

**CITY OF SANTA ROSA  
PROFESSIONAL SERVICES AGREEMENT  
WITH JPMORGAN CHASE BANK, N.A.  
AGREEMENT NUMBER \_\_\_\_\_**

This "Agreement" is made as of this \_\_\_\_ day of \_\_\_\_\_, 2018, by and between the City of Santa Rosa, a municipal corporation ("City"), and JPMorgan Chase Bank, N.A., a national banking association ("Contractor").

**R E C I T A L S**

- A. City desires to contract for General Banking Services.
- B. City desires to retain a qualified firm to conduct the General Banking Services, and, subject to Section 12, the Lockbox Processing Services, in accordance with the Scope of Services as more particularly set forth in Exhibit A to the Agreement.
- C. Contractor represents to City that it is a national banking association fully qualified to conduct the services described above.
- D. The parties have negotiated the terms pursuant to which Contractor will provide such services and have reduced such terms to writing.

**AGREEMENT**

**NOW, THEREFORE**, City and Contractor agree as follows:

**1. SCOPE OF SERVICES**

Subject to the provisions of Exhibit C to this Agreement, Contractor shall provide to City the services described in Exhibit A ("Scope of Services") in the manner specified in Exhibit A. Exhibit A is attached hereto for the purpose of defining the manner and scope of services to be provided by Contractor and is not intended to, and shall not be construed so as to, modify or expand the terms, conditions or provisions contained in this Agreement. In the event of any conflict between this Agreement and Exhibits A or C, or without limitation any document relating to the Scope of Services or payment therefor, the terms of this Agreement shall control and prevail.

**2. COMPENSATION**

a. During the Initial Term, as defined in Section 11 below, City shall pay Contractor for services rendered pursuant to this Agreement at the rates set forth in Exhibit B ("Compensation"). Contractor shall submit monthly statements to City in the form of Contractor's standard statements for the accounts and services shown in Exhibit A. Transition credit for the implementation of General Banking Services will be as described in Exhibit B.

b. The payments prescribed herein shall constitute all compensation to Contractor for all costs of services, including, but not limited to, direct costs of labor of employees engaged by Contractor, travel expenses, telephone charges, copying and reproduction, computer time, and any and all other costs, expenses and charges incurred by Contractor, its agents and employees. In no event shall City be obligated to pay late fees or interest penalties that are not expressly included in Exhibit B,

whether or not contained in Contractor's statement.

c. Notwithstanding any other provision in this Agreement to the contrary, the total maximum compensation to be paid for the satisfactory accomplishment and completion of all services to be performed hereunder shall in no event exceed the sum of One Hundred and Fifty Thousand Dollars (\$150,000) per Fiscal Year during the Initial Term. The City's Chief Financial Officer is authorized to pay all proper claims from various Charge Numbers. The reference to "Charge Numbers" is for City's internal purposes only and does not require Contractor to label any service fees, statements or any other documentation with any "Charge Number" or other unique City identifier.

### **3. DOCUMENTATION; RETENTION OF MATERIALS**

a. Contractor shall maintain adequate documentation to substantiate all charges as required under Section 2 of this Agreement.

b. Contractor shall keep and maintain full and complete documentation and accounting records concerning all extra or special services performed by it that are compensable by other than an hourly or flat rate and shall make such documents and records available to authorized representatives of City for inspection at any reasonable time.

c. Subject to Contractor's standard retention policies for each category of records, Contractor shall maintain the records and any other records directly related to the performance of this Agreement and shall allow City access to such records while this Agreement is in effect and for a period of four (4) years after completion of all services hereunder. Contractor affirms that depository transaction records (e.g. checks, payment orders) are, pursuant to its standard retention policy, retained for not less than 7 years from the date of processing the transaction.

d. Access to records pursuant to this Section 3 will be at reasonable times during normal business hours and subject to Contractor's standard security procedures.

### **4. INDEMNITY; LIMITATION OF DAMAGES**

a. Contractor shall, to the fullest extent permitted by law, indemnify, protect, defend and hold harmless City, and its employees, officials and agents ("Indemnified Parties") from all claims, demands, costs or liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, interest, defense costs, and expert witness fees), to the extent caused by the negligence, recklessness, or willful misconduct of Contractor, its affiliates, or their respective officers, employees, or agents, in the performance of the services under this Agreement. Contractor's liability under this subsection shall not exceed in the aggregate One Million Dollars (\$1,000,000), except as may be otherwise agreed between the parties with respect to subsequent Extension Terms and set forth in a written amendment to this Agreement, executed by both parties.

b. Notwithstanding anything in the Contract Documents to the contrary, neither party shall be liable to the other, as a consequence of the Services and the performance or failure to perform their respective obligations under this Agreement, for any indirect, incidental, consequential, exemplary, punitive or special damages, including lost profits, regardless of the form of action or theory of recovery even if the party has been advised of the possibility of those damages or the same are reasonably foreseeable.

c. The existence or acceptance by City of any of the insurance policies or coverages described in this Agreement shall not affect or limit any of City's rights under this Section 4, nor shall the limits of such insurance limit the liability of Contractor hereunder. This Section 4 shall not apply to any intellectual property claims, actions, lawsuits or other proceedings subject to the provisions of Section 17(b), below. The provisions of this Section 4 shall survive any expiration or termination of this Agreement.

## **5. INSURANCE**

a. Contractor shall maintain in full force and effect all of the insurance coverage described in, and in accordance with, Attachment One, "Insurance Requirements." Maintenance of the insurance coverage set forth in Attachment One is a material element of this Agreement and a material part of the consideration provided by Contractor in exchange for City's agreement to make the payments prescribed hereunder. Failure by Contractor to (i) maintain or renew coverage, (ii) provide City notice of any changes, modifications, or reductions in coverage, which fall below the minimum requirements of this Agreement, or (iii) provide evidence of renewal, may be treated by City as a material breach of this Agreement by Contractor, whereupon City shall be entitled to all rights and remedies at law or in equity, including but not limited to immediate termination of this Agreement. Notwithstanding the foregoing, any failure by Contractor to maintain required insurance coverage shall not excuse or alleviate Contractor from any of its other duties or obligations under this Agreement. In the event Contractor, with approval of City pursuant to Section 6 below, retains or utilizes any subcontractors or subContractors in the provision of any services to City under this Agreement, Contractor shall assure that any such subcontractor has first obtained, and shall maintain, all of the insurance coverages set forth in the Insurance Requirements in Attachment One.

b. Contractor agrees that any available insurance proceeds broader than or in excess of the coverages set forth in the Insurance Requirements in Attachment One shall be available to the additional insureds identified therein.

c. Contractor agrees that the insurance coverages and limits provided under this Agreement are the greater of: (i) the coverages and limits specified in Attachment One, or (ii) the broader coverages and maximum limits of coverage of any insurance policy or proceeds available to the name insureds.

## **6. ASSIGNMENT**

Contractor shall not assign any rights or duties under this Agreement to a third party without the express prior written consent of City, which consent shall not be unreasonably withheld. Contractor agrees that City shall have the right to approve any and all subcontractors to be used by Contractor in the performance of this Agreement before Contractor contracts with or otherwise engages any such subcontractors. Notwithstanding the foregoing, Contractor may assign this Agreement without the prior written consent of City to a successor in interest in connection with a merger, reorganization, consolidation or a disposition of a particular business to which this Agreement relates and may assign this Agreement to an affiliate or subsidiary. In the event of such an assignment, Contractor shall notify City and City shall have the right to immediately terminate this Agreement. By way of clarification, "subcontractor, and "subcontract" shall refer to a third party or third party agreement, if any and as applicable, engaged by Contractor to specifically aid in the performance of its obligations under this Agreement and shall not include any third party engaged by Contractor, from time to time, in the performance of certain disaster recovery, operational technological, incidental, or back office functions,

referred to herein as "Third Party Service Providers." Contractor will obtain the City's consent prior to its use of any "subcontractors" in the performance of services, to the extent and in the manner required under this Section. It is understood that Contractor is not required to notify City or obtain any consent for the use of any Third Party Service Providers.

## 7. NOTICES

Except as otherwise provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party, shall be in writing and may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first-class postage, and addressed as indicated below, and depositing in the United States mail to:

City Representative:

City of Santa Rosa Finance  
Attn: Treasury  
90 Santa Rosa Ave.  
Santa Rosa, CA 95404  
Telephone: (707) 543-3140  
Fax: (707) 543-3703

Contractor Representative:

Beverly Correa  
Vice President/Commercial Banker  
560 Mission Street, Floor 04  
San Francisco, CA 94105-2907  
Telephone: (415) 315-8803  
Fax: (415) 226-0758

## 8. INDEPENDENT CONTRACTOR

a. It is understood and agreed that Contractor (including Contractor's employees) is an independent contractor and that no relationship of employer-employee exists between the parties hereto for any purpose whatsoever. Neither Contractor nor Contractor's assigned personnel shall be entitled to any benefits payable to employees of City, as a consequence of their performance of services under this Agreement. City is not required to make any deductions or withholdings from the compensation payable to Contractor under the provisions of this Agreement, and Contractor shall be issued a Form 1099 for its services hereunder. As an independent contractor, Contractor hereby agrees to indemnify and hold City harmless from any and all claims that may be made against City based upon any contention by any of Contractor's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship exists for any purpose whatsoever by reason of this Agreement; provided that City does not assert managerial control over such employees nor any involvement in directing the manner in which services are to be performed, other than as agreed between the parties under this Agreement.

b. It is further understood and agreed by the parties hereto that Contractor, in the performance of Contractor's obligations hereunder, is responsible for determining the means, methods, and sequence of accomplishing the Scope of Services. To the extent that Contractor obtains permission to, and does, use City facilities, space, equipment or support services in the performance of this Agreement, this use shall be at the Contractor's sole discretion based on the Contractor's determination that such use will promote Contractor's efficiency and effectiveness. Except as may be specifically provided elsewhere in this Agreement, the City does not require that Contractor use City facilities, equipment or support services or work in City locations in the performance of this Agreement.

c. If, in the performance of this Agreement, any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision, and control

of Contractor. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by Contractor. It is further understood and agreed that Contractor shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of Contractor's assigned personnel and subcontractors.

d. The provisions of this Section 8 shall survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to create an exclusive relationship between City and Contractor. Contractor may represent, perform services for, or be employed by such additional persons or companies as Contractor sees fit.

## **9. ADDITIONAL SERVICES**

Changes to the Scope of Services shall be by written amendment to this Agreement and shall be paid as mutually agreed upon by the parties in writing prior to the provision of any such additional services.

## **10. SUCCESSORS AND ASSIGNS**

City and Contractor each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

## **11. TERM, SUSPENSION, TERMINATION**

a. This Agreement shall become effective on the date that it is made, set forth on the first page of the Agreement, ("Effective Date") and shall continue in effect for a term of five years, commencing on the Effective Date ("Initial Term"), unless sooner terminated as provided herein. City may extend the term of the Agreement for up to five consecutive one-year renewal terms (each, an "ExtensionTerm"), subject to Contractor's written consent with respect to each such Extension Term. City shall notify Contractor, in writing, not less than 90 days prior to the expiration of the Initial Term or any Extension Term of its desire to renew the Agreement. The fees payable during any Extension Term shall be subject to negotiation and agreement of the parties. In the event the parties do not reach agreement as to such fees, the Agreement shall automatically terminate upon expiration of the the Initial Term or Extension Term without further notice to either party. Any change to the fees payable under the Agreement may be made only through written amendment to the Agreement, executed by both parties.

b. City shall have the right at any time to temporarily suspend Contractor's performance hereunder, in whole or in part, by giving a written notice of suspension to Contractor. If City gives such notice of suspension, Contractor shall immediately suspend its activities under this Agreement, as specified in such notice. Notwithstanding the foregoing, Contractor shall have a reasonable amount of time to implement any suspension and may complete any transactions initiated prior to such time.

c. Each party shall have the right to terminate this Agreement for convenience at any time by giving a written notice of termination to the other not less than six (6) months prior to the effective date of such termination. City shall pay Contractor for any services for which compensation is owed; provided, however, City shall not in any manner be liable for lost profits that might have been made by Contractor had the Agreement not been terminated.

d. Contractor may, by written notice to the City, terminate this Agreement in whole or in part if: (a) City defaults in payment of the sums due and payable to Contractor and the default has not been cured within thirty days' notice thereof; (b) any action or inaction by the City under this Agreement or otherwise directly and materially prevents Contractor from performing a material obligation under this Agreement and the action or inaction has not been cured within thirty days' notice thereof; (c) the termination is required, directly or indirectly, by any law or regulation, or final order, judgment, or decree, or permanent injunction binding upon Contractor (and may suspend its performance for as long as any binding non-permanent injunction requires such action); provided that prior to termination, if and to the extent legally permissible under the circumstances, Contractor provides one hundred eighty (180) days' written notice to City, provided further that Contractor shall not be obligated to continue to perform services if City is not current in its payment obligations for a period of sixty (60) days or more following notice thereof or Contractor is unable to perform services hereunder due to the action or inaction of the City; or (d) City fails to provide information required by Contractor to satisfy its obligations under banking regulations relative to Customer Information Programs as required under the USA PATRIOT Act, as amended from time to time, and the failure has not been cured within thirty days' notice thereof.

## **12. TIME OF PERFORMANCE/INCLUSION OF LOCKBOX SERVICES**

Contractor shall commence the General Banking Services implementation process on the Effective Date and complete the implementation to the reasonable satisfaction of City no later than January 1, 2019. Contractor shall provide ongoing General Banking during the Initial Term and Extension Terms, if any. Notwithstanding anything in the Contract Documents to the contrary, Contractor shall not implement or provide Lockbox Processing Services to City unless and until the parties amend the Agreement, expressly providing for the implementation and provision of these services consistent with the provisions contained within the Scope of Work in Exhibit A that apply to Lockbox Processing Services. Contractor agrees that the compensation payable for such Lockbox Processing Services shall be at the rates provided in Exhibit B, as applicable to such Services, for such period of time that such Services are provided prior to the expiration of the Initial Term. Transition credit to be applied for such Lockbox Processing Services, if any are to be provided by Contractor hereunder, will be as stated in Exhibit B.

## **13. STANDARD OF PERFORMANCE**

Contractor shall perform all services performed under this Agreement in accordance with the standard of ordinary care as defined in Section 3-103(a)(7) of the Uniform Commercial Code. Contractor shall assign only competent personnel to perform services under this Agreement. Contractor shall notify City in writing of any changes in Contractor's staff identified in Contractor's response to City's Request for Proposals assigned to perform the services under this Agreement. In the event that City, at any time, desires the removal of any person assigned by Contractor to perform services under this Agreement, because City reasonably determines that such person is not performing in accordance with the standards required herei, City shall notify Contractor of such determination and the reasons upon which it is based and, in such event Contractor will consider the replacement of such person, provided that such action will not violate applicable law or Contractor's employment policies.

## **14. CONFLICTS OF INTEREST**

Contractor covenants that neither it, nor any officer or principal of its firm, has or shall

acquire any interest, directly or indirectly, that would conflict in any manner with the interests of City or that would in any way hinder Contractor's performance of services under this Agreement. Contractor further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as a designated relationship team member with oversight responsibilities for Contractor's performance of services under this Agreement without the written consent of City. Contractor agrees to avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City at all times during the performance of this Agreement.

No "conflict of interest" shall be deemed to exist solely as a result of the Contractor providing any banking or related services to any third party whose interests may be averse to the City's interests.

## 15. CONFLICT OF INTEREST REQUIREMENTS

a. **Generally.** The City's Conflict of Interest Code requires that individuals who qualify as "consultants" under the Political Reform Act, California Government Code sections 87200 *et seq.*, comply with the conflict of interest provisions of the Political Reform Act and the City's Conflict of Interest Code, which generally prohibit individuals from making or participating in the making of decisions that will have a material financial effect on their economic interests. The term "consultant" generally includes individuals who make governmental decisions or who serve in a staff capacity.

b. **Conflict of Interest Statements.** The individual(s) who will provide services or perform work pursuant to this Agreement are "consultants" within the meaning of the Political Reform Act and the City's Conflict of Interest Code:

yes  no (check one)

If "yes" is checked by the City, Contractor shall cause the following to occur within 30 days after execution of this Agreement:

- (1) Identify the individuals who will provide services or perform work under this Agreement as "consultants"; and
- (2) Cause these individuals to file with the City Clerk the assuming office statements of economic interests required by the City's Conflict of Interest Code.

Thereafter, throughout the term of the Agreement, Contractor shall cause these individuals to file with the City Clerk annual statements of economic interests, and "leaving office" statements of economic interests, as required by the City's Conflict of Interest Code.

The above statements of economic interests are public records subject to public disclosure under the California Public Records Act. The City may withhold all or a portion of any payment due under this Agreement until all required statements are filed.

## 16. CONFIDENTIALITY OF CITY INFORMATION

During performance of this Agreement, Contractor may gain access to and use City information regarding inventions, machinery, products, prices, apparatus, costs, discounts, future plans, business affairs, governmental affairs, processes, trade secrets, technical matters, systems, facilities,

customer lists, product design, copyright, data, and other vital information (hereafter collectively referred to as "City Information") that are valuable, special and unique assets of the City. Contractor agrees to protect all City Information and treat it as strictly confidential, and further agrees that Contractor shall not at any time, either directly or indirectly, divulge, disclose or communicate in any manner any City Information to any third party without the prior written consent of City, except to its examiners or as otherwise required by law.

Contractor shall maintain physical, electronic and administrative safeguards that comply with applicable legal standards binding upon Contractor, as a national bank, to store and secure City Information from unauthorized access and use, alteration and destruction. Contractor shall also maintain an incident management program that responds to potential risks resulting from data breaches involving City's nonpublic confidential information.

