



Prepared for State of Indiana Consortium

FINANCIAL PROPOSAL
September 21, 2021

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Financial Incentives – U.S. Programs

Annual Standard Volume Incentive

J.P. Morgan is pleased to offer a volume rebate based on annual Total Charge Volume and Settlement Terms for your programs. The Settlement Terms in your contract determine the volume rebate rate we apply to the annual Net Charge Volume for your programs, according to the schedule below.

Settlement Terms of 30 & 25 means your billing cycle has 30 calendar days and you have 25 calendar days after the cycle ends to make a payment.

Combined States and Participants volume for U.S. Purchasing Card, U.S. Corporate Card, U.S. One Card and U.S. Virtual Card Programs (Assumes a File turn of 40 days).											
Annual Total Charge Volume at or above:	Size of Participants										
	\$1-\$99,999	\$100,000-\$499,999	\$500,000-\$999,999	\$1MM-\$2.49MM	\$2.5MM-\$4.99MM	\$5MM-\$7.49MM	\$7.5MM-\$9.99MM	\$10MM-\$12.49MM	\$12.5-\$14.9MM	\$15M-\$17.49MM	\$17.5mm-\$20.99MM
\$10,000,000	0.00%	0.00%	0.82%	1.18%	1.22%	1.32%	1.33%	1.62%	1.65%	1.69%	1.70%
\$15,000,000	0.00%	0.00%	0.83%	1.19%	1.23%	1.33%	1.34%	1.63%	1.66%	1.70%	1.74%
\$20,000,000	0.00%	0.44%	0.84%	1.20%	1.24%	1.34%	1.35%	1.64%	1.67%	1.70%	1.75%
\$25,000,000	0.00%	0.45%	0.85%	1.21%	1.25%	1.35%	1.36%	1.65%	1.70%	1.72%	1.76%
\$30,000,000	0.00%	0.50%	0.90%	1.26%	1.30%	1.40%	1.41%	1.70%	1.75%	1.77%	1.81%
\$35,000,000	0.00%	0.55%	0.95%	1.31%	1.35%	1.45%	1.46%	1.75%	1.80%	1.82%	1.86%
\$40,000,000	0.00%	0.62%	1.02%	1.38%	1.42%	1.52%	1.53%	1.82%	1.85%	1.89%	1.93%
\$45,000,000	0.00%	0.63%	1.03%	1.39%	1.43%	1.53%	1.54%	1.83%	1.89%	1.90%	1.94%
\$50,000,000	0.00%	0.64%	1.04%	1.40%	1.44%	1.54%	1.55%	1.84%	1.90%	1.91%	1.95%
\$55,000,000	0.00%	0.65%	1.05%	1.41%	1.45%	1.55%	1.56%	1.85%	1.91%	1.95%	1.98%
\$60,000,000	0.00%	0.70%	1.10%	1.46%	1.50%	1.60%	1.61%	1.90%	1.96%	2.00%	2.03%
\$65,000,000	0.00%	0.71%	1.11%	1.47%	1.51%	1.61%	1.62%	1.91%	1.97%	2.01%	2.04%
\$70,000,000	0.00%	0.72%	1.12%	1.48%	1.52%	1.62%	1.63%	1.92%	1.98%	2.02%	2.06%
\$75,000,000	0.00%	0.73%	1.13%	1.49%	1.53%	1.63%	1.64%	1.93%	1.99%	2.03%	2.07%
\$80,000,000	0.00%	0.74%	1.14%	1.50%	1.54%	1.64%	1.65%	1.94%	2.00%	2.04%	2.09%
\$85,000,000	0.00%	0.75%	1.15%	1.51%	1.55%	1.65%	1.66%	1.95%	2.01%	2.05%	2.10%
\$90,000,000	0.00%	0.75%	1.15%	1.51%	1.55%	1.65%	1.66%	1.95%	2.01%	2.05%	2.10%
\$95,000,000	0.00%	0.76%	1.16%	1.52%	1.56%	1.66%	1.67%	1.96%	2.02%	2.06%	2.11%
\$100,000,000	0.00%	0.76%	1.16%	1.52%	1.56%	1.66%	1.67%	1.96%	2.02%	2.06%	2.11%
\$105,000,000	0.00%	0.77%	1.17%	1.53%	1.57%	1.67%	1.68%	1.97%	2.03%	2.07%	2.12%
\$110,000,000	0.00%	0.78%	1.18%	1.54%	1.58%	1.68%	1.69%	1.98%	2.03%	2.07%	2.12%
\$115,000,000	0.00%	0.79%	1.19%	1.55%	1.59%	1.69%	1.70%	1.99%	2.04%	2.08%	2.13%
\$120,000,000	0.00%	0.80%	1.20%	1.56%	1.60%	1.70%	1.71%	2.00%	2.04%	2.08%	2.13%
\$125,000,000	0.00%	0.81%	1.21%	1.57%	1.61%	1.71%	1.72%	2.01%	2.05%	2.09%	2.14%
\$130,000,000+	0.00%	0.82%	1.22%	1.58%	1.62%	1.72%	1.73%	2.02%	2.05%	2.09%	2.14%
\$135,000,000+	0.00%	0.83%	1.23%	1.59%	1.63%	1.73%	1.74%	2.03%	2.06%	2.10%	2.15%
\$140,000,000+	0.00%	0.84%	1.24%	1.60%	1.64%	1.74%	1.75%	2.04%	2.06%	2.10%	2.15%
\$145,000,000+	0.00%	0.85%	1.25%	1.61%	1.65%	1.75%	1.76%	2.05%	2.07%	2.11%	2.16%

