259	\$ 454,177,803	\$ 513,220,917		
Large Ticket Volume (2)	\$ 31,559,000	\$ 33,136,950	\$ 34,793,798	\$ 36,533,487	\$ 38,360,162		
T&E Volume	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000		
Rebate % Earned	1.68%	1.68%	1.68%	1.68%	1.68%		
Large Ticket Rebate % Earned	0.50%	0.50%	0.50%	0.50%	0.50%		
Rebate (\$\$)						Total \$\$ Benefit	
Non Large Ticket (3)	\$ 5,590,502	\$ 6,277,956	\$ 7,054,778	\$ 7,932,587	\$ 8,924,511	\$ 35,780,335	
Large Ticket (4)	\$ 157,795	\$ 165,685	\$ 173,969	\$ 182,667	\$ 191,801	\$ 871,917	
Sub-Total Rebate	\$ 5,748,297	\$ 6,443,640	\$ 7,228,747	\$ 8,115,255	\$ 9,116,312	\$ 36,652,252	
Incentive							
Sign-on Incentive	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,500,000	
Performance Incentive	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	
Sub-Total Incentives	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 500,000	\$ 1,700,000	
Total Incentive	\$ 6,048,297	\$ 6,743,640	\$ 7,528,747	\$ 8,415,255	\$ 9,616,312	\$ 38,352,252	

Scenario C

Billing Cycle Payment Terms	Weekly 5 days						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total Volume	
Qualifying Volume Tier	\$ 364,327,000	\$ 406,824,790	\$ 454,721,057	\$ 508,711,290	\$ 569,581,079	\$ 2,304,165,216	
Non Large Ticket Volume (1)	\$ 314,768,000	\$ 355,687,840	\$ 401,927,259	\$ 454,177,803	\$ 513,220,917		
Large Ticket Volume (2)	\$ 31,559,000	\$ 33,136,950	\$ 34,793,798	\$ 36,533,487	\$ 38,360,162		
T&E Volume	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000		
Rebate % Earned	1.76%	1.76%	1.76%	1.78%	1.78%		
Large Ticket Rebate % Earned	0.50%	0.50%	0.50%	0.50%	0.50%		
Rebate (\$\$)						Total \$\$ Benefit	
Non Large Ticket (3)	\$ 5,856,717	\$ 6,576,906	\$ 7,390,720	\$ 8,404,765	\$ 9,455,732	\$ 37,684,840	
Large Ticket (4)	\$ 157,795	\$ 165,685	\$ 173,969	\$ 182,667	\$ 191,801	\$ 871,917	
Sub-Total Rebate	\$ 6,014,512	\$ 6,742,591	\$ 7,564,689	\$ 8,587,432	\$ 9,647,533	\$ 38,556,757	
Incentive							
Sign-on Incentive	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,500,000	
Performance Incentive	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	
Sub-Total Incentives	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 500,000	\$ 1,700,000	
Total Incentive	\$ 6,314,512	\$ 7,042,591	\$ 7,864,689	\$ 8,887,432	\$ 10,147,533	\$ 40,256,757	

(1) Assumes an annual growth rate of 13%

(2) Assumes an annual growth rate of 5%. Transactions that qualify for the Visa Large Ticket Merchant Program will be included in determining the aggregate annual dollar volume achieved but will earn a rebate equal to one half of the interchange earned by PNC on qualifying Large Ticket transactions.

(3) Rebate calculated based upon 'Rebate % Earned' for qualifying spend tier.

(4) Rebate calculated based upon 0.50%