A violation by Contractor of this Section 16 shall be a material violation of this Agreement and shall justify legal and/or equitable relief.

## **17. CONTRACTOR INFORMATION**

a. City shall have the right to retain information provided by Contractor to City under this Agreement, such as statements, reports, plans, specifications, and other deliverables consisting of documents, writings, handwritings, typewriting, printing, photostatting, photographing, computer models, and any other computerized data and every other means of recording any form of information, communications, or representation, including letters, works, pictures, drawings, sounds, or symbols, or any combination thereof provided by Contractor. Contractor shall not be responsible for any unauthorized modification or use of such information for other than its intended purpose by City.

b. Subject to the limitations of this subsection, Contractor shall fully defend, indemnify and hold harmless City, its officers and employees, and each and every one of them, from and against any and all claims, actions, lawsuits or other proceedings alleging that all or any part of the information prepared, produced, or provided by Contractor pursuant to this Agreement infringes upon any third party's trademark, trade name, copyright, patent or other intellectual property rights. City shall make reasonable efforts to notify Contractor not later than ten (10) days after City is served with any such claim, action, lawsuit or other proceeding, provided that City's failure to provide such notice within such time period shall not relieve Contractor of its obligations hereunder, which shall survive any termination or expiration of this Agreement. Notwithstanding the foregoing, this indemnification will apply only with respect to the services and/or technology ("Technology") provided to City by Contractor that is used by City in accordance with instructions provided by Contractor and otherwise in an approved manner ("Approved Use"). Further, the indemnification and hold harmless obligation will apply only to losses resulting solely from a claim brought by a third party that specifically alleges any Approved Use of the Technology infringes on a third party patent, copyright, trademark, service mark, trade secret, or other intellectual property right. The foregoing states Contractor's entire obligation and liability with respect to infringement of third party intellectual property rights. In no event shall Contractor's obligations relating to the intellectual property indemnity described in this subsection exceed in the aggregate \$1 million, except as may otherwise be agreed between the parties with respect to each Extension Term and documented in an amendment to this Agreement, executed by both parties.

c. All proprietary and other information received from Contractor by City, whether received in connection with Contractor's proposal, will be disclosed upon receipt of a request for



disclosure, pursuant to the California Public Records Act; provided, however, that, if any information is set apart and clearly marked "trade secret" when it is provided to City, City shall give notice to Contractor of any request for the disclosure of such information. Contractor shall then have five (5) days from the date it receives such notice, or longer if permitted by law, to enter into an agreement with the City, satisfactory to the City Attorney, providing for the defense of, and complete indemnification and reimbursement for all costs (including plaintiff's attorneys' fees) incurred by City in any legal action to compel the disclosure of such information under the California Public Records Act. Contractor shall have sole responsibility for defense of the actual "trade secret" designation of such information.

d. The parties understand and agree that if Contractor fails to respond to the notice provided by City and/or to enter into an agreement with City in accordance with the provisions of subsection c, such information may be disclosed without liability to Contractor.

## **18. MISCELLANEOUS**

a. Entire Agreement. This Agreement, Exhibits A through C, and Attachment One (collectively, the "Contract Documents") contain the entire agreement between the parties with respect to the subject matter hereof. Any and all verbal or written agreements made prior to the date of this Agreement are superseded by this Agreement and shall have no further effect. In the event of conflict among the Contract Documents, the following order of precedence will apply:

- (1) Agreement
- (2) Attachment One
- (3) Exhibit A – Scope of Services
- (4) Exhibit B – Compensation
- (5) Exhibit C – JPMorgan Chase Bank, NA Consolidated Service Terms and Global Account Terms with US Addendum

b. Modification. No modification or change to the terms of this Agreement will be binding on a party unless in writing and signed by an authorized representative of that party.

c. Compliance with Laws. Contractor shall perform all services described herein in compliance with all applicable federal, state and local laws, rules, regulations, and ordinances, including but not limited to, (i) the Americans with Disabilities Act of 1990 (42 U.S.C. 12101, et seq.) ("ADA"), and any regulations and guidelines issued pursuant to the ADA; and (ii) Labor Code sections 1720, et seq., which require prevailing wages (in accordance with DIR determinations at [www.dir.ca.gov](http://www.dir.ca.gov)) be paid to any employee in California performing work covered by Labor Code sections 1720 et seq. Contractor shall pay to the City when due all business taxes if required by law under the provisions of Chapter 6-04 of the Santa Rosa City Code. The City may deduct any delinquent business taxes payable as a result of this Agreement, and any penalties and interest thereon added to the delinquent taxes, from its payments to Contractor.

d. Discrimination Prohibited. With respect to the provision of services under this Agreement, Contractor agrees not to discriminate against any person because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status of that person.

e. Governing Law; Venue. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California, except to the extent pre-empted by Federal law, in which case the latter shall govern. Venue of any litigation arising out of or connected with this Agreement shall lie exclusively in the state trial court in Sonoma County in the State of California, or the US District Court for the Northern District of California, if federal jurisdiction is present, and the parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such court, and consent to service of process issued by such court.

f. Waiver of Rights. Neither City acceptance of, or payment for, any service performed by Contractor, nor any waiver by either party of any default, breach or condition precedent, shall be construed as a waiver of any provision of this Agreement, nor as a waiver of any other default, breach or condition precedent or any other right hereunder.

g. Incorporation of Attachments and Exhibits. The attachments and exhibits to this Agreement are incorporated and made part of this Agreement, subject to terms and provisions herein contained.

**19. AUTHORITY; SIGNATURES REQUIRED FOR CORPORATIONS**

Contractor hereby represents and warrants to City that it is (a) a duly organized and validly existing national banking association, (b) has the power and authority and the legal right to conduct the business of a national banking association, and (c) has all requisite power and authority and the legal right to consummate the transactions contemplated in this Agreement. Contractor hereby further represents and warrants that this Agreement has been duly authorized, and when executed by the signatory or signatories listed below, shall constitute a valid agreement binding on Contractor in accordance with the terms hereof.

The title of each person executing this Agreement on behalf of each party shall be listed under his or her signature.

*[Remainder of page intentionally blank. Signature page and Attachments follow]*

Executed as of the day and year first above stated.

**JPMORGAN CHASE BANK, N.A.**

**CITY OF SANTA ROSA**  
a Municipal Corporation

*Signatures of Authorized Persons:*

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Print  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Office of the City Attorney

ATTEST:

\_\_\_\_\_  
City Clerk

Attachments:

Attachment One - Insurance Requirements

Exhibit A - Scope of Services

Exhibit B – Compensation

Exhibit C – JPMorgan Chase Bank, N.A. Consolidated Service Terms & Global Account Terms with US Addendum

## ATTACHMENT ONE

### Insurance Requirements

- A. Insurance Policies:** Contractor shall, at all times while this Agreement is in effect, subject to Section D.3., below, maintain and keep in full force and effect, the following policies of insurance with minimum coverage as indicated below and issued by insurers with AM Best ratings of no less than A-(Minus):VI or otherwise acceptable to the City.

<b>Insurance</b>	<b>Minimum Coverage Limits</b>	<b>Additional Coverage Requirements</b>
1. Commercial general liability	\$ 5 million per occurrence \$ 10 million aggregate	Coverage must be at least as broad as ISO CG 00 01 and must include completed operations coverage. If insurance applies separately to a project/location, aggregate may be equal to per occurrence amount. <b>Coverage may be met by a combination of primary and umbrella or excess insurance but umbrella and excess shall provide coverage at least as broad as specified for underlying coverage.</b>
2. Business auto coverage	\$ 5 million	ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$ 5 million per accident for bodily injury and property damage.
3. Bankers Professional liability (E&O)	\$ 10 million per claim \$ 20 million aggregate	Contractor shall provide on a policy form appropriate to profession. If on a claims made basis, insurance must show coverage date prior to start of services and it must be maintained for one year after completion of services.
4. Workers' compensation and employer's liability	\$ 1 million	As required by the State of California, with Statutory Limits and Employer's Liability Insurance with limit of no less than \$ 1 million per accident for bodily injury or disease. The Workers' Compensation policy shall contain a blanket waiver of subrogation in favor of the City for all services performed by Contractor, its affiliates, or its employees.

**B. Endorsements:**

- Contractor shall notify the City within 30 days of cancellation of any insurance policy required herein.
- Liability, umbrella and excess policies shall provide or be endorsed to provide the following:
  - For any claims related to this Agreement, Contractor's insurance coverage shall be primary and any insurance or self-insurance maintained by City shall be excess

of the Contractor's insurance and shall not contribute with it; and,

- b. **The City of Santa Rosa, its officers, employees and volunteers are to be covered as additional insureds on the CGL policy as their interests pertain to this contract.** General liability coverage can be provided in the form of an endorsement to Contractor's insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used or its equivalent.

**C. Verification of Coverage and Certificates of Insurance:** Contractor shall furnish City with original certificates evidencing coverage required above. Certificates shall make reference to policy numbers. All certificates are to be received and approved by the City before services commence and, subject to Section D.4., must be in effect for the duration of the Agreement.

**D. Other Insurance Provisions:**

1. No policy required by this Agreement shall prohibit Contractor from waiving any right of recovery prior to loss. Contractor hereby waives such right with regard to the indemnitees.
2. All insurance coverage amounts provided by Contractor and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement limits the application of such insurance coverage. Defense costs must be paid in addition to coverage amounts.
3. Policies listed above in Section A of this Attachment One for which City is required to be listed as an additional insured and which contain any self-insured retention (SIR) provision ("SIR/Additional Insured Policies") shall provide or be endorsed to provide that the SIR may be satisfied by either Contractor or City. Contractor shall notify City of any SIR/Additional Insured Policies for which the self-insured retention amount exceeds \$75,000,000. In such event, City shall be entitled to terminate this Agreement upon notice to Contractor and without penalty upon either party.
4. City reserves the right to modify these insurance requirements with respect to any Extension Term, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances. All such modifications shall be evidenced in an amendment to this Agreement, executed by City and Contractor.

## Proposal to City of Santa Rosa

## IB. Proposal Requirements

### Service Group 1: General Banking

<b>1) General Requirements:</b>	
<i>Requirements include:</i>	
<i>a. Establish a minimum of 5 accounts and 37 sub-accounts to meet the banking requirements of the City and maintain accurate records of activity in those accounts,</i>	Yes With respect to Account c. Housing Authority, in order to sign the HUD-51999 General Depository Agreement, we will require that a Rider and Side Letter (see Appendix 1) be executed.*
<i>b. Offer ZBA services,</i>	Yes
<i>c. Provide an overnight investment service (sweep) or interest bearing account for balances in the accounts,</i>	Yes
<i>d. Comply with all applicable federal and state regulations regarding the provision of the proposed services, and</i>	Yes
<i>e. Possess and maintain a national and state Community Reinvestment Act (CRA) rating of "Satisfactory" or better.</i>	Overall - Satisfactory State rating - Outstanding

\* Because a HUD 51999 has blocked account like features, it subjects the Bank to operational, credit and legal risk. In order to ensure that we can comply with the HUD 51999 while maintaining our rigorous risk and controls environment, we also require that the City's Housing Authority enter into a Side Letter and Rider to the HUD 51999 (See Appendix 1) which makes it clear the City will segregate the HUD funds into accounts as noted on the Side Letter. If we receive a freeze notice from HUD, we will honor the notice until it is canceled/rescinded by HUD however the Housing Authority acknowledges that the bank will not be responsible for liability that may result from entering into the HUD 51999 and following HUD's instructions. The Side Letter and Rider does NOT need to be signed by HUD.

<b>2) Deposit Services:</b>	
<i>Required services include:</i>	
<i>a. Process the deposit of approximately 2,600 checks per month at a local branch or vault location, 800 checks per month through remote deposit capture, and 13,600 checks by ICL per month,</i>	Yes
<i>b. Process the collection of \$440,000 in coin and currency per month at a local branch or vault location,</i>	Yes
<i>c. Fulfill orders for currency and coin through the City's armored car provider,</i>	Yes
<i>d. Provide deposit reconciliation services,</i>	Yes. Please see our response to section IV, b.
<i>e. Provide an "e-lockbox" solution.</i>	Yes. Please see our response to section IV, g.

<b>3) Disbursement Services:</b>	
<i>Required services include:</i>	
<i>a. Provide Positive Pay with Payee Positive Pay services with online transmission of check details,</i>	Yes. Please see our response to section IV, h.
<i>b. Provide Positive Pay exception item review and correction online,</i>	Yes. Please see our response to section IV, h, iii.
<i>c. Provide online stop payment services,</i>	Yes. Please see our response to section IV, J.
<i>d. Provide electronic archival of cleared checks (images of front and back),</i>	Yes
<i>e. Provide online access to cashed check images, and</i>	Yes
<i>f. Provide a local branch or other method for employees to cash payroll checks at no cost.</i>	Yes

<b>4) Electronic Transfer of Funds:</b>	
<i>Required services include:</i>	
<i>a. Accept and send ACH transactions,</i>	Yes. Please see our response to section IV, k.
<i>b. Provide ACH debit blocking services</i>	Yes. Please see our response to section IV, l, Fraud Protection & Control.
<i>c. Provide ACH Positive Pay services,</i>	Yes.
<i>d. Provide a secure electronic method for wiring funds and initiating intra-bank transfers, and</i>	Yes
<i>e. Have the ability to validate direct deposit accounts with an ACH pre-note.</i>	Yes

<b>5) Reporting:</b>	
<i>Required services include:</i>	
<i>a. Provide online balance reporting services,</i>	Yes. Please see our response to section IV, O.
<i>b. Allow approximately 50 City employees with different levels of authorization to access the bank's online reporting system,</i>	Yes
<i>c. Provide prior day reporting,</i>	Yes
<i>d. Provide account reconciliation services for disbursements and deposits (full, partial or positive pay, depending on account),</i>	Yes
<i>e. Provide online monthly activity statements and reports for all accounts by the third business day of the following month, and</i>	Yes
<i>f. Provide a detailed monthly account analysis statement for each individual account and a consolidated statement showing charges for all account services.</i>	Yes



<b>6) Bank Balances:</b>	
<i>Required services include:</i>	
<i>a. competitive earnings credit rate for uninvested balances,</i>	Yes
<i>b. Provide an overnight investment service (sweep) and/or interest bearing account for excess cash balances in the demand deposit accounts, and</i>	Yes
<i>c. Collateralize uninsured collected balances in accordance with California Government Code.</i>	Yes

## Service Group 2: Lockbox Processing Services

<b>1) General Information:</b>	
<i>Required services include:</i>	
<i>a. Provide a lockbox solution for the City's utility payment collection needs,</i>	Yes
<i>b. Process all payments sent to the P.O. Box, include payments that may require some data entry (i.e. check-and-list payments, corporate payments),</i>	Yes
<i>c. Process and image checks and remittance documents received,</i>	Yes
<i>d. Provide online access to images of processed items and remittance documents,</i>	Yes
<i>e. Capture details from the remittance documents either electronically or manually,</i>	Yes
<i>f. Provide online reporting and downloads of transaction and summary detail including account numbers and payment amounts, and</i>	Yes
<i>g. Provide online exception item review and correction.</i>	Yes

## Service Group 3: Institutional Custody

J.P. Morgan respectfully decline to bid on Service Group 3, Institutional Custody.

## IV. Service Group 1: General Banking

*(Only firms proposing for Service Group 1 should respond to this section)*

### a. Community Reinvestment Act

*Please provide your current national and state Community Reinvestment Act (CRA) rating. If your firm does not have a "Satisfactory" or higher national rating, please provide a rationale on why you feel you meet the requirements of Section 53635.2 of California Code.*

Time Period	CRA Test	Overall	California
Jan 1, 2007 – Dec. 31, 2010	<b>Lending</b>	High Satisfactory	Outstanding
	<b>Investment</b>	Outstanding	Outstanding
	<b>Service</b>	High Satisfactory	High Satisfactory
	<b>TOTAL</b>	<b>Satisfactory</b>	<b>Outstanding</b>

### b. Deposit Processing

*i. Provide a listing of bank branches located within 10 miles of 90 Santa Rosa Ave. Santa Rosa, CA 95404.*

Branch Name	Address	Hours of Operation (Local Time)
<b>Mendocino Ave</b>	2245 Mendocino Ave Santa Rosa, CA 95403	<i>Lobby</i> Mon-Fri: 9:00 a.m. to 6:00 p.m. Sat: 9:00 a.m. to 4:00 p.m.
<b>Montgomery Village</b>	2300 Sonoma Ave Santa Rosa, CA 95405	<i>Lobby</i> Mon-Fri: 9:00 a.m. to 6:00 p.m. Sat: 9:00 a.m. to 4:00 p.m.
<b>Fourth St Santa Rosa</b>	835 4 <sup>th</sup> St Santa Rosa, CA 95404	<i>Lobby</i> Mon-Fri: 9:00 a.m. to 6:00 p.m. Sat: 9:00 a.m. to 4:00 p.m.
<b>Coddingtontown</b>	1301 Guerneville Rd Santa Rosa, CA 95403	<i>Lobby</i> Mon-Fri: 9:00 a.m. to 6:00 p.m. Sat: 9:00 a.m. to 4:00 p.m.

## Proposal to City of Santa Rosa

Branch Name	Address	Hours of Operation (Local Time)
<b>Bennett Valley</b>	2700 Yulupa Ave Santa Rose, CA 95405	<i>Lobby</i> Mon-Fri: 9:00 a.m. to 6:00 p.m. Sat: 9:00 a.m. to 4:00 p.m.
<b>Stony Point Rd</b>	760 Stony Point Rd, Ste C-100 Santa Rosa, CA 95407	<i>Lobby</i> Mon-Fri: 9:00 a.m. to 6:00 p.m. Sat: 9:00 a.m. to 4:00 p.m.