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\$150,000,000+	0.00%	0.85%	1.25%	1.61%	1.65%	1.75%	1.76%	2.05%	2.07%	2.11%	2.16%
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- The above-stated schedule is in US Dollars. All volume will be converted to US Dollars.

Discount Interchange Rate

Should Client achieve the minimum annual Combined Total Charge Volume required to earn a Volume Rebate as stated above, Bank will pay Client a rebate based on annual Discount Interchange Rate Transaction Volume associated with each Program. The rebate will be calculated as the Discount Interchange Rebate Rate (with categories as determined according to the following schedule) multiplied by the annual Discount Interchange Rate Transaction Volume for each respective category associated with each Program, subject to the rebate adjustments below.

Discount Interchange Rebate Rate for Combined State and Participants U.S. Purchasing Card, U.S. Corporate Card, U.S. One Card and U.S. Virtual Card Programs Volume (Assumes a File turn of 40 days).											
Settlement Terms	\$1-\$99,999	\$100,000-\$499,999	\$500,000-\$999,999	\$1MM-\$2.49MM	\$2.5MM-\$4.99MM	\$5MM-\$7.49MM	\$7.5MM-\$9.99MM	\$10MM-\$12.49MM	\$12.5-\$14.99MM	\$15M-\$17.49MM	\$17.5MM-\$20.99MM
Category 1	0.65%	0.65%	0.65%	0.65%	0.75%	0.75%	0.95%	0.95%	1.00%	1.00%	1.00%
Category 2	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%

Growth Bonus

The State may earn a one-time Growth Bonuses during the initial four (4) year term based on the annual Total Charge Volume associated with all programs achieved according to the following schedule. For example, if the Organization achieves \$125 million in annual Total Charge Volume associated with all programs, a \$50,000 Growth Bonus will be paid to the State. Growth Bonuses will be paid to the Organization at the time of rebate payment and calculation. Once any Growth Bonus is achieved, the annual Total Charge Volume associated with all programs must remain at that level or higher for the duration of the initial four (4) year term or a volume pro-rata repayment will apply. Furthermore, should the Agreement be terminated prior to the end of the initial four (4) year term, the Organization shall repay the bonus to Bank on a term pro-rata basis. If there is both a volume shortfall and an early termination repayment, the larger of the two calculations shall apply.

OVERALL COMBINED PROGRAM SPEND	
ANNUAL TOTAL CHARGE VOLUME	GROWTH BONUS
\$125,000,000	\$50,000

Average File Turn Adjustment

The Volume Rebate Rate and Discounted Interchange Rebate Rate will be adjusted based upon the difference between the actual Average File Turn for your program(s) and the Assumed Average File Turn ("AFT") value reflected in the table below. AFT is based upon the assumption that a client spends proportionately throughout each billing cycle, and payment is made on the due date specified for the Program's elected Settlement Terms. For example, a program with Settlement Terms of 30 & 25 will have an AFT of 40 if client spends proportionately throughout the 30 day billing cycle and payment is made 25 days following the end of the billing cycle as reflected in the grid below.

