



commitment

The State of West Virginia

Charge Card Services - Pricing Proposal

RFP # AUD115000

Buyer 41

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Pricing Overview

Citi is pleased to provide The State of West Virginia with a competitive and transparent financial incentive proposal for the State's One Card Program. We understand the critical importance of the State's existing One Card Program and the tremendous budgetary constraints all States and local governments are managing.

The State has not indicated the need for a sign-on bonus and being the incumbent, we believe the State is best served with providing an aggressive rebate over the life of the program. It is expected the State will realize greater compensation through sustained growth combined with the tiered Sales Volume Rebate pricing. As additional incentive, Citi is offering the State a 50 basis point rebate on all large ticket items.

Financial Offer Highlights

- Significant Rebates across all Spending Tiers
- Large Ticket Item Rebate Offer of 50bps
- Multiple Spending Tiers
- The Bank will add 1 basis point for every day early (prior to 25 days) that The State of West Virginia remits payment
 - West Virginia' Current Payment Cycle averages 19 Days and will provide an additional 6 Basis Points to your Rebate
- In order to provide greater flexibility in payment days, Citi also is pleased to offer rebate up through day 35 with a decrement of 1 basis point per day after 25 days.

ONE CARD ADDENDUM A for The State of West Virginia

This Addendum A is an integral part of the Citibank One Card Agreement. This Citibank One Card Program is corporate liability with central bill and central payment.

Spending Limit: \$ 100,000,000 (subject to change by the Bank)

1. Fees and Charges

Annual Membership Fee:	WAIVED
Transaction Fee:	N/A
Convenience Check Fee:	(Not included per West Virginia request)
Convenience Check Stop Payment Fee:	(Not included per West Virginia request)
ATM Cash Advance Fee:	(Not included per West Virginia request)
Cash Advance from Teller Fee:	(Not included per West Virginia request)
\$350,000 Common Carrier Insurance:	No Charge
\$1,500 Los Luggage Insurance:	No Charge
Returned Check Fee:	\$10
Implementation Fee (one site):	No Charge*
Implementation Training Fee (one site):	No Charge*
Foreign Transaction Fee:	The Bank will pass along all charges assessed by the bankcard associations. In addition, the Bank will charge a fee of 1%.
Report Fee (Standard Reports):	N/A
CitiDirect or Adhoc Reporting (web-based):	N/A
Reporting Training Fee (one site):	No Charge
Flat File or Standard EDI File Fee (one file):	No Charge
Additional Files:	No Charge
Custom File Programming:	\$225/hr.
Standard Card Design:	No Charge
Custom Card Design:	No Charge

2. Payment Due Date

Payment in full is due 25 days after billing statement date.

3. Late Payment Interest Rate

Per West Virginia Code

4. Pricing

The pricing term for this Agreement shall be effective for **five (5) years** from the date hereof or for the term of this Agreement, whichever time is shorter. Citibank will honor pricing for the State's option years, beyond the initial five (5) year contract term.

5. Rebates

The State of West Virginia shall be eligible for rebates according to the rebate parameters set forth below. Pricing is inclusive of any financial support that may be provided by the Bankcard Associations. Transactions associated with reduced large ticket interchange will receive 50 basis points rebate. The combined sales volume of regular and large ticket transactions will determine the sales volume tier for sales volume. Rebate payments will be remitted to the State of West Virginia quarterly. The sales volume at each rebate period will be annualized to determine the appropriate sales volume threshold for basis point calculation. At the end of each 12 month period, actual annual sales volume will be determined beginning with the first day of the 12 month period and the necessary adjustments will be made and included in the final quarter's payment. The method for calculating the payment performance is based on the monthly pay date for each month in the quarter. The annual sales volume will be calculated as purchases less returns, credits, cash advances and convenience checks. Rebates are net of all credit losses and, upon a Termination Event, net of the full outstanding balance due from the Company under this Agreement and any other commercial card program between the Bank and Company or any of Company's Affiliates. The Bank reserves all rights of setoff under applicable law.

If cost of funds varies significantly, pricing is subject to change. For every twenty-five (25) basis point increase in the Base Fed Funds rate, the Rebates outlined below will be reduced by two and one half (2.5) basis points. Base Fed Funds rate is that rate which is effective as of XX/XX/XXXX.