- ii. Describe the firm's deposit reconciliation services. Can a unique deposit identification number be used on deposit tickets to identify the deposit location for reconciliation purposes?*

Each of the City's locations can be identified by a Unique Location ID reporting (ULID) number printed on preprinted deposit tickets with the location information.

- iii. On what reports can the deposit identification number be found?*

ACCESS Online provides location reporting for customers who deposit from multiple sources into a single checking account.

The City can customize the filters and view of the Balance and Transaction Report, available through the Reports function, as a Location Report that captures deposit information from each of the City's locations. Each of the City's locations are identified by a Unique Location Identifier (ULID) number printed on the deposit slip, which is then reported back to the City's main office/location, broken out by each of the City's locations.

The Location Report view within the Balance and Transaction Master Report captures and reports deposit information for the period the City determines. Totals are calculated by each ULID location ID for the date range selected along with other optional totals. The information captured includes:

- ULID number
- Deposit date
- Deposit amount
- Deposit ticket and deposited check images (online output only)

- iv. For deposits collected and transported by armored car, what bank location do you propose for the City's armored car to deposit funds for processing? What is the ledger cutoff time for deposits at the vault deposit location, if applicable?*

Armored car deposits must be delivered to one of our cash vault locations. We recommend the City use our full service cash vault in Milpitas, California.

Chase branches do not accept deposits from armored cars.

The cutoff time for deposits for our vaults is as follows:

Deposit Cutoff Time					
City	State	Cash-Only Deposit Deadline for Same Day Credit	Mixed (Cash and Check) Deposit Deadline for Same Day Credit	Check-Only Deposit Deadline	Same Day or Next Day Credit for Check-Only Deposits
Los Angeles	CA	8:00 p.m.	3:30 p.m.	3:30 p.m.	Same Day
Sacramento	CA	8:00 p.m.	3:30 p.m.	3:30 p.m.	Same Day
San Diego	CA	8:00 p.m.	3:30 p.m.	3:30 p.m.	Same Day
Milpitas	CA	8:00 p.m.	3:30 p.m.	3:30 p.m.	Same Day
Stockton	CA	5:00 p.m.	N/A	5:00 p.m.	Same Day

*v. What is the ledger cutoff time for deposits made to branch locations?*

The following are cutoff times for same-day ledger credit on deposits:

### ATM and Branch Deposits

- ATM deposits: 8:00 p.m. PT.
- Deposit cutoff times are clearly posted at each ATM.
- J.P. Morgan has branches and ATMs in the following 23 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Michigan, Nevada, New Jersey, New York, Ohio, Oklahoma, Oregon, Texas, Utah, Washington, West Virginia and Wisconsin.
- More than 10,000 ATMs are currently available for commercial deposits across the bank's 23-state footprint.
- Branch deposits: Vary by location but typically are between 5:00 and 6:00 p.m. local time.
- Branch night drop deposits: 7:30 a.m. local time.

Select branches offer a second opening in the early afternoon. Deposit cutoff times are clearly indicated on the face of each depository as required by law.

- vi. *Do you offer the ability to partner with an armored car courier and have currency deposited into a "remote cash safe" credited to the City's bank account on a same day or next day basis? When will currency deposits be credited, same day or next day?*

We offer the ability to have currency deposited into a "remote cash safe" (Smart Safe). Cash deposits received by the Smart Safe cutoff of 10:00 p.m. local will receive same-day ledger credit with next-day availability. J.P. Morgan's Smart Safe with Advanced Credit provides the City with daily credit on currency that is validated and deposited into a leased Smart Safe from Brinks, Garda or Loomis. Advanced credit allows you to reduce the armored services schedule with your vendor to lower costs. Smart Safe with advanced credit is designed to improve daily cash flows and incorporates bill validation, counterfeit detection, secured storage and detailed reporting. The efficiencies gained using Smart Safe with Advanced Credit will allow the City to eliminate time-consuming deposit preparation of cash, freeing staff to spend more time on other tasks.

We can facilitate a meeting with our approved armored courier providers who can identify the Smart Safe solution that is right for your operations. They will review the equipment options, placement, capacity and related pricing with you to help determine a solution that meets your needs.

## How it Works

- Place cash in the Smart Safe secure bill validator throughout the day. At the end of the day, the balance is validated and transmitted electronically from the Smart Safe to the City's armored vendor.
- The armored vendor will electronically transmit the value of cash deposited through the bill validators for all of the City's locations by 10:00 p.m. local time.
- Cash deposits received by the Smart Safe cut-off of 10:00 p.m. will receive same-day ledger credit with next day availability and which the City can view the following morning via ACCESS Online.
- J.P. Morgan recommends a pick-up of the currency every fourth calendar day, and requires that the Smart Safe is serviced at least once per week.

Note: Checks and coin may be placed in the machine's secured compartment; however, neither check nor coin deposits will be included in the advanced credit amount.

- vii. *Can bank supplies (i.e. deposit bags and deposit tickets) be ordered through your firm? Does the firm charge a fee for these supplies? If so, is the fee a pass-through charge or is there a mark-up?*

Yes, the City can order deposit tickets and other supplies directly from J.P. Morgan. Some supplies will be charged directly to the City's account. Other

depository supplies may be charged through account analysis, neither will have a mark-up.

- viii. What is the limit, if any, on the number of deposit tickets that can be included in one deposit bag?*

For tracking and control purposes, deposit bags should contain only one deposit ticket.

- ix. Can currency and checks be included in the same deposit bag for branch deposits?*

For greater efficiency in processing the City's deposits, the bank prefers that paper checks and currency be on separate deposit slips. The bank does not require separation except when coin deposits are in excess of \$10, which requires a separate deposit slip and enclosure in a separate bag.

- x. Can currency and checks be included in the same deposit bag for vault deposits?*

For greater efficiency in processing the City's deposits, the bank prefers that paper checks and currency be on separate deposit slips. The bank does not require separation except when coin deposits are in excess of \$10, which requires a separate deposit slip.

- xi. Are there any restrictions on the amount of loose and/or rolled coin deposited at a branch location?*

J.P. Morgan accepts loose and rolled coin for deposit at vault, branch and night drop locations. Regular deposits can contain up to \$10 in coin. Deposits with greater than \$10 in coin are strongly recommended to go to corporate vaults using plastic bags specifically made to accommodate large coin deposits. Bags should weigh less than 50 pounds each.

There are price incentives for preparing standard coin bags, sorted by denomination into Fed-standard dollar amounts. The bank accepts mixed and partial bags through the vault. Please see the pricing section of this proposal for associated fees.

*xii. If the firm corrects a deposit, how will the City be informed of this change (i.e. phone call, online notification, fax, e-mail)?*

The standard delivery method for adjustment advices is the U.S. Postal Service. J.P. Morgan mails adjustment advices within one business day of verification. The bank mails the advice to the address listed on the deposit ticket. The location number can be included on the adjustment advice.

- For cash deposit adjustments, the bank is not able to mail an adjustment advice to an alternate address, nor can it send copies to multiple addresses.
- For paper check deposit, the bank can mail a second copy of the adjustment advice to an alternate address.

J.P. Morgan also posts the adjustment as a deposit credit or debit adjustment to ACCESS Online information reporting and the bank statement with the dollar amount and location number whether the deposit is delivered to a vault or branch.

The vault also offers the following notification options to supplement the paper advice:

- Email: Next-day notification for all deposits and adjustments processed during the prior processing day
- Fax: Next-day notification for all deposits and adjustments processed during the prior processing day
- Phone: Notification by noon the following day for all adjustments greater than \$100
- Receipt Mailer: Mailed next day for all deposits, adjustments and change orders processed during the prior processing day
- Web: Adjustment reports are available online through Web Currency Services



## Electronic Check Deposits via Virtual Remit (VR) and, Virtual Remit Mobile and Image Cash Letter (ICL)

For images that cannot be forwarded for collection because they do not meet Check 21 requirements, J.P. Morgan sends email notification to the City on the next business day.

- The process for balancing and correcting deposits is as follows:

### Balancing and Correcting Deposits

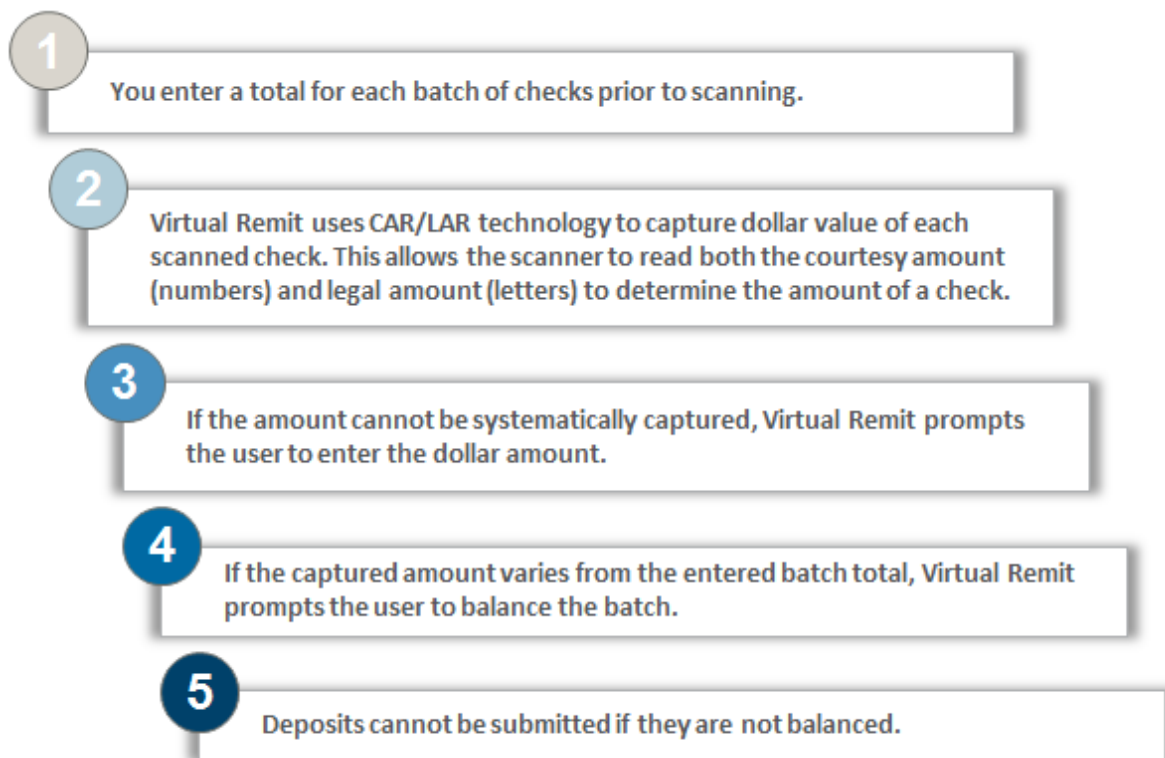


Figure 4

## Image Cash Letter

Image Cash Letter clients can request copies and submit research and adjustment requests using The Clearing House Online Adjustments. The system allows easy input of requests and provides updates on research requests and status of entries.

Replacing paper with electronic forms, this secure online system allows attachment of supporting documentation images and eliminates the need for

paper document mailing or faxing. It also provides better audit and controls, as well as a full range of daily and historical reports.

- When receiving an ICL file, the bank reviews it for:
  - **File Quality:** Proper content and construction.
  - **Image Quality:** An image quality analysis (IQA) on each item that includes tests for dots per inch (DPI), document length, document height, missing corners, streaks, darkness, noise, brightness, contrast, focus, skew, E13b integrity and MICR match.
- J.P. Morgan provides automatic notification of a successful or unsuccessful file that is received, and sends an email of any images that do not meet image quality standards.
- Images that fail the initial image quality test are deemed “suspect.” J.P. Morgan manually reviews these to determine if the deficiency, e.g., too light, failed contrast, unreadable signature, etc., is within the guidelines of Check 21. If possible, the bank passes the items back into the clearing process when they have a high probability of acceptance at the paying bank. These items require an additional day to process for availability.
- The bank enters images that are unacceptable, or nonconforming items (NCIs), into the deposit correction system. The City receives notification via email for any image that does not meet acceptable image quality standards. The City can either rescan the item or submit the item via paper deposit.

## Paper Check Deposits

The standard delivery method for cash adjustment advices is via the U.S. Postal Service. Within one business day of verification, J.P. Morgan mails adjustment advices to the address listed on the deposit ticket. The location number can be included on the adjustment advice. The bank can mail a second copy of the adjustment advice to an alternate address.

The bank posts the adjustment to the City’s account and reports it – through ACCESS Online information reporting tools and on the City’s bank statement – as a deposit debit adjustment with the dollar amount and location number.

*xiii. Can institutional clients make small currency and deposits through a bank's ATM? If so, what does the user need and how is the information reported?*

The City can make deposits through a bank's ATM. Through J.P. Morgan's ATM Business Deposit Card, the City staff can make business deposits quickly and easily at DepositFriendly Chase ATMs across 23 states without an envelope or deposit ticket.

ATM Business Deposit Card offers the City the convenience of one master account combined with unique user 10-digit identifiers. This helps you track ATM deposits from multiple field employees and simplify reconciliation and reporting. The City also has the choice of receiving enhanced deposit receipts that have check images and denominational currency listings.



Depositing Checks



Receipt with totals and check images

## How it Works

J.P. Morgan will provide the City staff with ATM Business Deposit Cards linked to a single master account with 10-digit identifiers assigned per user. All transactions can be identified with this unique number, including adjustments and return items which will simplify reconciliation tasks. The City may request and issue these deposit only ATM cards quickly to multiple employees in one or more states. Once employees receive the ATM cards and personal identification numbers (PINs), they can begin making ATM deposits. The process is simple:

- Endorse checks with the client name, account number and location number.
- Insert the ATM Business Deposit Card into a Chase-branded DepositFriendly ATM and enter the PIN.
- Deposit up to 50 bills in most locations into the deposit slot (no coins), or, up to 25 checks at a time. Deposits do not need a deposit slip or envelope.
- The ATM will calculate the deposit total and display check images on the ATM page. The City employees may then choose to verify the amount for accuracy. A receipt confirming each deposit and the ATM location may be printed.

## Extended Deadlines for Same-day Credit

Deposits made by 8:00 p.m. PT will be credited the same business day at the majority of these ATMs. There is no limit to the number of ATM deposits the City employees may make in one day.

## Detailed Reporting

Receive up-to-the-minute detailed transaction reporting through ACCESS Online.

## Added Security

Staff using ATM Business Deposit Cards may only use the cards to make cash and check deposits to the designated J.P. Morgan account. As further security measures:

- Cards may not be converted to allow debit functionality
- Cards do not have Visa or MasterCard logos and cannot be used for purchases or cash withdrawals at any ATM or point of sale
- Receipts do not include any balance information
- The City designated account is set up with ACH Debit Blocking and Post-No-Checks Block services to enhance fraud protection

*xiv. Can the firm accommodate deposits being transported by a third-party to a local branch? (Note: The City is currently using a third-party courier in addition to an armored car service.)*

We are not able to accept deposits from a third party at our branch locations. Branch deposits must be made by an authorized account signer.

Armored car deposits must be delivered to one of our cash vault locations.

## c. Branch Services

As a business practice, we regularly review branch and ATM activity which may result in branch openings and closings, ATM placement or removal, or in the change of branch bank or ATM functions. Therefore, branch bank and ATM locations and functions may change from time to time. Branch hours are subject to change and will be posted at each branch location.

## Proposal to City of Santa Rosa

- i. *Will the firm cash the City's checks without charges to either the City or the check payee? If not, what are the charges?*

There will be no charge to the City or the check payee for cashing the City's checks.

CHECK CASHING NON-ACCT HOLDER	150501	12	\$0.0000
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With proper identification by the payee, we will cash the City's payroll checks drawn on J.P. Morgan at no charge to employees. Reasonable thresholds will be established for the City based on the expected activity and risk for the account. The threshold represents a maximum per check limit. The standard maximum threshold is \$5,000; any increase in that threshold requires additional reviews and approvals.

- ii. *Is a check cashing agreement required? If yes, include a copy.*

J.P. Morgan offers on us check cashing which does not require a check cashing agreement.

- iii. *A list of all locations from which various City departments will be transporting deposits is provided under the Background section for Service Group 1: General Banking. Provide the address and distance to the closest deposit processing facility from each of these locations in the table below.*

These branch locations are available for the City's convenience. We highly encourage use of alternative branch solutions as outlined within our response.

Location	Address of Closest Deposit Processing Facility	Distance (Miles)
Water Department	Stony Point Rd	1.19
Laguna Water Treatment Plant – Water	Rohnert Park	3.64
Police Department	Fourth St Santa Rosa	0.39
Bennett Valley Senior Center (R&P)	Fourth St Santa Rosa	0.82
Finley Community / Aquatic Center (R&P)	Stony Point Rd	1.33
Ridgeway Swim Center (R&P)	Fourth St Santa Rosa	0.72
Steele Lane Community Center (R&P)	Mendocino Ave	0.25
Howarth Park (R&P)	Montgomery Village	1.08
Public Works – TPW	Stony Point Rd	0.90
Revenue – Finance	Fourth St Santa Rosa	0.31
Planning and Economic Development	Fourth St Santa Rosa	0.32

Location	Address of Closest Deposit Processing Facility	Distance (Miles)
Transit	Stony Point Rd	1.11
Fire Department	Stony Point Rd	0.90

- iv. *Will the firm permit the City's Police Department to make large currency deposits to a local branch? If the firm is unwilling to process these deposits at a local branch, describe an alternative process. (Note: Deposits could range from \$6,000 to \$40,000. The deposits are primarily made up of confiscated currency through normal police operations.)*

Confiscated currency cannot be validated in the branch. Although, the branch will accept and credit the account for the declared amount. Final validation will be performed by Cash Vault Services. To minimize risk to our banking centers, as well as City staff, we would recommend the City send confiscated currency deposits by armored carrier to our Cash Services Vault for validation.