File Turn Adjustments for all Possible Settlement Terms in this Proposal		
Settlement Terms		@ 30 & 25
Average File Turn Assumption (AFT)		40

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File Turn Adj for each whole number that actual Average File Turn is less than AFT		0.0075%
File Turn Adj for each whole number that actual Average File Turn is greater than AFT		-0.0075%
Maximum File Turn Allowed for Participant		49
Maximum File Turn Allowed for the State only		69

Terms and Conditions

- This offer will be effective at time of contract signing.
- The U.S. Purchasing Card and U.S. Corporate Card programs will be on a Visa platform. The U.S. One Card and U.S. Virtual Card programs will be on a MasterCard platform.
- The U.S. Purchasing Card will remain on their current 30 & 14 Settlement Terms, the U.S. Corporate Card will remain on their current 30 & 25 Settlement Terms, the U.S. Virtual Card will remain on their current 30 & 14 Settlement Terms and the U.S. One Card will remain on their current 30 & 25 Settlement Terms.
- The State of Indiana has the option to select 30/55 terms for the proposed programs.
- You shall not be liable for fraudulent transactions provided you operate your program in accordance with J.P. Morgan's fraud reduction requirements (i.e., block required high risk MCCs, maintain reasonable security precautions and controls regarding accounts and transaction info, and comply with other requirements as J.P. Morgan may reasonably require from time to time).
- Credit losses and any Rewards Redemption Expenses exceeding the redemption pool will be deducted from all rebates. In cases where rebates earned are insufficient to cover these deductions, you will be invoiced for the difference.
- J.P. Morgan reserves the right to set Supplier Fees on the J.P. Morgan Virtual Connect Network and to adjust client rebates and fees accordingly.
- To qualify for rebates, the participant must be current at the time of rebate calculation/payment, have an Average File Turn less than 50 and not be in default under the contract. To qualify for rebates, the State must be current at the time of rebate calculation/payment, have an Average File Turn less than 70 and not be in default under the contract. Rebates will be calculated annually in arrears and paid in the first quarter for the previous contract year and will be paid by wire transfer to an account that you designate.
- In the event that the association lowers its interchange rates, J.P. Morgan reserves the right to adjust rebates accordingly.
- All clients are subject to prior credit approval before a firm commitment will be issued from J.P. Morgan.

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UNITED STATES

The following are the fees associated with U.S. Purchasing Card, U.S. Corporate Card and U.S. Virtual Card programs:

STANDARD SERVICES AND FEES

Late payment charge	Central bill: 1% of full amount past due assessed at end of the Cycle in which payment first became due and each Cycle thereafter (Waived for the State of Indiana Only) Individual bill: 1% of full amount past due assessed 28 days after end of the Cycle in which payment first became due and each Cycle thereafter (Waived for the State of Indiana only)
International transaction	1.5% of the US Dollar amount charged
Standard card	\$0.00

ADDITIONAL SERVICES AND FEES

Cash advances	2.5% of amount advanced (\$2.50 minimum with no maximum)
Convenience check	2% of check amount (\$1.50 minimum with no maximum)
Executive card	\$75 annual fee per card
Corporate card rewards	A rewards program annual fee of \$75 will be assessed to each Cardholder's commercial card account. The annual fee will be divided as follows: \$35 dollars will cover Bank's administrative costs and the remaining \$40 will be put into the Client's redemption pool. Bank may at any time change the amount of the annual fee and/or the allocation of this amount without notice. Client's "Rewards Program Redemption Expenses" will be deducted from Client's redemption pool and are defined as and calculated on the full monetary value of the item(s) the points are redeemed for and not the amount of points used by Cardholders. If the Rewards Program Redemption Expenses incurred each calendar year (regardless of when points are earned) exceed the amount of funds available in the redemption pool (the "Excess Redemption Expenses"), the Excess Redemption Expenses will be deducted from Client's rebate. If the rebate earned is not sufficient to cover the Excess Redemption Expenses, Bank will invoice the Client for the Excess Redemption Expenses. The Client shall pay such invoice within 14 days of receipt.

UNITED STATES

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

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STANDARD SERVICES AND FEES

Late payment charge	Central bill: None Individual bill: \$15 late fee at the end of the first cycle (Waived for the State of Indiana only)
Delinquency/Finance charge	Central bill: Prime + 2.0% is applied to the average daily balance and will be charged on the cycle date. Average daily balance is calculated as follows: the sum of the outstanding balances on each day in the cycle (including any new spend, fees, and payments) / number of days in the cycle. (Waived for the State of Indiana only) Individual bill: Prime + 6.4% is applied to the average daily balance and will be charged on the cycle date. Average daily balance is calculated as follows: the sum of the outstanding balances on each day in the cycle (including any new spend, fees, and payments) / number of days in the cycle. (Waived for the State of Indiana only)
International transaction	1% surcharge
Standard Card	\$0.00

