

AP Card Overview

Prepared for
Tucson Unified School District

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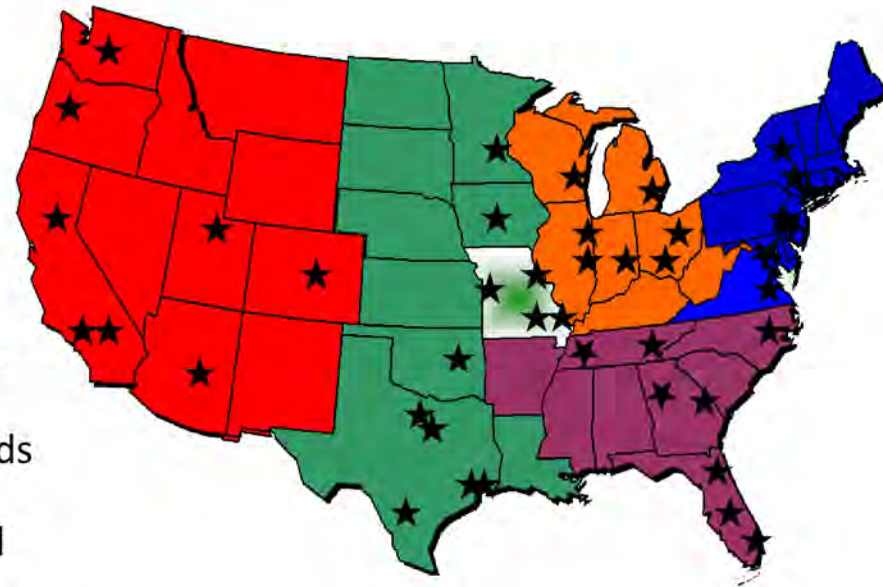
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623-256-2061



Who We Are

- **ONLY PROVIDER ENDORSED BY TYLER TECH/IFINITE VISIONS**
- Top 10 on Forbes' list of America's Best Banks 7 years running
- 7th Largest issuer of Visa AP programs
- Established in 1865 (over 150 years old)
- Ranked in the Top 10 "Best Performing" banks in the country by Bank Director Magazine
- Top 50 bank holding company based on asset size, out of more than 8000 US Banks (top 1%)
- Only large Bank in the US NOT to accept TARP Funds
- One of only 3 banks in the country that holds Moody's highest bank financial strength rating and the only one of the 3 to have a favorable outlook
- Visa's fastest growing purchasing card issuer



"We are big enough to matter & small enough to care"



Basic Program Overview

- **Additional form of payment...**
- **Use Visions module to run ePayables payment file report**
- **Send payment file to Commerce Bank**
 - Web based system
 - Vendors already flagged in Visions during enrollment
- **Commerce Bank emails payment information to your vendors**
 - Single use VISA card number
 - Invoice information – same as check info
- **Vendor processes Visa Payment**
- **Commerce Bank pays you a monthly revenue share on all processed transactions.**



E-Mail Remittance to Supplier

Payor Information

SAMPLE MED CENTER
1000 HOSPITAL DR
ANYWHERE, MO 64105



To

Test Laboratories Inc
00280

Payment Advice Number: 90661342083900383

Invoice Date: 07/12/2012

[Click here to obtain Credit Card Details](#)

#	Invoice Number	Invoice Date	Amount
1	13604412	06/14/2012	\$1370.00
2	13610387	06/15/2012	-\$495.00

NOTES : To receive payments for the above referenced invoice(s), please charge the total amount on the assigned Visa account within 72 hours. If you have questions please call 1-866-927-5419.

Total : \$875.00

This payment is sent by the Payor identified above. Verient is a third party payment processing provider and is not responsible for this remittance advise or the payment.

We ask, listen and solve.



Program Benefits

- **Simplify with ControlPay**
- **Less paper for more efficiency**
- **No additional Commerce Bank services required – Keep your current set up!**
- Easily customized for you, ControlPay AP works with **Infinite Visions** and will allow you to earn monthly revenue share by simply replacing paper checks with electronic payments through the Visa® Network.
- More secure form of payment.
- Reporting tools that benefit you and your vendors.
- **NO COST PROGRAM FOR YOUR DISTRICT**
- Implementation and vendor enrollment in the program handled 100% by Commerce Bank.
- Minimal involvement from your staff to start program.
- Don't change any of your current procedures.
- Earn monthly revenue for paying your vendors.
- Agreement with Commerce Bank is **"AT WILL"**
 - If we don't exceed your expectations stop using at any time
 - Over 98% customer retention!