We do require that deposits be made by an account signer with a valid ID. In addition, we are not able to provide an exemption to any currency transaction reporting that may be required.

## d. Remote Deposit Capture ("RDC")

- i. *Describe the firm's ability to process checks by Remote Deposit Capture ("RDC") and Image Cash Letter Processing ("ICL").*

The bank offers both a remote capture solution Virtual Remit (VR) and Virtual Remit Mobile and Image Cash Letter (ICL) product.

### Virtual Remit

Virtual Remit, one of J.P. Morgan's remote deposit solutions, is an efficient and cost-effective electronic alternative to paper deposits.

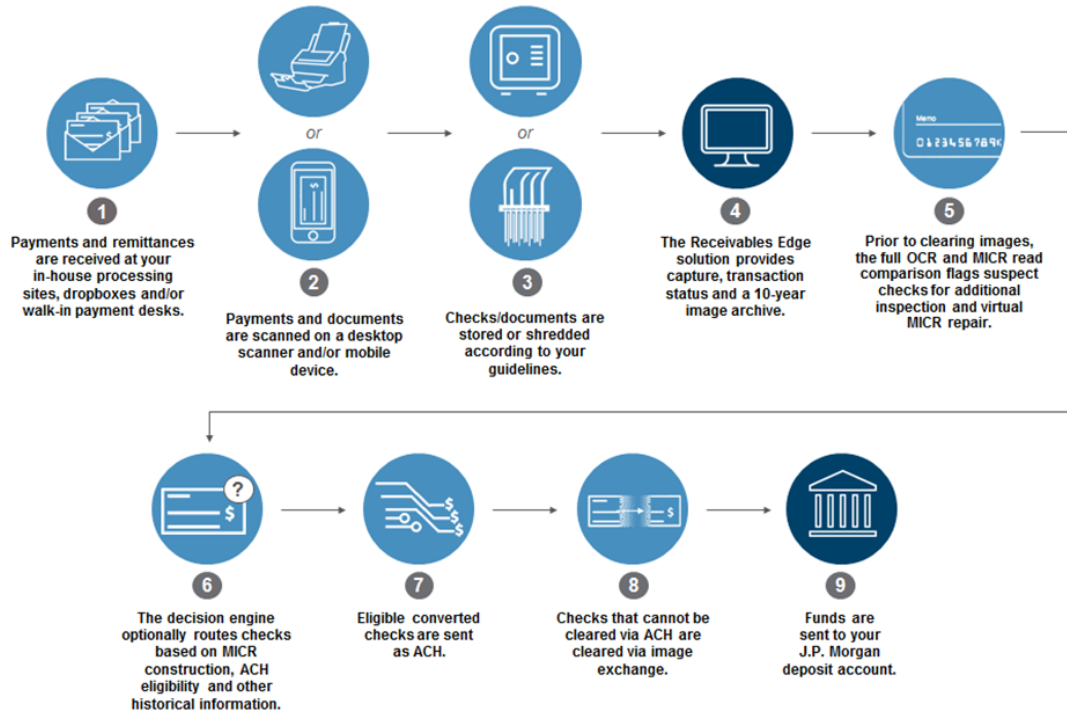
Virtual Remit is an end-to-end hardware, software and processing solution for reducing paper check payments at branch locations, drop boxes, and internal retail and consumer lockboxes. To use Virtual Remit, the City needs a high-speed Internet connection, a desktop check scanner and a Windows-based PC.

- Virtual Remit is for use in the U.S. only.
  - Checks must be scanned from a U.S. location.
  - Drawn on a U.S. financial institution.
  - In U.S. funds.

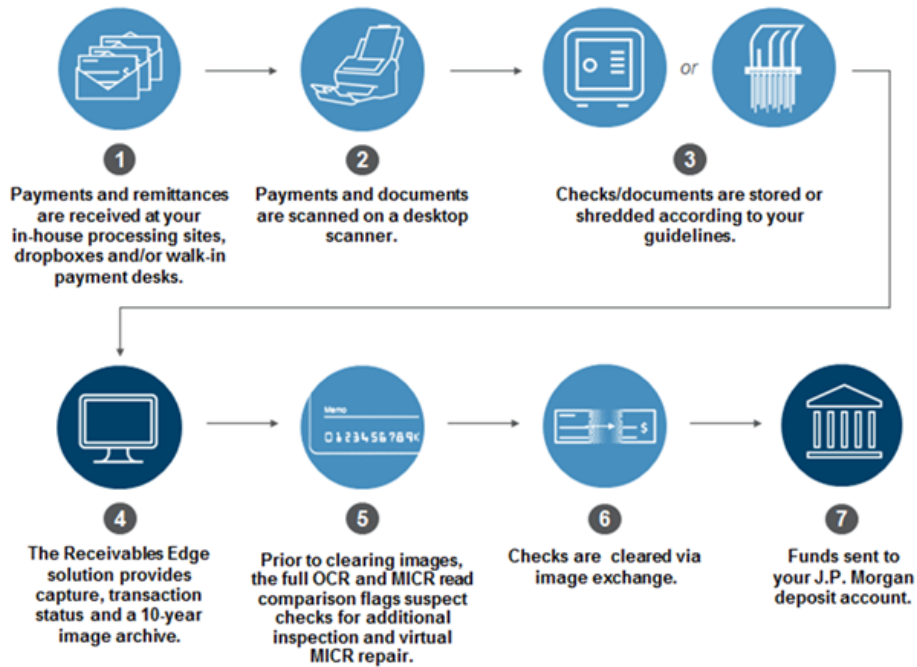
- Into a J.P. Morgan U.S.-domiciled DDA.
- Virtual Remit accepts checks drawn only on U.S. financial institutions, as well as business, government and consumer checks, U.S. Postal Money Orders, Western Union Money Orders, demand drafts and government warrants.
- The City scans images of checks and transmits them electronically to the bank for clearing.
- Transmissions are conducted through secure HTTP protocols employing 128-bit encryption.
- The bank maintains check images in an archive for online access.
  - We retain images to detect duplicates for 14 days.
  - The City can remove a suspected duplicate check from the deposit or choose to continue to deposit it.
- We provide same-day ledger credit for checks received by the deadline.
- An implementation specialist works with The City to set up Virtual Remit.
- Virtual Remit can be configured to convert your eligible checks to ACH.
- Check images are typically available in the image archive within several minutes after a deposit is submitted. J.P. Morgan maintains Virtual Remit images in the online repository up to 10 years.
- Virtual Remit maintains detailed deposit history reports that the City can easily download and import to an ERP accounting system. You can download reports and view images at any time.

# Proposal to City of Santa Rosa

## Virtual Remit Remote Deposit Capture (RDC) Process Flow



## Virtual Remit Remote Deposit Capture (RDC) Process Flow with Receivables Edge



Receivables Edge: An online image archive. OCR: Optical character recognition. MICR: Magnetic ink character recognition.

Figure 5



## Virtual Remit Mobile

Virtual Remit Mobile (VR Mobile) extends the reach of a remote deposit service to the point of check receipt, and is another efficient and cost-effective electronic alternative to paper deposits. It only requires a compatible smartphone or tablet, connectivity service plan, a wireless signal, and a J.P. Morgan demand deposit account.

- Virtual Remit Mobile is for use in the U.S. only.
  - Checks must be scanned from a U.S. location.
  - Drawn on a U.S. financial institution.
  - In U.S. funds.
  - Into a J.P. Morgan U.S.-domiciled DDA.
- VR Mobile is fully integrated with our existing VR desktop solution providing the same features and functionality.
- To maximize organizational efficiencies, use VR desktop scanners and the mobile solution together or stand alone.
- The application is intuitive and easy to use, requiring minimal training or support.
- Employees in the field can photograph and capture checks for deposit to your J.P. Morgan DDA.
- Optional user fields allow data entry of additional deposit information (numeric, alpha, alphanumeric, amount, or date fields) that will flow through VR with the associated check image.
- The check image and/or document is uploaded and transmitted to the bank for processing.
- Review 14-day deposit history on the mobile device.
- No sensitive data is stored on the mobile device once a deposit is completed.

## Image Cash Letter

If you process your own checks, rely on a third party or electronically consolidate deposits from multiple locations, you face growing costs, risks and inefficiency.

Our image cash letter solution allows the City to image all of your paper items and transmit them to us electronically for clearing. As part of this process, our solution reviews your check images and accompanying data to determine the optimum clearing method:

- Automated clearing house (ACH)

- Image exchange, or substitute check processes

In addition, as we process a significant number of transactions as on-us items, we can process yours the same way to help you keep clearing costs down.

### ***Key Features and Benefits***

- Clear checks through the most efficient method—ACH or Check Image Exchange.
- Reduce the costs, time and risks associated with transporting paper checks.
- Optimize funds availability by sending electronic images for check processing.
- Improve efficiencies and lower costs by streamlining operations.
- Mitigate check fraud by accelerating return item notifications.

### ***Did You Know***

- We are one of the first banks to exchange images of items electronically.
- We have invested more than \$100 million to enhance our image infrastructure.
- We consult with the City to create dynamic solutions suited to your current and evolving business requirements.
- As a founding member and board representative of The Clearing House, we are one of the first owner banks exchanging images of items electronically.

The illustration below provides an overview of the image cash letter process flow.

## Image Cash Letter Overview

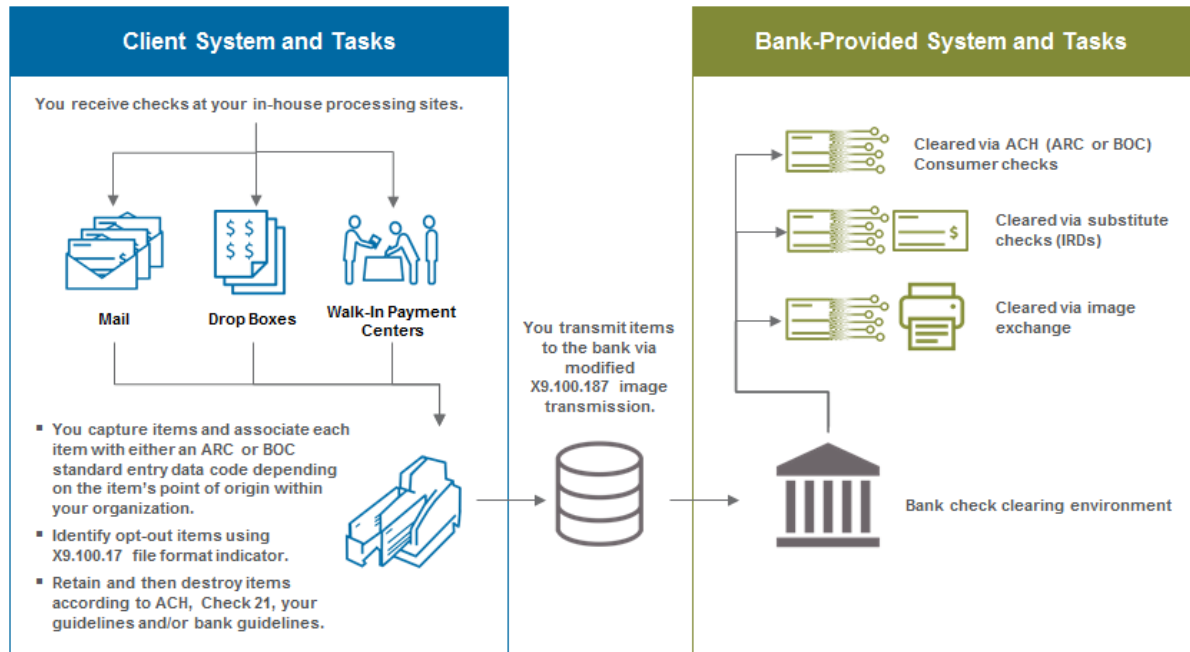


Figure 6

J.P. Morgan employs advanced image quality analysis tools to verify the quality of image deposits and reduce the incidence of items returned by the paying bank for poor quality. We also maintain a duplicate detection database to protect against duplicate files during a 45-day period.

The City will benefit from:

- **Image-Enabled Routing Transit Numbers:** J.P. Morgan currently sends to approximately 22,000 routing transit numbers. The bank updates routing transit numbers on a quarterly basis.
- **Competitive Availability Schedule:** We base availability on the bank which the deposited check is drawn and the time the deposit is made.
- **Electronic Notification of ICL Transmission:** the City will receive an electronic notification for each ICL file you transmit to us, whether successfully or unsuccessfully. We send notification, including the number of items and dollar totals, to designated recipients via email or XML transmission.
- **Advanced Image Quality Analysis Processes:** We use a two-pass process to identify suspect items. The process determines whether items may be acceptable for presentment to the paying bank or are nonconforming images (NCIs).

- **Image Quality Processing:** This helps reduce adjustments, potential privacy violations and fraud. Quality checks verify that ICL-deposited items are correctly debited and credited to the proper account(s), for the precise value(s).
- **Codeline Match Quality Processes:** We use, and were one of the first providers to implement, a process to verify that check data associated with an image matches correctly to the item.
  - This greatly reduces errors by having the item properly routed to the correct paying bank and debited to the relevant account.
  - It also reduces the risk for downstream adjustments and potential privacy violations if a consumer's check is inserted into another customer's account statement.
- **Duplicate File Detection:** Our transmission management process includes duplicate file review against the database for the previous 45 days of transmission activity. To guard against duplication, J.P. Morgan reviews file headers for volume, value, composition date and time, and sender details. Files will not be processed if the header and/or detail records indicate zero dollar value. We provide timely email and telephone notifications to minimize service disruptions.
- **Enhanced Landing Zone:** We assign the City's deposits float and pricing based on the time the file is received and acknowledged, not at another point later in the process.
- **Seamless Implementation Process:** Implementation is driven by the outcome of testing, file certification, connectivity, etc. Our implementation team will work with the City to configure the services we will provide.
- **Competitive Advantage:** Data Treasury and JPMorgan Chase settled a patent dispute several years ago. The terms of the settlement are confidential; however, they include "safe harbor" and "most favored licensee" protection. This gives us a competitive edge in check processing. In this context, safe harbor means the protections the bank receives with regard to certain Data Treasury patents, including U.S. Pat. Nos. 5,910,988 and 6,032,137, are passed to our clients who receive services for those check images created, transmitted and stored as part of our ICL services.

ii. *How does a user select which account a RDC deposit will be made into (i.e. drop down menu, key entering account number, other)?*

The account number is selected from a drop down menu at the beginning of the scanning process.

*iii. Are deposit reconciliation identification numbers shown on RDC deposits?*

J.P. Morgan ACCESS Online and Receivables Edge offer the ability to reconcile remote check deposits via reporting functions that capture deposit information from each of the City's locations. Each of your locations are identified by a Unique Location Identifier (ULID) number which is reported separately for each deposit. Additionally, batch numbers and payment transaction numbers are reported through J.P. Morgan Receivables Edge along with images of all checks and remittance material scanned.

*iv. How long are electronic check images deposited by RDC/ICL stored and available for viewing?*

Virtual Remit data and deposited item images are available online for up to 10 years via Receivables Edge. The City can also obtain a copy of imaged items - up to seven years - by contacting your Client Service Representative.

*v. What search features are available for researching check deposits (i.e. which fields are searchable)?*

Transaction Search in Receivables Edge lets you create queries to access and display transactions based on a wide variety of criteria. Depending on your company-level and user-level entitlements, this page may display up to five sections that include:

- Payment
- Bank Identifier
- Remitter
- Reference Details and Payment Reference Details (optionally configured fields for subscribing clients)
- Workflow

The City's users can define a different category of search criteria in each section. A number of data entry fields and drop-down list options allow users to define search parameters very broadly or very narrowly, to return a large or small number of results. When users execute the search, results may be displayed in any of three subsequent result and detail pages. How results display depends on users' Personal Options settings and whether the search has returned one or more transactions.

*vi. How will the City be notified of deposit corrections and adjustments for RDC/ICL items?*

## Virtual Remit

The Virtual Remit process requires the user to balance the imaged checks to the total deposit amount of the batch.

Return and adjustment reports and alerts are available via ACCESS Online.

## Image Cash Letter

J.P. Morgan enters images deemed unacceptable or nonconforming (NCIs) into the deposit correction system. NCI adjustments post on the same day as the credit ledger posting. The City will receive an email notification for any NCIs and can then either rescan the item or submit the item via paper deposit.

- vii. *Describe the process used for balancing and correcting deposits prior to transmitting them to your firm.*

## Virtual Remit

All balancing for Virtual Remit deposits is performed by the user before submitting for deposit. If the batch does not balance, the user can correct the item or remove it from the batch prior to submitting for deposit.