One Card Annual Sales Volume Tiers (excludes large ticket rebate 50bps)	Cycle	30	30	30	30
	Grace	3**	7	19***	25*
< \$325,000,000		1.83%	1.79%	1.67%	1.61%
\$325,000,000 to \$349,999,999		1.85%	1.81%	1.69%	1.63%
\$350,000,000 to \$374,999,999		1.86%	1.82%	1.70%	1.64%
\$375,000,000 to \$399,999,999		1.87%	1.83%	1.71%	1.65%
\$400,000,000 to \$424,999,999		1.88%	1.84%	1.72%	1.66%
\$425,000,000 +		1.89%	1.85%	1.73%	1.67%

- * Subject to increase based on the Early Payment Incentive
- ** 3 day grace period cycle requires electronic billing statements
- *** Current Payment Performance Cycle
- **** Citi is offering the State of West Virginia 50bps for large ticket items

Example of Actual Rebate based on Spend Cycle

One Card Annual Sales Volume Tiers (excludes large ticket rebates 50bps)	Cycle	30	30	30	30
	Grace	3	7	19	25
< \$325,000,000		\$5,947,500	\$5,817,500	\$5,427,500	\$5,232,500
\$325,000,000 to \$349,999,999		\$6,475,000	\$6,335,000	\$5,915,000	\$5,705,000
\$350,000,000 to \$374,999,999		\$6,975,000	\$6,825,000	\$6,375,000	\$6,187,500
\$375,000,000 to \$399,999,999		\$7,480,000	\$7,320,000	\$6,840,000	\$6,680,000
\$400,000,000 to \$424,999,999		\$7,990,000	\$7,820,000	\$7,310,000	\$7,182,500
\$425,000,000 +		\$9,425,000*	\$9,250,000*	\$8,650,000*	\$8,550,000*

Note: Rebate is based on the highest spend within tier
*\$500,000,000 used as spend volume

6. **Early Payment Incentive:** As set forth above as a note to the Rebate Schedule, for payments made as early as the third day after the billing statement date, Contractor shall add one (1) basis point for every day early (prior to day 25) that the State remits payment. For payments received from day 26 through day 35, Contractor shall decrease one (1) basis point for each day up through day 35. Sales volume associated with a payment received after day 35 will not qualify for rebates.
7. **Signing Incentive:** Citibank will not be providing a Signing Incentive.
8. **Large Ticket Rebate:** Citi is offering the State 50bps rebate on all large ticket items.

State of West Virginia

AUD15000 Attachment A Scenario

Calculation Explanation

- 1) Three (3) billing periods equal a quarter for rebate calculations
- 2) Total volume for annualized calculation includes Standard Transaction Volume + Large Transaction Volume + Travel Transaction Volume. The total volume for the quarter is multiplied by 4 to determine the annualized volume. The annualized volume determines the sales rebate basis point tier to be used for that quarter. The sales rebate tiers can be found in the Rebate Schedule included with the Financial/Revenue proposal response.
This process is used for each of the quarters throughout the 1 year period.
- 3) The sales rebate tier basis points will be added to each billing period early payment incentive basis points. Early payment incentive is determined by **monthly payment performance**. Citi offers one (1) basis point for each day payment is received earlier than the 25 day payment due date. Citi also offers one (1) basis point deduction for each day payment is received after 25 days through 35 days. Volume for payments received beyond 35 days will not qualify for rebate.
- 4) The combined standard transaction sales rebate and early payment incentive basis points will be multiplied by the standard transaction volume to determine the standard transaction volume rebate. Standard transaction volume is comprised of standard purchase transaction volume + travel transaction volume.
- 5) The large transaction volume is multiplied by large transaction basis points to determine the large transaction volume rebate. See the Rebate Schedule for reference to the rebate basis points offered for large transaction volume.
- 6) The standard transaction rebate and the large transaction rebate are combined for each billing period and then the 3 applicable billing periods are combined to determine that quarter's rebate paid.
- 7) This process is performed for each quarter of billing periods.
- 8) End of final quarter provides actual annual total volume. This determines what sales basis point tier the program actually attained. Each billing period is then recalculated using the actual tier basis points combined with the early payment incentive basis points multiplied by the standard transaction volume for the standard transaction volume rebate. This is added to the large transaction volume rebate for each billing period to determine the actual total billing period rebate. **This means the annual adjustment is retroactive to day one of spend.**
- 9) The actual total rebate for the 12 billing periods is compared to the amount paid and the adjustment is included with the final quarterly rebate payment.
- 10) This process starts over for the next 12 billing periods.
- 11) The total rebate for the first year using the scenario in Attachment A is \$6,069,043. Since this scenario is identical for each of the years in the 5 year contract, the total amount of rebate that would be paid for the 5 year contract would be \$30,345,215.