ADDITIONAL SERVICES AND FEES

Cash advance	2.0% of amount advanced (\$3.00 minimum with no maximum)
Executive Card	\$75 annual fee per card
Rewards annual fee	A rewards program annual fee of \$75 will be assessed to each Cardholder's commercial card account. The annual fee will be divided as follows: \$35 dollars will cover Bank's administrative costs and the remaining \$40 will be put into the Client's redemption pool. Bank may at any time change the amount of the annual fee and/or the allocation of this amount without notice. Client's "Rewards Program Redemption Expenses" will be deducted from Client's redemption pool and are defined as and calculated on the full monetary value of the item(s) the points are redeemed for and not the amount of points used by Cardholders. If the Rewards Program Redemption Expenses incurred each calendar year (regardless of when points are earned) exceed the amount of funds available in the redemption pool (the "Excess Redemption Expenses"), the Excess Redemption Expenses will be deducted from Client's rebate. If the rebate earned is not sufficient to cover the Excess Redemption Expenses, Bank will invoice the Client for the Excess Redemption Expenses. The Client shall pay such invoice within 14 days of receipt.

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Pricing Assumptions, Definitions and Disclaimer – U.S. Programs

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

COMMERCIAL CARD PROGRAMS					
	<i>U.S. Purchasing Card</i>	<i>U.S. Corporate Card</i>	<i>U.S. One Card</i>	<i>U.S. Virtual Card</i>	<i>Total</i>
<i>Annual Total Charge Volume</i>	\$9,000,000	\$12,700,000	\$52,000,000	\$13,200,000	\$86,900,000
<i>Statement Billing Period</i>	30	30	30	30	
<i>Payment Days from Statement Date</i>	14	25	25	14	
<i>Cards</i>	1,291	861	2,684	n/a	4836
<i>Contract Initial Term</i>	4 years with Three two-year auto renewals if mutually agreed upon by both parties.				
<i>Type of Liability, Billing, and Payment</i>	Corporate, Central, Central	Corporate, Central, Central	Corporate, Central, Central	Corporate, Central, Central	

Definitions

“Net Charge Volume” means total charges made on any and all cards or accounts, net of returns, cash advances, convenience check amounts, and fraudulent transactions.

“Total Charge Volume” means the sum of Net Charge Volume and Discount Interchange Rate Transaction Volume.

“Discount Interchange Rate Transactions” means Transactions made on any and all cards or accounts, with an interchange rate or Supplier Fee below 2.00% under either applicable Credit Card Network rules or the JPMorgan Virtual Connect Network. Those Transactions include but are not limited to Large Ticket Transactions, level 3 Transactions, MasterCard and Visa Partnership programs, and any other programs entered into by the Networks, Client, Bank, merchant, or others whereby the parties to those programs have agreed to interchange rates or Supplier Fees below 2.00% for certain transactions. This does not include returns, cash advances, convenience check amounts, or Fraudulent Transactions.

“Discount Interchange Rate Transaction Volume” means total Discount Interchange Rate Transactions made on any and all cards or accounts. **Discount Interchange Rate Transaction Volume** is comprised of two categories based on the interchange rate of each transaction:

- **“Discount Interchange Transaction Volume Category 1”** covers all **Discount Interchange Rate Transaction Volume** with interchange rate or Supplier Fee 1.00% and above (interchange rates or Supplier Fee from 1.00% - 1.99%).
- **“Discount Interchange Transaction Volume Category 2”** covers all **Discount Interchange Rate Transaction Volume** with interchange rate or Supplier Fee below 1.00 % (interchange rates or Supplier Fee from 0.00 % -0.99 %).

“Supplier Fee” means the agreed upon fee(s) charged to merchants accepting payment through the JPMorgan Virtual Connect Network.

Disclaimer

We prepared this confidential and proprietary proposal exclusively for you in order to help you evaluate some of JPMorgan Chase Bank, N.A.’s products and services. In preparing this proposal, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information provided by you, or otherwise obtained from public sources that we have otherwise reviewed.

This proposal:

- Is not legally binding
- Cannot be disclosed to a party other than the one we addressed and delivered it to, or its subsidiaries, and can only be used to evaluate the products and services here unless we otherwise agree in writing

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- Is valid for 180 days; thereafter, we can change it at any point or upon any requested changes, which can result in a new proposal.

Any products, services, terms, or other matters described in this proposal (other than in respect of confidentiality) are subject to the terms of separate legally binding documentation and are subject to change without notice. Additionally, we make no representations about the legal, regulatory, tax or accounting implications of anything in this proposal.

Neither we nor any of our directors, officers, employees or agents are responsible or liable to you or any other party for the contents of this proposal, anything referred to in it, and anything discussed as a result of it.

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