### Balancing and Correcting Deposits

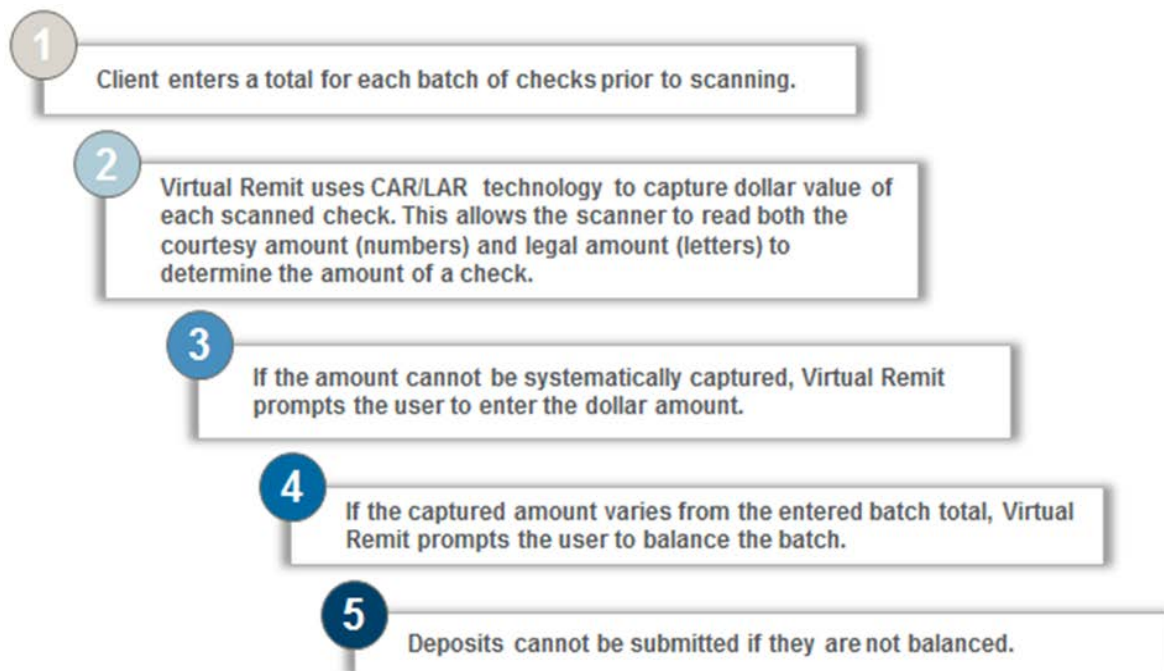


Figure 7

## Image Cash Letter

J.P. Morgan validates the receipt of ICL files via email, generally within 10 minutes of receiving a file; however, it can take up to one hour. This confirmation email provides dollar amounts and item counts for each file received. The City can designate multiple recipients for the email distribution. Additionally, next-day balance reporting will show each deposit, allowing the City to reconcile the email from the previous day's notification. Files must be in balance to be received by J.P. Morgan.

The figure and process description that follow below present a detailed overview of how J.P. Morgan's ICL solution works, including the process for item corrections.

### Image Cash Letter Overview

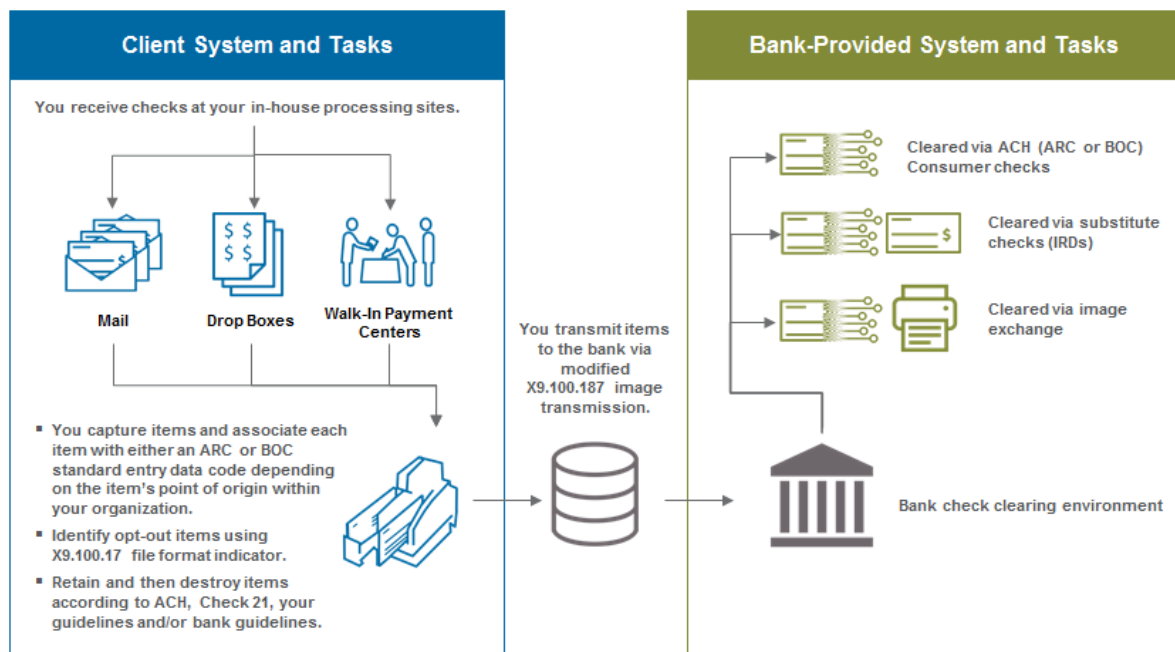


Figure 8

- The City captures paper check and related payment information as images. Checks must be U.S. dollar-denominated and drawn on U.S. financial institutions.
- The City sends the ICL, which contains mixed cash letter items in ANSI X9.37 or X9.100-187 file format.
- Upon receipt of an ICL file, J.P. Morgan reviews to verify:
- The file contains proper content and is properly constructed.

- Image quality, including an image quality analysis (IQA) on each item for:
  - Dots per inch (DPI)
  - Document length
  - Document height
  - Missing corners
  - Streaks
  - Darkness
  - Noise
  - Brightness
  - Contrast
  - Focus
  - Skew
  - E13b integrity
  - MICR match
- J.P. Morgan provides automatic notification of a successful or unsuccessful file received. We will notify the City by email of any images that do not meet image quality standards.
- Images that fail the initial image quality test are deemed as suspect and manually reviewed to determine the deficiency, e.g., too light, failed contrast, unreadable signature, etc., is within Check 21 guidelines. If yes, they have a high probability of acceptance at the paying bank, so then pass back into the clearing process.
- J.P. Morgan uses a two-pass process to identify suspect items. The process determines whether items are acceptable for presentment to the paying bank or are nonconforming images (NCIs). We enter unacceptable images into the deposit correction system. For any NCIs, J.P. Morgan sends the City an email notification and a paper adjustment advice. The City can then either rescan the item or submit the item via paper deposit via Bank-by-Mail.

Image quality processing helps reduce adjustments, potential privacy violations and fraud. Quality checks verify that ICL-deposited items are correctly debited and credited to the proper account(s) for the precise value(s).

Below is a sample NCI notification.



## Proposal to City of Santa Rosa

Sequence Number	MICR Amount	MICR Serial	MICR Routing Number	MICR Item Type	Reason
000010109012859	0000011000	001602495	21000248	NON-IRD	Invalid RT. Front: Back:
<b>Total amount:</b>	11,000	<b>Number of items:</b>	1	<b>Date:</b>	05/09/2015

*viii. What RDC equipment would you recommend? Indicate how many items per minute these machines can process. What is the current error rate for the scanners?*

J.P. Morgan recommends the Epson product line. The Epson CaptureOne 60/100 or 90/100 is generally used for check-only scanning and the Epson DS-860 if you plan to scan checks and documents.

*ix. Does your service offer the ability to populate data using recognition technology such as Magnetic Ink Character Recognition (MICR), Optical Character Recognition (OCR), or Intelligent Character Recognition (ICR)? If so, does the system recognize both the courtesy amount and the legal amount of the check?*

For Virtual Remit, J.P. Morgan uses scanning technologies, such as magnetic ink character recognition (MICR) and Optical Character Recognition (OCR), to capture and validate check data. We also use Character Amount Recognition (CAR) and Legal Amount Recognition (LAR) to capture and validate the amounts on the check. . If the software cannot read the values, it prompts the user to manually enter the data.

*x. Can checks be automatically endorsed with the firm's RDC service? Is the automatic endorsement an electronic image or printed on the check?*

For Virtual Remit, it is recommended that the City physically endorse all checks before scanning. Virtual Remit electronically endorses each item with a generic "For Deposit Only- RDC" endorsement which cannot be customized.

*xi. Does your service allow for multiple batches to be scanned throughout the day and processed as a single deposit at the end of the day? If batches are processed by different users, are batches consolidated or are they separate deposits? Describe the process.*

While Virtual Remit allows deposits of up to 999 checks, J.P. Morgan strongly recommends limiting a deposit batch to 30–50 checks to help make reconciliation a manageable process for the City's users. Multiple batches can be scanned prior to submitting for deposit. You can make as many deposits as needed in a single day.

Virtual Remit Mobile is designed to submit a single check at a time for deposit.

- xii. What is the document destruction policy for scanned checks? Does the City have to destroy the documents or can the City contract with a third-party vendor to destroy the documents?*

J.P. Morgan recommends that you securely retain the original checks and documents for a minimum of 14 days in the event that the deposit needs to rescan. The City should develop your own retention policy beyond the recommended 14 days.

- xiii. What is the ledger cutoff time for deposits for items processed by RDC?*

Virtual Remit and Image Cash Letter deadlines are as follows:

- **Virtual Remit and Virtual Remit Mobile:** 7:00 p.m. PT, with same-day ledger and availability based on endpoint.
- **Virtual Remit With ACH:** 7:00 p.m. PT for same-day ledger and availability based on endpoint. All transactions cleared as ACH debits are available the next business day.
- **Image Cash Letter (ICL):**
  - Standard: 7:00 p.m. PT with availability based on endpoint.
  - With ACH: 9:00 p.m. PT for same business day credit. All transactions cleared as ACH debits are fully available the next business day. Nonconvertible items are available based on endpoint.

- xiv. What format of ICL files can you accept and process? Is a BIN formatted file an acceptable option? Are there any specialized requirements for the processing of an ICL file?*

X9.100-187 is J.P. Morgan's standard ICL file format. This is the only format we accept for ICL transmissions.

## e. Returned Item Processing

- i. Can returned items be automatically redeposited?*

J.P. Morgan can automatically redeposit return items if they have been returned for a reason that is eligible for redeposit, such as non-sufficient funds (NSF). The bank assigns availability to items being redeposited and re-enters them in the clearing system.

Typically, redeposits are not posted to the City's DDA, nor do they appear on the return item advice. J.P. Morgan can report information on redeposited items to the City.

Additionally, the bank offers various flexible options for both posting and reporting redeposit information.

*ii. Does the firm offer Represented Check Entries (“RCK”) services?*

J.P. Morgan supports electronic presentment of returned items (RCK).

RCK allows up to two redeposits on eligible items. Checks that meet the following criteria qualify for RCK:

- Returned for NSF or uncollected funds.
- Written for an amount less than \$2,500.
- Drawn on a consumer bank account.
- Not drawn on a Federal Reserve Bank or Federal Home Bank.
- Contain a preprinted serial number.
- Dated fewer than 180 days prior to ACH debit transaction.

If the City is interested in the benefits of RCK, consider J.P. Morgan’s optional ACH (ARC) services through Virtual Remit. Eligible items clear by ACH during the initial clearing process. ACH re-presentment substitutes for the RCK process on any returned items.

*iii. Can the firm provide online access to electronic images (back and front) of returned items to the City? How soon after an item is returned can these images be accessed?*

The City can access and view mages of return items through ACCESS Online, and Receivables Edge.

ACCESS Online allows the City next-day access to return and redeposit item information and images. This solution allows authorized users at the City to electronically retrieve return and redeposited item images. ACCESS Online provides secure 24-hour, high-speed online access to your return and redeposit images. To find an image, the City’s user runs a “Returns and Exceptions Report” or the “Balance and Transaction Report” on ACCESS Online. The front and back of the returned item is available. The user then clicks on the icon for the return item image to view, print or export the image.

With Receivables Edge images of both redeposited items and final returns are available on the business day following a return item’s processing date.

*iv. Provide a screen shot of the details returned for a returned check (Note: Please include this returned check screen shot in the body of your proposal response versus referring to an Attachment or Appendix.)*

Below are illustrative examples of how each type appears in prior-day information reporting, on the bank statement and in the BAI2 file. Actual data reported and record layouts vary depending on the return service options selected by the City.

## Proposal to City of Santa Rosa

Posting Examples	Prior-Day Reporting, Bank Statement and BAI2 Layout	Comments
<p>Single item posting – with some optional fields</p>	<p>DEP ITEM RETURN  DEPOSITED ITEM RETURNED NSF 2<sup>nd</sup>  00289 MR MAKER  #OFITEMS00001CK#00000131  DEP AMT000000024325960DEP DATE020110  CK AMT0000058549</p> <hr/> <p>16,555,58549,,000000000000,/  88,DEPOSITED ITEM RETURNED NSF 2nd 00289  88, MR MAKER # OF ITEMS00001CK#00000131DEP AMT  88, 0000024325960DEP DATE020110CK AMT0000058549</p>	<p>Return Reason = NSF 2<sup>nd</sup>  Store/Location Number = 00289 (if enabled)  Maker name = MR MAKER (if keyed)  Check Number = 131 (if available)  Deposit Amount = \$243,259.60 (if available)  Original Deposit date = 020110 (if available)</p>
<p>Lump-sum posting – with location number</p>	<p>DEP ITEM RETURN  DEPOSITED ITEM RETURNED 258574 SUB289  # OF ITEMS00003</p> <hr/> <p>–  16,555,2210551,,000000000000,/  88,DEPOSITED ITEM RETURNED 258574  88,SUB289 # OF ITEMS00003</p>	<p>Advice # = 258574  Lump sum posting will still be at the store/location level = 0000000289  # of items = 3 (total number of items on advice)</p>

The Returns and Exceptions Report is available through ACCESS Online, the bank's web-based banking platform. This functionality lets the City choose between a preformatted report and a data file.

The following information is available for prior-day returns: depository account number (or alternate account number), processing date, original deposit date, check amount, MICR line information of the item (RT number, account number and check number), return reason code, disposition code (return, redeposit or RCK conversion), location number (if used) and maker name (if used).

Returns and Exceptions Report

Cash Reporting - Returns and Exceptions Report							J.P.Morgan
Company Name: UATWAMU							
As of: 10/20/2009							
Date Type: Post Date							
<b>Report Filters</b>							
Beneficiary Name:	n/a	Viewing Option(s):			n/a		
Amount Range:	n/a	Your Ref:			n/a		
Status:	All Statuses						
**For Informational Purposes Only**							
Bank:	JPMORGAN CHASE BANK, N.A.					Currency: USD	
Account Number:	12345678900						
Account Name:	Your Account Name						
References	Company/Location ID	Amount	Post/Orig.	Status	Return/Reject Reason		
Ref/Check #:	000000000001156	1596023083	238.79	10/20/2009	RETURN	R01 INSUFFICIENT FUNDS CHECKING	
Name:	T JONES			10/17/2009			
Bank:	322271627						
Account:	2222222222						
Cust. Trace:	082845402001610						
Bank Trace:	021000026895554						
Batch Desc:	PAYMENT						
Orig. Name:	FINE COMPANY						
Ref/Check #:	00000000000118	1596023083	60.20	10/20/2009	RETURN	R01 INSUFFICIENT FUNDS CHECKING	
Name:	W SMITH			10/18/2009			
Bank:	111906271						
Account:	333333333						
Cust. Trace:	082841902009349						
Bank Trace:	021000026895553						
Batch Desc:	PAYMENT						
Orig. Name:	SOME COMPANY						
ID Sub Total:		298.99	Items:2				
ACH Return		298.99	Items:2				
Ref/Check #:	304	1460	45.00	10/20/2009	RCK	01 NSF 1ST PRESENTMENT	
Name:	E CLARK						
Bank:	11100002						
Account:	5555555555						
ID Sub Total:		45.00	Items:1				
RCK		45.00	Items:1				
Account Total:		343.99	Items:3				
Grand Total:		343.99	Items:3				
End of Report							

Figure 9

## f. Availability of Deposits

- i. *How does the firm determine and calculate availability of deposited items? Does the firm calculate availability by item or formula?*

The availability schedule determines availability for each item. Availability is based on the drawee bank routing/transit number, the time the deposit is processed, fractional float assignment, and in some instances, the dollar amount of the item.

With one of the largest check-clearing networks in the country, the bank offers accelerated funds availability. J.P. Morgan clears more than 99% of all deposited checks as images through approximately 22,000 endpoints.

We will be providing the City our premium availability schedule.

*ii. Does the firm give immediate availability for on-us items?*

Availability for on-us items and on-us controlled disbursement items vary by availability schedule. For specific details, please refer to the availability schedules.

*iii. Provide a copy of the availability schedules the firm proposes to use for the City; including branch deposit, vault, and RDC.*

Please see Appendix 2 for a copy of our Availability Schedules.

We will be providing the City our premium availability schedule.

## **g. E-Lockbox Services**

*i. Does the firm offer “e-lockbox” services for payments made from consumer bill payment service providers? Describe the firm’s “e-lockbox” service. Which clearing networks does the firm work with? Describe in detail.*

Yes. ACH eLockbox can streamline the City’s receivables posting process by consolidating electronic payments received from multiple sources into a single deposit. On payment receipt, we generally credit your account promptly the morning of the next business day after receipt of payments. Our Transaction Repair service streamlines the exception process by allowing you to review and repair exception items online for faster posting to your back-office system. We provide you with a single accounts receivable file and upload this data into your back-office system to help you save time, improve productivity and reduce costs.

The bank offers eLockbox consolidation from more than 70 providers, including Fiserv, FIS, MasterCard RPPS, IPP, ORCC, i-Pay, MoneyGram, Western Union, Yodlee, US Government agencies, and the Federal Reserve Bank, among others.

### **ACH eLockbox—Key Features and Benefits**

ACH eLockbox can improve the City’s ability to receive and post payments from online bill payment providers and other corporate remitters. ACH eLockbox services offer a host of value-added features that include upfront edits, data validation, as well as:

### ***Payment Acceptance***

- Expands the City's payment options to include a customer-initiated form of collection.
- Streamlines the receivables process by incorporating electronic remittances and outsourcing the EDI remittance reporting translation function.
- Reduces deposit volume by combining receipt, posting of funds and remittance data.
- Provides consolidated, straight-through processing of consumer, business or government payments.
- Integrates remittances for multiple business units or affiliates by depositing transactions into separate bank accounts for each affiliate or unit.
- Standardizes formats, communication and payment of transactions from government agencies and bill payment service providers such as MasterCard RPPS, Fiserv, FIS and ORCC.