State of West Virginia
Attachment A Scenario AUD115000

(1) Billing Period	(2) Total Volume for Annualized Calculation	(2) Annualized volume calculation YTD for Quarterly Payout	(2) Pricing Tier per Annualized Quarterly Volume*	(3) Standard Transaction Sales Rebate Basis Points*	Average # Days to Pay	(3) Early Payment Incentive Basis Points**	(3) Net Rebate bps (E + G)	(4) Standard Transaction Volume	(4) Standard Transaction Rebate***	(5) Large Transaction Volume	(5) Large Transaction Sales Rebate Basis Points	(5) Large Transaction Rebate	(6) Total Rebate (J + N)	(6) Quarterly Rebate	(8) Year-end Adjustment-Actual Net Spend Rebate Tier Basis Points****	(8) Actual Rebate Earned*****	(9) Difference of actual to annualized
1	\$ 30,200,000			0.0163	18	0.0007	0.0170	\$ 28,158,000	\$ 478,686	\$ 2,042,000	0.005	\$ 10,210	\$ 488,896		0.0164	\$ 491,712	\$ 2,816
2	\$ 26,247,000			0.0163	33	-0.0008	0.0155	\$ 24,486,000	\$ 379,533	\$ 1,761,000	0.005	\$ 8,805	\$ 388,338		0.0164	\$ 390,787	\$ 2,449
3	\$ 28,501,000	\$ 339,792,000	\$ 349,999,999	0.0163	16	0.0009	0.0172	\$ 26,580,000	\$ 457,176	\$ 1,921,000	0.005	\$ 9,605	\$ 466,781	\$ 1,344,015	0.0164	\$ 469,439	\$ 2,658
4	\$ 24,363,000			0.0166	17	0.0008	0.0174	\$ 26,859,000	\$ 467,347	\$ 2,375,000	0.005	\$ 11,875	\$ 479,222		0.0164	\$ 473,850	\$ (5,372)
5	\$ 29,799,000			0.0166	3	0.0022	0.0188	\$ 26,859,000	\$ 504,949	\$ 2,940,000	0.005	\$ 14,700	\$ 519,649		0.0164	\$ 514,277	\$ (5,372)
6	\$ 47,804,000	\$ 407,864,000	\$ 424,999,999	0.0166	13	0.0012	0.0178	\$ 42,993,000	\$ 765,275	\$ 4,811,000	0.005	\$ 24,055	\$ 789,330	\$ 1,788,201	0.0164	\$ 780,732	\$ (8,599)
7	\$ 24,605,000			0.0161	10	0.0015	0.0176	\$ 22,939,000	\$ 403,726	\$ 1,666,000	0.005	\$ 8,330	\$ 412,056		0.0164	\$ 418,938	\$ 6,882
8	\$ 27,796,000			0.0161	17	0.0008	0.0169	\$ 25,900,000	\$ 437,710	\$ 1,896,000	0.005	\$ 9,480	\$ 447,190		0.0164	\$ 454,960	\$ 7,770
9	\$ 27,963,000	\$ 321,456,000	\$ 324,999,999	0.0161	7	0.0018	0.0179	\$ 26,055,000	\$ 466,385	\$ 1,908,000	0.005	\$ 9,540	\$ 475,925	\$ 1,335,171	0.0164	\$ 483,741	\$ 7,817
10	\$ 37,680,000			0.0165	4	0.0021	0.0186	\$ 33,677,000	\$ 626,392	\$ 4,003,000	0.005	\$ 20,015	\$ 646,407		0.0164	\$ 643,040	\$ (3,368)
11	\$ 32,613,000			0.0165	26	-0.0001	0.0164	\$ 29,171,000	\$ 478,404	\$ 3,442,000	0.005	\$ 17,210	\$ 495,614		0.0164	\$ 492,697	\$ (2,917)
12	\$ 26,756,000	\$ 388,196,000	\$ 399,999,999	0.0165	5	0.002	0.0185	\$ 23,962,000	\$ 443,297	\$ 2,794,000	0.005	\$ 13,970	\$ 457,267	\$ 1,599,289	0.0164	\$ 454,871	\$ (2,396)
	<u>\$ 364,327,000</u>							<u>\$ 337,639,000</u>	<u>\$ 5,908,881</u>	<u>\$ 31,559,000</u>		<u>\$ 157,795</u>	<u>\$ 6,066,676</u>	<u>\$ 6,066,676</u>		<u>\$ 6,069,043</u>	<u>\$ 2,367</u>

*Total Net Spend used to annualize for determining rebate volume tier (Standard Purchase + Large Purchase + Travel), See Rebate Tier Table

**Add 1 basis point for each day paid earlier than 25 days from invoice date; decrease 1 basis point for each day paid later than 25 days from invoice date up through 35 days

***Total Net Spend tier rebate rate basis points plus early payment incentive basis points multiplied by Standard Transaction Volume. All Standard Transaction volume includes Travel volume

****Recalculate each billing period rebate based on actual Total Net Spend Rebate Tier

*****Actual Rebate Earned is the amount that will be paid in total at the end of year one (1) = \$6,069,043; for the five year period the amount paid = \$30,345,215