Activate, Enroll, Manage

- Commerce Bank handles the heavy lifting
 - 100% Commerce Bank Staff – **Nothing outsourced**
 - Activation Manager assigned to you to get things up and running
 - Facilitates all set up and training
 - Vendor enrollment handled 100% by Commerce Bank
 - We call all vendors directly by phone
 - You will flag in Visions as we enroll
 - Enrollment never stops
 - Long term account management and training
 - Assigned relationship manager for the life of your account
 - Customer care line for vendor questions



Card Service Schedule
MONTHLY REVENUE SHARE

The terms outlined herein will expire in 60 days from June 1, 2017 unless an Agreement is executed.

Strategic Alliance for Volume Expenditures (SAVE) Pricing Schedule							
Billing Terms: Weekly Billing Cycle, 3-Day Grace Period							
Annual Aggregate Charge Volume	\$0 - \$5MM	\$5MM - \$10MM	\$10MM - \$15MM	\$15MM - \$20MM	\$20MM - \$25MM	\$25MM - \$30MM	\$30MM +
\$1MM	1.10%	1.28%	1.32%	1.36%	1.40%	1.44%	1.48%
\$25MM	1.10%	1.30%	1.34%	1.38%	1.42%	1.46%	1.50%
\$50MM	1.10%	1.32%	1.36%	1.40%	1.44%	1.48%	1.52%
\$75MM	1.10%	1.34%	1.38%	1.42%	1.46%	1.50%	1.54%
\$100MM	1.10%	1.36%	1.40%	1.44%	1.48%	1.52%	1.56%
\$150MM	1.10%	1.38%	1.42%	1.46%	1.50%	1.54%	1.58%
\$200MM	1.10%	1.40%	1.44%	1.48%	1.52%	1.56%	1.60%

The average monthly transaction amount must be greater than \$1,500
Total Monthly Net Volume is calculated using combined AP Card volume only for all SAVE members

Private Network Card	
Weekly Billing Cycle, 3-Day Grace Period	
Supplier Agreed Upon Rate	Revenue Share
2.00%	1.00%
1.75%	0.75%
1.50%	0.50%
1.25%	0.25%
1.00%	0.10%

The average monthly transaction amount must be greater than \$1000
Private Network Card volume is calculated independently of all other Card types

REVENUE SHARE TERMS & CONDITIONS

- Volume calculations exclude credits, cash advances, fraudulent transaction amounts and volume qualifying under 1% interchange.
- AP Card Volume qualifying at Large Ticket Interchange (LTI) will be paid at 0.75%.
- Commerce agrees to calculate and pay Tucson USD on the \$200 million aggregate tier for the duration of contract and Commerce agrees to calculate and pay Tucson USD at the \$30 million plus column for the first 12 months after first transaction date.
- Average monthly transaction amount is defined as gross purchase volume divided by total transaction count.
- Customer shall have ninety (90) days from statement date to notify Commerce of any revenue share payment errors.
- Commerce reserves the right to withhold, suspend or modify revenue share payment for the following reasons:
 - If Customer's average Interchange Rate falls below 2.25%
 - If Interchange Rates become significantly altered by Visa and / or MasterCard
 - If monthly volume contain fraudulent transactions
 - If monthly revenue share payment is less than \$10
 - If any accounts become delinquent (central billed accounts only)
- Commerce may adjust the revenue sharing percentages, as provided below, at the end of each calendar quarter following the Agreement Effective Date
 - Adjustments are based on the U.S. Prime Rate, as published in The Wall Street Journal "Money Rates" column on the last business day of the month immediately preceding the first day of the applicable billing cycle
 - Adjustments to revenue share based on Prime Rate fluctuations are not applicable while Prime Rate remains at, or below, the established 4.00% floor
 - When the Prime Rate exceeds 4.00%, Commerce will adjust the revenue share percent payable using the grid below. Commerce will use the same grid to determine subsequent revenue share adjustments should the Prime Rate increase or decrease from any newly established Prime Rate level in future quarters



Revenue Share Explained

- AP Card Volume qualifying at Large Ticket Interchange (LTI) will be paid at 0.75% instead of 0.50%
- Commerce agrees to calculate and pay Tucson USD on the \$200 million aggregate tier for the duration of contract and Commerce agrees to calculate and pay Tucson USD at the \$30 million plus column (1.60%) for the first 12 months after first transaction date.

Analytic Projections

- Projected annual spend with Commerce Bank (including manual AP) : **\$57,081,871**
- Volume qualifying at normal rates: **\$49,946,638 x 160 bps (1.60%) = \$799,146**
- Volume qualifying at Large Ticket Interchange (LTI) : **\$7,135,234 x 75 bps (.75%) = \$53,514**
- **Projected Annual Revenue Share Earned = \$852,660**

**Vendor pays interchange fee (from 1.45% to 2.95%) based on their credit card processing environment (TUSD and Commerce Bank have no control over how they process cards)*

**This interchange fee goes to the issuing bank, and is shared with buyer (TUSD)*

**Vendor fees identical to TUSD program with Bank of America, except cards are one-time use virtual cards (virtually eliminating exposure to fraud)*