### ***Cost Efficiencies***

- Lowers the overall cost associated with payment processing and application.
- Accelerate funds availability and improve productivity by reducing mail, processing and check clearing float.
- Decreases payment settlement time down to one to two days—down from four to seven days.

### ***Exception Handling***

- Reduce manual exception processing and collection costs.
- Minimize exceptions by reviewing and repairing them electronically, or opt to have us repair them for you automatically.
- Expedite exceptions handling and data validation to improve the accuracy of remittance and customer account number data.
- Search, review and return transactions—and submit notifications of change online.
- Offers upfront editing and data validation that improves the number of accurate remittances and valid customer account numbers and expedites exception handling.

- Improves consumer satisfaction through faster payment posting, research and problem resolution.

### *ACH eLockbox—How It Works*

1. The City notifies your payment processors to send the payment files directly to your ACH eLockbox. We will work with each processor on your behalf to complete the payment redirection.
2. Your customers send you payments electronically (e.g., online banking, credit cards, bank by phone, government remitters, etc.)
3. After validating the billing account numbers and data match each transaction, we consolidate the payments automatically on receipt.
4. A single credit, along with remittances, posts to your account—all in the same business day.

#### ACH: How it Works

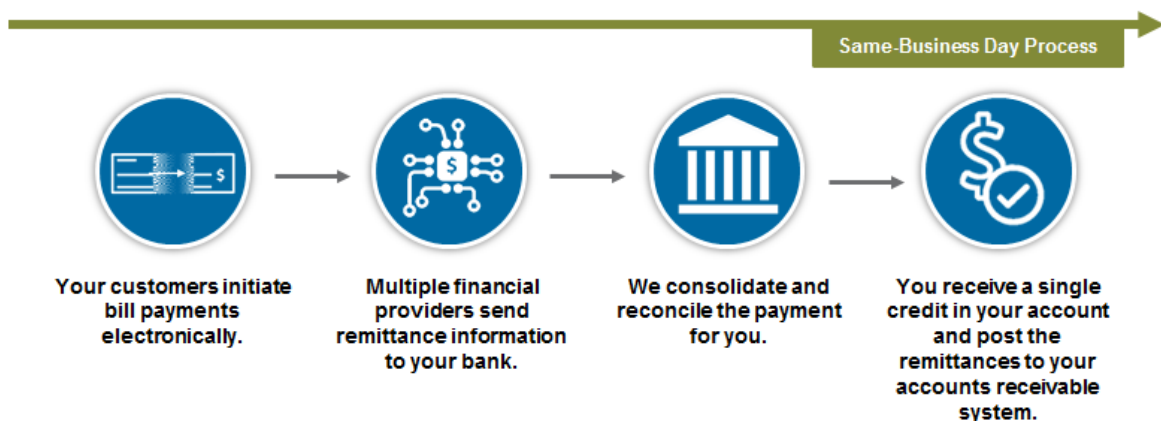


Figure 10

**Added Security:** To help protect the City’s account information, we issue you a unique J.P. Morgan account number that is used to collect payments into your ACH eLockbox account. This account number is then translated to your actual account number by our back office.

**Streamlined Information Reporting:** Daily remittance data, such as billing data, corresponding dollar amounts, transaction edits, etc., is formatted into either our standard accounts receivable format or your proprietary format and routed directly to your back office via ACH eLockbox. We provide unique batch ranges for the electronic payments.



Or, have this data integrated into our file management service, ReceiptStream, which retrieves and consolidates lockbox, ACH and wire payment details and transmits it to your accounts receivable system.

**Improved Settlement and Customer Service:** With ACH eLockbox, the City has prompt access to timely payment information, which allows you to respond to your customer inquiries without delays.

In addition, it helps you avoid unnecessary service disruptions and reduce days sales outstanding by shortening the payment settlement process by up to two days.

**Debt Management Payments:** ACH eLockbox offers retail creditors a solution for receiving debt management payments electronically from consumer credit counseling service agencies.

**Efficient Exception Processing:** With ACH eLockbox, the City will receive and exception report that shows where payment edits have failed. This helps you reduce manual exception processing hassles and collection costs associated with your bill payment service providers' "check and list" information.

As a result, your staff will be able to address and return exceptions more quickly to the originator. Notifications of changes are provided automatically to the payment originator for payee database updating. Also, you can search and view remittance information online, return transactions and submit notifications of change to originators to correct future transactions.

The City can submit returns and notification of change requests using ACCESS Online's inquiry feature or through our Transaction Repair service.

### ***Cutoff Times***

**Opening of Bank Business:** We consolidate payment activity through 12:00 a.m. PT (subject to applicable cutoff times) each banking day, and render settlement and data to the City by the opening of bank business.

**Intraday Payment File:** We can also report intraday payments to the City, whereby payments made by consumers or corporations that are received by J.P. Morgan by 11:00 a.m. PT are reported to you by 12:00 p.m. PT.

### ***ACH eLockbox—Transaction Repair***

Transaction Repair, optionally available through ACCESS Online, streamlines the exception process so that the City can review and repair exception items online for faster posting to your back-office system.

We will match incoming transactions against the City's posting rules (e.g., customer reference number or account number) and send you a list of exceptions that you can review and repair online via ACCESS Online to facilitate posting.

Transaction Repair allows you to return transactions you cannot post or submit notifications of change electronically to the originators to correct future transactions to improve straight-through processing.

- Act on and validate payments from your customers to accept incoming CIE, CCD, CCD+, CTX, web, TEL, PPD and PPD+ transactions.
- Automatically receive and review transactions that do not meet your edit/validation instructions and correct these transactions securely online. When we have received your online corrections by the established cutoff time, we will remit the corresponding payments to you in your designated eLockbox posting file that same day. You can greatly reduce future exceptions with our Auto Repair feature, where any repairs you make will be automatically applied to any future incoming items with that same erroneous information.

**ACH eLockbox Transaction Review: How it works**

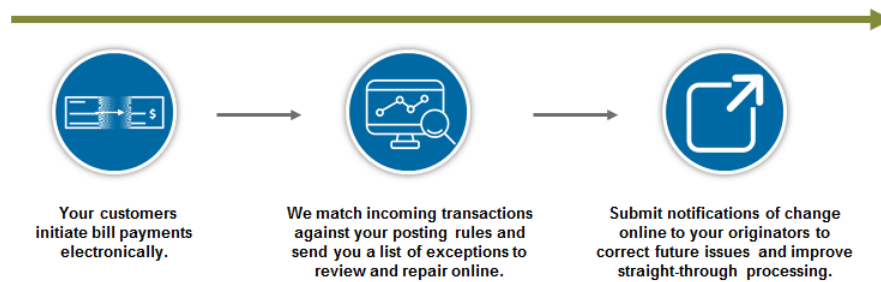


Figure 11

**Auto Repair Option:** Let us correct and repair transactions automatically and then send to you for automatic posting.

The City can also choose our optional auto-repair feature, in which we correct and repair transactions automatically based on corrections you have made in the past—and then send to you for automated posting.

**Reporting and Posting**

We post one payment to the appropriate the City account at J.P. Morgan at the opening of bank business. This total will correlate to the total of the detailed payment file transmitted to you. The daily posting files and other standard reports are delivered through ACCESS Online.

ACH eLockbox Funds Movement Timeline

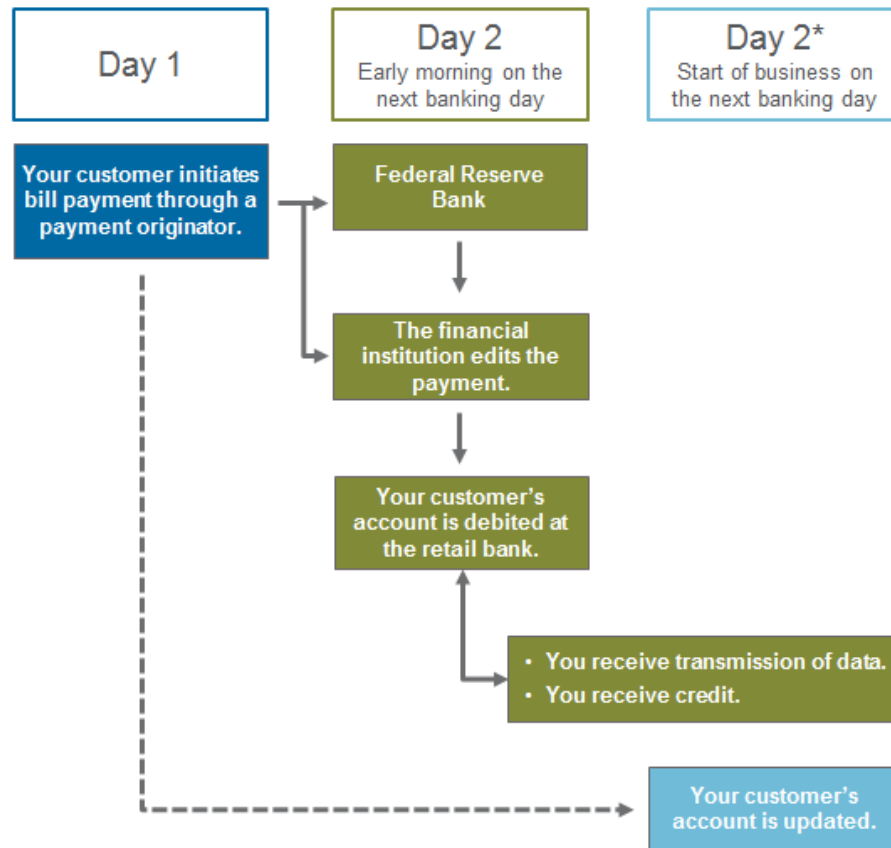


Figure 12

\* Subject to applicable cutoff times.

### Implementation

ACH eLockbox implementations typically take four to eight weeks to complete but can take longer depending on customization requirements. We will work with the City to determine your requirements, including account format, reporting format and data transmission connections. We will validate bank account numbers, mask combinations and support updates, as necessary, in order to apply against the next incoming file from a myriad of providers. The City can also choose to receive both standard and customized reports via transmission or secure email.

To minimize file processing errors, testing will be performed on new electronic remittance customers, as well as changes that affect the mask combination table and correction file process.

Incoming ACH items are marked by the originator for deposit in the J.P. Morgan account, with accompanying remittance detail provided as specified by the City.

You will see one daily credit post, with detailed payment reporting provided separately.

- ii. *If multiple City departments implement “e-lockbox” services, how will consumers be able to differentiate payments between departments? How will the firm differentiate these payment details to the City? (i.e. multiple transmission files, etc.)?*

Each department will have a separate mailing address which identifies the department. When working with online services, payers are generally asked to provide this mailing address and if no e-lockbox is set up for the client, a check is generated with this exact mailing address. Similarly, if e-lockbox is set up for a client, J.P. Morgan works with major bill consolidators, providing instructions for individual mailing addresses. As payments are made online by payers, these payments are consolidated within the boundaries of the payment instructions, separating payments by department.

**J.P. Morgan**  
J.P. Morgan offers eLockbox consolidation from more than 70 providers, including Fiserv, FIS, Paytrust, Mastercard RPPS, and PEC, enabling you to streamline your accounts receivable updating process.

## h. Check Disbursements/Positive Pay

- i. *Does the firm offer Positive Pay and Payee Positive Pay? Is there an additional charge for Payee Positive Pay versus Positive Pay?*

As part of a complete range of disbursement services available through ACCESS Online, J.P. Morgan offers both positive pay and payee positive pay services. When using our positive pay service, the City electronically transmits a file to the bank each time checks are issued. Check files should contain all of the items issued against their controlled disbursement account(s). J.P. Morgan processes the daily checks-presented information against the client’s input file and generates an exception report on a next-day basis, identifying all items that are presented with mismatched or no issue information on file. The review of exception items includes an image of the front and back of each check.

J.P. Morgan was one of the first banks to offer clients payee verification service. This service is critical, as payee fraud is on the rise. J.P. Morgan’s enhancement to positive pay digitally interrogates up to 100 characters of payee name information. Our teller line positive pay service also includes payee verification.

A payee verification client is first matched in positive pay. Next, payee verification looks at the items with digital interrogation, matching the payee name on the issue file to each check presented. Items that do not match are sent to a J.P. Morgan operator to manually review. Any exceptions will be sent to the client for final decision.

The City can review check images of any exceptions rejected by the operator using ACCESS Online, J.P. Morgan’s web-based application; or via mobile device using ACCESS Mobile.

There is no charge for Positive Pay service as long as the City has other Account Reconciliation services. Payee Positive Pay does have an additional fee for Payee Name Verification.

PAYEE NAME VERIFICATION	150122	291	\$0.0200
POSITIVE PAY MAINTENANCE	150030	3	\$0.0000

*ii. How will the City be notified of exception items? Can an e-mail notification be sent to specific users alerting them that there is an exception item to review?*

Both ACCESS Online and ACCESS Mobile give the City access to positive pay exception items, including ‘Paid No Issue’ (PNI) items. A daily email notification is provided to your designated individuals, to alert them of any Positive Pay exceptions that require review. The associated exception report is delivered via ACCESS Online at the beginning of the next business day, providing the report to the authorized the City’s user(s) upon log in for pay/return decisioning. The exception items report provides both a front and back image of each item.

*iii. At what time will the City receive the information on exception items? How much time will the City have to review discrepancies and notify the firm to accept or reject?*

The bank’s deadline for notifying clients of standard positive pay exception items is 10:00 a.m. local time the day following presentment, and 11:00 a.m. local time the day following presentment for payee positive pay services.

*iv. If the City is unable to provide a “pay” or “no pay” decision before the deadline, what happens? Does the firm offer a “do not pay” default?*

Generally, J.P. Morgan’s default disposition is to return exceptions presented for decision when we do not receive a response.

With ACCESS Online, the City may set the default disposition (for each exception type) during initial setup. In the absence of any client decision, J.P. Morgan will accept the City’s defaults.

*v. What are the options for transmitting check issuance information to the firm? What is the deadline for transmitting check issuance files to the firm?*

Check issue data can be simply and flexibly supplied to the bank via file transmission, online upload, or manually keyed into ACCESS Online.

**SFTP:** J.P. Morgan supports Secure FTP encryption with SSL certificates for file transmissions sent to and from the bank.

Although file transfer protocol (FTP) is widely used for bulk file transmission over the Internet, it is inherently non-secure. Even when the data and connection

are protected by encryption, PKI and SSL, there is risk of a security breach due to the open nature of the protocol. Therefore, “open” FTP does not meet J.P. Morgan standards for Security and Risk, and we offer Secure FTP for this type of interface.

**FTPS:** Host-to-Host Connectivity Services, offers FTP encryption with a secure socket layer (SSL) session, for automatically scheduled and manual-initiated file transmissions sent to and from J.P. Morgan.

**HTTPS:** A secure communications connection with Verisign for SSL.

We prefer to implement connections directly to our clients and maintain a variety of direct connectivity options as cost-efficient alternatives to Value Added Networks (VAN). We do exchange data with third parties, however, and will support mailbox connectivity should the City require the services of a VAN.

- vi. How is payee information captured from the physical checks? What steps does the firm take to prevent exception items being flagged due to erroneous capture of payee information?*

J.P. Morgan was one of the first banks to offer this technology to detect payee fraud through payee verification. This enhancement to Positive Pay digitally interrogates up to 100 characters of payee names. Payee Verification clients are first matched in Positive Pay. After it passes that process, it continues to payee validation processing. Payee Verification looks at the items with digital interrogation, where it matches the payee name on the issue file to the check presented. Those items that do not match are sent to our operators to manually review and accept or reject and send to the City for final decision. These exceptions are incorporated in J.P. Morgan ACCESS Checks and include check images for your review and decision.

- vii. Will stale-dated checks be reported as exception items? How are stale- dated checks identified (i.e. are these checks automatically removed from the issue file after a set number of days or does the City need to send a file removing the checks from the issue file)?*

The City can use J.P. Morgan’s stale-date feature to return checks that are presented for payment past the City-determined number of days from the issue date. Your account must be subscribed to positive pay and we must receive the issue record in advance of the check being presented for payment.

For positive pay accounts, these checks appear as exceptions on the daily positive pay exception report, which allows the City to decide whether each item should be paid or returned. The City may also have the ACCESS Online system automatically return all items prior to having them reported for your review.

- viii. *Can accounts with no check writing functionality be designated as “post no checks” to prevent potential fraud?*

J.P. Morgan offers the City our post no checks block to guard the City’s accounts. This service blocks all checks from your J.P. Morgan depository account or account used for electronic debits only.

Post No Checks can be added or removed from an account in one business day. There is no notification of checks attempting to clear the blocked account.

- ix. *If a disbursement check is deposited by the payee using mobile technology and he/she accidentally deposits the item a second time, will your firm’s Positive Pay service identify this item as an exception or will it be automatically returned as a duplicate item? If so, how is this item reported to the decision-maker?*

If a check is deposited by the payee using mobile technology and he/she accidentally deposits the item a second time the check will need to be reviewed and the City will need to make a Pay/No Pay decision, although it will be recognized as a duplicate item. The City will have to verify its records and see that it was already paid and select “Return”.

## i. Controlled Disbursement

- i. *At what time will the City be notified of presentment items? Specify 1st and 2nd presentment times.*

Controlled Disbursements	1st Presentment	2nd Presentment
Circleville OH (target endpoint)	5:30 a.m. PT	7:00 a.m. PT

- ii. *What is the average percentage of the final presentment available at the 1st presentment time?*

First presentment reports an average of 99% of dollars at this time.

## j. Stop Payments

- i. *If using Positive Pay, can a cancel be placed on an outstanding check in lieu of a stop payment? If so, can the cancel be placed online?*

J.P. Morgan recommends that when a check is printed and released from the City, a stop payment be placed versus a void. Voids should be placed when the check has not been released.

Voids can be placed online via ACCESS Online or sent by file transmission. The void is effective real time. For same-day action, void requests must be received by

5:00 p.m. PT when submitted via ACCESS Online, or by 7:45 p.m. PT when submitted by direct transmission.

Stop payments are in effect for one year with an option to renew for six additional years, and if the check is presented for payment the bank will automatically return the item. For clients who choose to place a void on a check, if the item is presented for payment, it will be communicated via ACCESS Online as a “Cancel On File” check exception for the client to then make a pay/return decision on the item. Therefore, a stop payment provides a more efficient method of handling outstanding checks that are not to be honored.

*ii. What term options are available for stop payments? Does the fee for a stop payment vary based upon term?*

Stop payment requests remain in effect for one year and are renewable for an additional six years. Stop payment fees are indicated in Exhibit B, Pro Forma.

To streamline the City’s stop payment process, the bank offers the following options:

- **Internet:** The City can place stop payments online via ACCESS Online, either directly from within the “Stops” function or more efficiently by using the “Inquiry” function where the check numbers are validated against the issued items.
- **File Transmission:** The City can send a stop (or revoke) payment transaction within your positive pay issue files, allowing stops to be processed in batch.
- **Manual:** As a backup, the City may contact your designated client service professional to assist in placing a stop payment.



ACCESS Online Stop Payment Page

Sandra Billinghamurst [GMT +6:00] | Mobile Setup | Data Reference | Tools | Support & Community | Feedback | Log Off

J.P. Morgan ACCESS®

Search by amount, account, beneficiary and more

Alerts 13

HOME | PAYMENTS | FX | CHECKS | LOANS | REPORTS | STATEMENTS | ADMINISTRATION | More Services

Home | Inquiry | Stops | Photos | Data Download | Recon Input | Check Print | Recon Output | PosPay | Rev PosPay | ACH Filter | Approvals | Reports

STOP PAYMENT REQUEST

Inbox

Account \*  
0bb00011111-Classic Check

Request Type \*  
 Single  Range

Reason \*  
Other

Check No.

Amount

Payee

Paid Check Search From 10-Jun-15

\*Indicates required values

The check will be stopped unless it has been cashed or has cleared the bank prior to placing this stop payment. Please review the Stop Payment Request Activity Report on the next business day for confirmation your request was successfully processed.

PDF Confirmation on Submission

Account	Check No.	To Check No.	Amount Payee	Reason	Alternate Action

Figure 13

## Stop Payment Requests

When placing stops via ACCESS Online, the system will search 90 days of transaction history to identify if the check has been paid (extended retention periods are available) for payment requests entered manually. If the record shows the check has been paid, the system will report the date the item was paid. The user can choose to continue to place the stop on the paid item. This could prevent a second item from being paid with the same check information.

Once the stop payment is submitted, the system can provide confirmation online of successful placement of the stop payment request. The City can print or download details as needed. Furthermore, a stop payment activity report is available through ACCESS Online. The status of the item at the time the stop was placed is available on the activity report.

The City also has a fallback option. Simply contact your dedicated client service professional to issue a stop payment.

## Proposal to City of Santa Rosa

STOP PAYMENT - MANUAL	150420	1	\$10.0000
RANGE STOP PAYMENT-ELECTRONIC	150410	0	\$20.0000
RANGE STOP PAYMENT-MANUAL	150421	0	\$50.0000
STOP PAYMENT - ONLINE	150410	0	\$2.0000
STOP PAYMENT AUTOMATIC RENEWAL	150412	0	\$1.0000

*iii. Are stop payment requests effective immediately? If not, how long does it take for a stop payment request to become effective?*

Stop payments can be placed online through ACCESS Online by an authorized user at any of the City locations, either directly from the “Stops” function or more efficiently, by using the “Inquiry” function, where the check numbers are validated against the issued items. Additionally, stops can be sent via a file transmission.

When placing stops, the system will search 90 days of transaction history to identify if the check has been paid (extended retention periods are available). If J.P. Morgan’s records show the check has been paid, the system will report the date the item was paid.

A stop payment request received online will be effective at the teller line within one hour and will be applied to all checks presented to a Chase teller after that time.

A stop payment request received via file transmission prior to 8:00 p.m. PT (or 5:00 p.m. PT for any checks on controlled disbursement accounts) will be applied to all checks presented that business day unless already cashed at a Chase teller line.

Once the stop payment is submitted, the City will receive online confirmation of the successful stop request. This can be printed or downloaded as needed. Furthermore, stop payment activity reports are available through ACCESS Online. You can also find stop payment information

*iv. Will the system automatically verify if a check has been paid before processing the stop payment?*

When placing stops, the system will search 90 days of transaction history to identify if the check has been paid (extended retention periods are available). If J.P. Morgan’s records show the check has been paid, the system will report the date the item was paid. Once the stop payment is submitted, the City will receive online confirmation of the successful stop request. This can be printed or downloaded as needed.

*v. Is there a report that lists stop payments that are set to expire?*

Stop payment activity reports are available through ACCESS Online.

Online Stop Payment via J.P. Morgan ACCESS

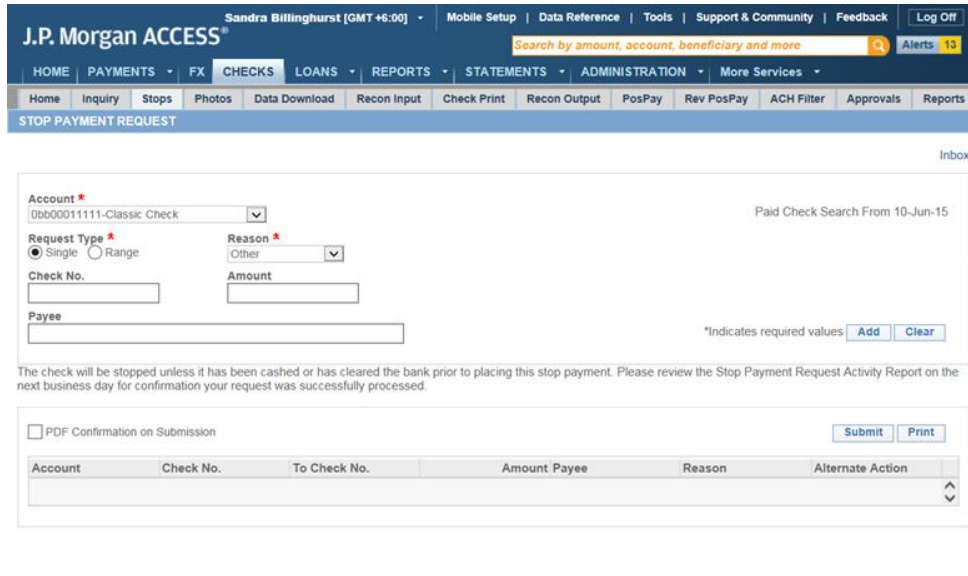


Figure 14

*vi. Can stop payments be automatically renewed? If so, for how long?*

Stop payments are effective for one year and will automatically renew annually for six additional years unless revoked.

Auto-renewals can be turned off completely or set for fewer renewals (years) at the account level.

**k. ACH Processing**

*i. When does the firm need the file from the City for payments to be made on a next day and 2-day settlement? Complete the following table:*

	Next-Day Processing	2-Day Processing
<b>Deadline for File Transmission</b>	7:00 p.m. PT	7:00 p.m. PT

*ii. Will the firm establish a minimum ACH exposure limit of \$5 million for the City's day-to-day operations?*

J.P. Morgan coordinates exposure risk with a client's payment patterns. Exposure is calculated as the net settlement over a cumulative two to three business day period. When a limit is approached or exceeded a J.P. Morgan credit officer will make a determination to either process the file or notify the City. Please consult with your relationship team to discuss this question in greater detail.

We will be able to meet this request.

- iii. *Does the firm accept both debits and credits on the same file? If so, discuss any additional requirements.*

J.P. Morgan accepts both debits and credits on the same file with no additional requirements.

- iv. *Can transactions be added online for future processing dates? What is the firm's maximum retention for future dated transactions?*

For origination files received via direct transmission, the maximum retention time for future-dated transactions is 90 days. Transactions are maintained for online inquiry for 180 days after the effective dates.

**Advantage J.P. Morgan**  
**J.P. Morgan accepts both debits and credits on the same file with no additional requirements.**

ACCESS Online supports origination of future settlement dated ACH payments for up to 60 calendar days in the future.

- v. *Do you offer Same Day ACH transactions capability?*

J.P. Morgan is highly engaged with NACHA and the ACH industry. Together with The Clearing House and other key NACHA members, J.P. Morgan worked to design, develop and champion the recently approved same-day ACH rule change. With same-day ACH, all receiving financial institutions are required to provide same-day settlement of ACH transactions for their consumer and corporate clients. The rule is being introduced in phases, enabling financial institutions and other stakeholders to improve capabilities and adjust to the faster payment speed. In Phase 1, which began in September 2016, ACH credit transactions of \$25,000 and under became eligible for same-day processing. This allows for payroll, bill payments, person-to-person payments and other types of credit transactions to be processed faster. As of September 2017, Phase 2 included ACH debit payments, affecting consumer bill payments for items like mortgages and credit card payments. The last phase, to be introduced in March 2018, requires funds availability earlier in the day.

J.P. Morgan ACH originators will automatically be enabled to initiate same-day transactions by using the Effective Entry Date within the batch header record on the ACH File; an opt-out process is available for clients who do not want same-day processing. ACH clients wishing to initiate same-day ACH debit entries must contact their relationship team to enable same-day debit processing.

Additional fees are charged for off-us same-day ACH origination. Cutoff times are as follows:

Client Initiation Method	Cutoff Times
Direct Transmission	9:30 a.m. PT (prefund) & 10:15 a.m. PT

Client Initiation Method	Cutoff Times
ACH Payments via ACCESS Online	9:00 a.m.PT (prefund) & 10:00 a.m. PT
ACCESS Host-to-Host Payments	8:00 a.m. PT (prefund) & 8:30 a.m. PT

*vi. Does the firm provide automatic file receipt acknowledgements? If so, how is the acknowledgement transmitted?*

ACCESS Online users may view the transaction status up until the point it is successfully released.

Once transactions are fully approved and released, each transaction is acknowledged (e.g. accepted or rejected). For accepted transactions, a client confirmation number is returned as confirmation that J.P. Morgan has accepted the transaction.

*vii. Is the City required to submit a control total of an ACH batch? How would the City communicate ACH control totals to the firm (i.e. phone, online, email)?*

The City is not required to submit control totals separately. J.P. Morgan prefers to receive unbalanced ACH files in order for us to create the offsetting ACH transaction. We can then provide automated ACH Acknowledgment files, as described below.

- **ACH File Receipt Notification Service** delivers an email confirmation to our client that the ACH file submitted was either successfully received by our ACH back office and validated, or rejected for further processing. Email notifications can be sent to a maximum of 10 corporate email addresses.
- **ACH Acknowledgement File** delivers a copy of their original NACHA File Header (1) record and File Control (9) record, allowing the ability to automatically reconcile back to our clients original internal ACH file processing records.
- **File Transmission Pre-Scheduling/Verification:** J.P. Morgan offers InfoDex, which enables a client to pre-schedule a file or verify a transmission using a secure telephone system. InfoDex is a family of touch-tone services that enhance the security and operational controls associated with delivering clients' ACH origination files.
  - Verification controls allow clients to pre-schedule or approve and release files based on dollar value and entry counts.
  - Notification controls offer after-the fact confirmation a file was received and processed.

- **Transaction Summary Report (Journal):** J.P. Morgan has the ability to send clients a daily transaction summary report (journal) that summarizes the ACH transactions presented to J.P. Morgan. These daily reports enable the client to know, in advance, what will be debited from or credited to their account at J.P. Morgan. This report also provides detail on the distribution and warehousing (if applicable) of any ACH transactions. Clients can choose to receive a return item journal that provides a summary of the returns that were presented to J.P. Morgan.

*viii. How are returned and rejected ACH transactions handled? What information does the firm provide to assist in identifying returned and rejected ACH transmissions? When is this information available?*

J.P. Morgan can provide return items via direct transmission, email or online via the Return and Exception Report in ACCESS Online. J.P. Morgan strongly recommends data transmission options to reduce delivery problems and minimize the time between the return and the time to receive notification of return.

J.P. Morgan helps provide complete and accurate data on each return by using key fields from the returned items to retrieve the original record sent to J.P. Morgan from a historical file. This file contains records for ACH transactions initiated in the past 15 months.

- If search does not locate an exact match, the entries are declined to the Receiving Depository Financial Institution (RDFI) for correction and resubmission.
- If the correct item is found, data from the original record is supplied to the City with the reason for the return.

The bank issues one debit per entity or application against the City's account for the total of the return file. This simplifies reconciliation, because all returns are in a single return transmission.

Returned credits also are included in the return data file and will be credited to the City's checking account with a separate entry per company ID. Return entries are not netted against one another or against the new item settlement.

*ix. Describe the process of initiating ACH pre-notes to verify new direct deposit accounts.*

Although it is not required by NACHA, J.P. Morgan recommends pre-notifications if the City has the time to respond to corrections or returns generated by a notification of change and correct the information prior to the first payment.

While J.P. Morgan recommends pre-notes at least three banking days prior to live-dollar origination, the bank can accommodate most timing scenarios.

- x. *Please provide a screen shot of the information returned for an ACH NOC. (Note: Please include this screen shot in the body of your proposal response versus referring to an Attachment or Appendix.)*

The following is a screen shot of the return ACH NOC information.

```
CO-NAME: XXXX Company * CO-ID: 1599999999 * DESCR: PAYMENT * DESCR-DATE: 171117 *
CHASE-TRACE: 7474798
CUSTOMER-NAME----- CUSTOMER-ID----- TC -----AMOUNT TRAN-ABA,CK ACCOUNT-
NUMBER--- ENVLOP,### ORIG---TRACE--NO FICHE
DOE JOHN M           H3724805896770      27      0.00      3011-
7979,5 XXXXXX093     CHANGE,354 31900170-9251267 11/16
EFF. ENTRY DATE: 11/17/17
CODE C03  CORRECT ACCT NO IS XXXXXX CORRECT TRANSIT NO 301180124      **NOC**
```

## I. Fraud Protection & Controls

- i. *Describe the firm's ability to block unauthorized received ACH debits. If the firm provides ACH debit filtering, what level of filtering can be applied (originator, originator & dollar amount, etc.)?*

### ACH Debit Block

ACH debit block enables the City to block all ACH transactions, block specific originators, block specific originators by dollar amount or date or allow all originators except specific originators. With ACH Debit Block Transaction Report, the City receives a daily report that provides a listing of all transactions that were blocked. The City can use the data to update their ACH debit block profile to allow future payments to be processed without being returned. Also, the report enables you to notify trading partners proactively about returned payments.

In accordance with our customary practices and applicable law and rules, the following types of ACH related debits will not be blocked:

- ACH settlement debits to your account to offset ACH credit entries originated by you through us
- Reversals of previously received ACH credits
- Reclamation entries, as defined in the NACHA Operating Rules
- Debits to your account initiated by us to correct processing errors, effect back-valuations or make other adjustments
- Returns or reversals of ACH debits originated by you
- Fees or charges owed for services provided by us

- ii. *With ACH debit blocking, does the firm notify the City of attempts to debit funds that have been automatically rejected?*

With ACH debit block, J.P. Morgan blocks the ACH debit before posting the item to the DDA account as flagged during the account setup. J.P. Morgan reports transactions that did not post as a result of debit blocking.

- iii. *Does the firm offer ACH Positive Pay (ability to make pay / no pay decisions on unidentified transactions)?*

## ACH Transaction Review

ACH Transaction Review allows the City to review and confirm ACH debit and credit transaction online and return unauthorized transactions on a case-by-case basis. Using a sophisticated filter, the City can limit the number of transactions reviewed, by using the following criteria: debits and credits, company IDs, dollar amount and or dollar amount range, and transaction type. Clients have until 4:00 p.m. local bank time, determined by account location, to submit decisions. If a Pay or Return decision is not submitted by the client, the default Pay or Return decision, as established in the related profile, will be applied.

- iv. *Does the firm offer Universal Payment Identification Codes (ability to mask account numbers to reduce the risk of unauthorized direct debits)?*

J.P. Morgan offers Universal Payment Identification Code (UPIC). UPIC will help protect the City’s sensitive banking information by providing a universally recognized account and routing number that is different than their J.P. Morgan account number for the purposes of receiving ACH credit transactions. Features of UPIC include:

- Masking routing and account numbers while securely facilitating electronic payments
- Receive credit payments only, blocking all debit originations
- Used in conjunction with a universal routing number
- Issued and maintained by banks
- Remains with the City regardless of changes in account numbers or banking relationships

## m. Wire Processing

- i. *Fill in the following table with the cutoff time for Outgoing Domestic Fedwire by origination method.*

	Online	Phone
Outgoing Domestic Fedwire		



The cutoff times for outgoing wires by client input method are outlined in the table below.

Type of Transfer	Input Method			
	Telephone	Internet	Host-to-Host	Automated Standing Transfer
Fedwire	2:00 p.m.	2:30 p.m.	2:30 p.m.	See note below
Book transfer/Internal	4:00 p.m.	3:30 p.m.	3:30 p.m.	See note below
Drawdown (via Fedwire)	12:00 p.m.	12:30 p.m.	12:30 p.m.	See note below
International (USD via CHIPS)	1:00 p.m.	1:30 p.m.	1:30 p.m.	See note below

\* Payments that require repair will have a cutoff time 30 minutes prior to the stated times above.

J.P. Morgan's Payment/receipt processing operates from 6:00 p.m. PT each Sunday through 4:00 p.m. PT each Friday, excluding U.S. Federal holidays. By actively participating in the extended CHIPS and Fedwire operating hours, J.P. Morgan provides clients with generous cutoff times to enable same-day execution of their payment instructions.

**Note for Automatic Standing Transfer:** As standing orders/payment instructions are repetitive, there is no deadline, per se. In most cases, we execute the standing order early each morning. If it is to be based on an account balance either in a J.P. Morgan account or in an account at another bank, the transfer will be based on the closing balance as of the prior business day.

Payment instructions received after cutoff times will be completed on a reasonable-effort basis.

- ii. *If wire transfers can be initiated online, describe the system's security features. Can varying degrees of authorization be set (i.e. multiple authorizers, maximum dollar amounts, etc.)?*

Yes. Security in ACCESS Online begins with user setup:

- Two security administrators initiate the user setup process.
- One administrator sets up the user and another must approve the setup before it becomes active.

ACCESS Online security is configurable based upon various parameters. Administration approval tools help the City customize the payment approval process, allowing you to create rules determining the number and identity of approvers for different types of transactions.

- Passwords and IDs govern access to the portal itself.
- Access to individual functionality is enabled through product-specific privileges set at the company, user and product/account levels.

## Proposal to City of Santa Rosa

The wire transfer initiation services available through ACCESS Online have separation of duty entitlements, allowing the City to optionally require payment process approvals. The City security administrators configure security, product access and functionality. Users may be added to the system or modified by a security administrator in real time. Once these entitlements are submitted and approved, adds and changes are activated within seconds.

Using Administration Approval Rules, the City can customize the payment approval process by creating rules that determine the number and identity of approvers for different types of transactions, as well as the order in which that review must occur.

### Approval Rules Allow the City to Customize and Control the Approval Process

The screenshot displays the J.P. Morgan ACCESS Administration interface. The top navigation bar includes 'HOME', 'TRANSACTIONS', 'FX', 'CHECKS', 'LOANS', 'REPORTS', 'STATEMENTS', 'ADMINISTRATION', 'VIRTUAL BRANCH', and 'MORE SERVICES'. The 'ADMINISTRATION' tab is active, showing options for 'ADD USER', 'CREATE USER GROUP', and 'CREATE ACCOUNT GROUP'. The main content area is titled 'Approval Rules' and contains a table with columns for 'Approval Rule Name', 'Approval Conditions', and 'Creation Methods'. The table lists three rules: 'Payments Approval Rule', 'East Coast Account Approvers', and 'CFO Rule'. Below the table are buttons for 'View', 'Delete', 'Output Details', and 'Change Priority'. A status bar indicates '3 Items, 1 Selected' and 'Last refreshed 24-Jan-17 03:10pm EDT'. Below the table is a section for 'Approval Categories' with columns for 'Category Name' and 'Users'. It lists categories like 'Executive Director', 'Manager', 'Treasurer', 'CFO', and 'CEO' with their respective user counts. A status bar indicates '5 Items, 0 Selected' and 'Last refreshed 24-Jan-17 03:10pm EDT'. The footer contains 'J.P. Morgan Chase & Co.' and copyright information.

Figure 15

The elements of an approval rule are:

- Payment Type
- Payment Creation Method
- Accounts/Account Groups
- Templates
- Transaction Amount Limit
- Approval Type (Sequential or Non-Sequential)
- Number, Type and Priority of Approvers

- Approval Rule Elements for Trusted Beneficiary

Categories enable you to classify users, tying approvals to a group or job function rather than a particular individual.

As a security measure to help reduce losses associated with erroneous or unauthorized transactions, security administrators must establish maximum individual transaction and daily aggregate limits for all payment functions.

## Multilayer Security System

ACCESS Online uses a multilayer security system designed to protect the privacy and authenticity of users' data and transactions.

Authentication is required for users accessing functions involving value-bearing transactions or security activities, for example wires and ACH. We use a two-factor authentication process: Industry standard 128-bit SSL (Secure Socket Layer) and TLS (Transport Layer Security) helps protect the confidentiality of data and transactions.

- iii. *Discuss the process the City must use to set up repetitive wire transfers with the firm, including communication methods (e.g., written request, fax, PC, Internet).*

ACCESS Online provides online repetitive wire setup. There are two options available. Standard repetitive templates are approved and activated by the City's users and do not require a bank review/approval process. Payment routing details (e.g. account #, Bank ID) cannot be edited at payment initiation.

Depending on the City's requirements for payments, the second option available is to leverage enhanced repetitive templates which are verified and activated by the bank once the client user creates and approves them. This feature is configured through the City's settings and user entitlements.

## n. System Administrators

- i. *What levels of authorization (i.e. accounts view, transaction capabilities, etc.) can be permitted or turned off for individual users?*

ACCESS Online allows complete flexibility for the City to designate the rights of each user on the platform, and provides comprehensive and configurable user entitlements, limits and approval workflow to provide optimal control. Available services accommodate a wide range of security options, including dual control among users and daily or transaction limits.

Each user can be restricted by dollar amount and function. Dollar amounts may be either single transaction, daily aggregate or both.

By separating duties, accounts and approval workflows, the City can help reduce the risk of fraud or compromised data. The City's security administrators are the only individuals able to assign users with transaction initiation privileges.

**Standard Security Administrator Model**

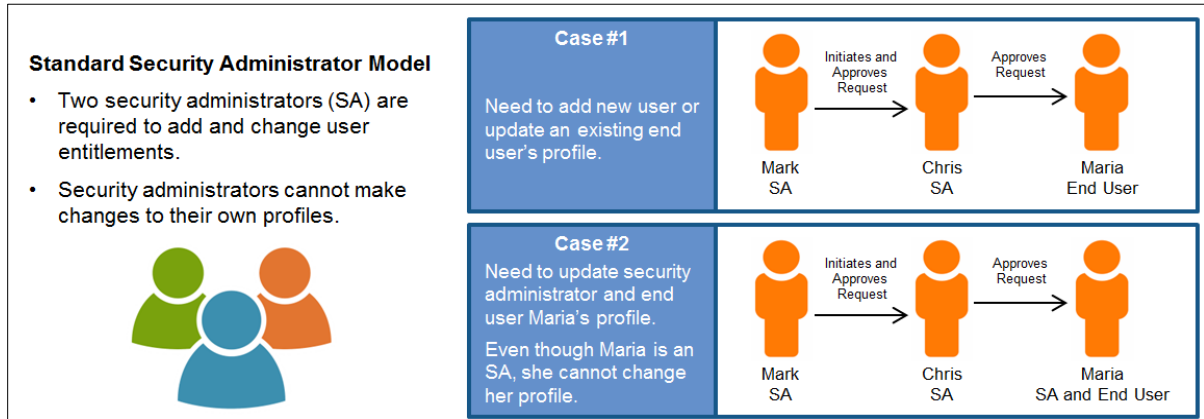


Figure 16

Additionally, ACCESS Online automatically prevents a single user from performing all actions (create, approve and release) on a single payment, even if the user is entitled to create, approve and release. At the point of release, the application requires that two unique users are involved in the payment life cycle, which includes the creation, approval and release of the payment, as well as the creation, approval and activation of any underlying template. Therefore, even if users have all three entitlements, they will still not be able to take all three actions on a payment on their own.

*ii. Can the City designate administrators? What capabilities and functionalities do administrators have (i.e. adding new users, removing users, settling authorization levels, etc.)?*

Security administrators for ACCESS Online are first established with their own security credentials (user ID, password) and digital signature authority (RSA SecurID). They can then create and approve additional users of accounts, services and functions using the online entitlement-provisioning tool.

To help meet client audit controls, J.P. Morgan requires two security administrators to be involved in user setup and maintenance. Additionally, if security administrators are entitled to use product functions, such as cash reporting, wire initiation, etc., two other security administrators must prepare and approve the product function entitlements.

Dual control is enforced as follows:

- One security administrator establishes users for services—ACH, wire, balance reporting, etc.—and functions—transaction initiation, transaction approval, release, reporting with account assignment, etc.
- A different security administrator approves the users for the accounts, services and functions established by the first security administrator.

To provide a complete audit trail, the system date/time-stamps and associates all actions executed to a request within the platform, including the user who performed them. These requests are available online and as download reports for historical review.

Users can be quickly added or deleted by the City. After initial client setup as described below, Security Administrators may use the electronic entitlements capability within Administration to add, delete or modify a user within minutes.

Mobile access to your company information is separately enabled by your company's Security Administrator. Access via a Mobile device may be terminated at any time by the City's Security Administrator.

### ***Establishing Authorized Users***

During implementation of ACCESS Online, the City will provide initial Security Administrator user information. After signed acknowledgements are processed, Security Administrators begin establishing entitlements for authorized client users.

The online platform automatically creates initial, temporary user passwords. When a new user first logs in, they are required to change this, entering a password of their choice that meets required parameters. Passwords must be different from user names and contain 6–8 characters, of which there must be at least one numeric and one alphabetical character.

Passwords automatically expire every 90 days. Users may change their passwords at any point prior to expiration and Security Administrators may reset passwords prior to their expiration date.

### ***Establishing Entitlements***

Passwords/IDs govern access to ACCESS Online itself. Product-specific controls are set at the client, account and user levels. The system provides flexible methods to customize user authorities through both individual assignments and entitlement user groups.

ACCESS Online: Administration Made Easy

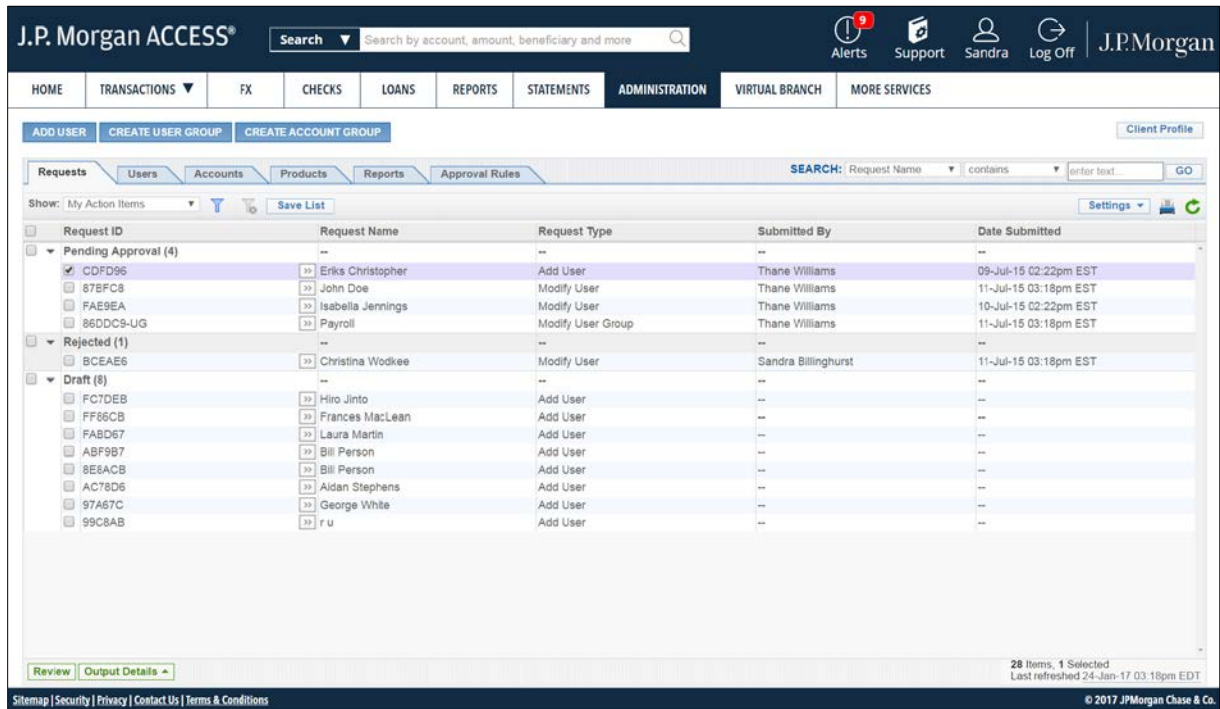


Figure 17

- iii. *When setting up a new user, can a current user's privileges be copied from one user to another?*

Yes. Using the Administration tool within ACCESS Online, your security administrators will have the capability to clone user entitlements based on the needs of that specific user. Detailed information on the process is included in the ACCESS Administration User Guide, which will be provided during the implementation process.

## o. Online Reporting System

- i. *Describe the reports that will be available to the City through the firm's balance reporting system.*

	Online
Bank Statements	Yes. Available online.
Partial Reconciliation Information	Yes. Available Online.
Full Reconciliation	Yes. Available Online.
Account Analysis Statement	Yes. Available Online.

J.P. Morgan ACCESS is a simple, intuitive and integrated global cash management platform that transforms the way organizations manage and monitor cash balances, daily transactions and information. ACCESS Online is proof of the bank's commitment to investing in technology, product innovation and improving the client experience.

ACCESS Online: Reports, Features, Benefits and Functionalities		
Feature	Benefits to the City	Functionalities
<p><b>Home</b> Saves time because everything is in one window.</p>	<ul style="list-style-type: none"> <li>▪ Check balances and run reports from the home page.</li> <li>▪ Make payments directly from Cash Position view.</li> <li>▪ Find information quickly with the search tool.</li> <li>▪ View alerts online and set up to receive alerts via email.</li> <li>▪ Choose from a variety of home page configurations to fit the way the City works.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Configurable alerts</li> <li>▪ Search</li> <li>▪ Simulate (client support tool)</li> <li>▪ Activity log</li> <li>▪ User preferences</li> <li>▪ Help Center</li> </ul>
<p><b>Checks</b> Efficiently manage paid check activity, monitor fraud and streamline account reconciliation processes.</p>	<ul style="list-style-type: none"> <li>▪ Manage your check process efficiently.</li> <li>▪ Mitigate check and ACH fraud risk.</li> <li>▪ Streamline the account reconciliation process through our comprehensive check services solution.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Access check details and images and place stop payments.</li> <li>▪ Submit check issue information and retrieve reconciliation reports.</li> <li>▪ Mitigate check and ACH fraud with positive pay, reverse positive pay and ACH transaction review.</li> <li>▪ Enhance security and fraud protection by sending check print files for bank printing and distribution to payees.</li> </ul>
<p><b>Transactions</b> Saves the City time by aligning to your workflow and the way you work.</p>	<ul style="list-style-type: none"> <li>▪ Consistent transaction workflows.</li> <li>▪ Initiate wires (including from non-J.P. Morgan accounts), book transfers, ACH, U.S. account transfers, draft/checks, drawdowns, and advice to receive (depending on entitlements) all from the same page, in the same way.</li> <li>▪ In addition, creation of and modification to enhanced templates (i.e., templates that have been bank verified).</li> <li>▪ Manage all transactions within one place.</li> <li>▪ Experience a standardized workflow across payment types.</li> <li>▪ In-workflow ability to easily view payment and template history, including modified field details when approving transactions.</li> <li>▪ See account balances while making a payment.</li> <li>▪ See payment cutoff time while making or approving a payment.</li> <li>▪ Comprehensive and configurable user entitlements, limits and approval workflow to provide optimal control.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Wire transfer (USD)</li> <li>▪ U.S. ACH</li> <li>▪ ACH detail import into template</li> <li>▪ Account transfer</li> <li>▪ Book transfer</li> <li>▪ Print and export</li> <li>▪ Foreign exchange (FX)</li> <li>▪ Multiple approval levels</li> <li>▪ NACHA file import: PPD, CCD, WEB and CTX</li> <li>▪ Service requests (USD wire and book transfer)</li> </ul>

ACCESS Online: Reports, Features, Benefits and Functionalities		
Feature	Benefits to the City	Functionalities
<p><b>Reports</b> Incredibly customizable from a single page.</p>	<ul style="list-style-type: none"> <li>▪ Consolidate reporting for all your accounts at J.P. Morgan and from your other banks around the globe (multibank).</li> <li>▪ Drill down within your report to access transaction details, images and notes.</li> <li>▪ Organize accounts into groups for easy assignment to reports.</li> <li>▪ Schedule reports and receive notices when they are complete.</li> <li>▪ Share reports with other users to standardize reports across your company.</li> <li>▪ Use settings to tailor views of balances and reports, such as totaling to a base currency.</li> <li>▪ View check and deposit images directly from your reports.</li> <li>▪ Customize reports from a single page.</li> <li>▪ Entitlement option to setup users to only receive reports shared on their behalf.</li> </ul>	<p>Reports include:</p> <ul style="list-style-type: none"> <li>▪ Balances and Transactions</li> <li>▪ Daily Cash Position</li> <li>▪ Deposit Float and Location</li> <li>▪ Controlled Disbursement Funding</li> <li>▪ Returns and Exceptions</li> <li>▪ Payment &amp; Template</li> <li>▪ EDI Payment Report with Remittance and Invoices</li> </ul>
<p><b>Statements</b> Quickly view, monitor and output statements.</p>	<ul style="list-style-type: none"> <li>▪ Provides users with the ability to view or download statement information from a single page.</li> <li>▪ Comprehensive and efficient functionality to filter, search and retrieve statements.</li> <li>▪ Centralized location for domestic and international statements.</li> <li>▪ Ability to view individual images of checks (front and back) or bulk downloads.</li> <li>▪ Easily export statements (Excel, PDF and CSV) and paid check images.</li> <li>▪ Online availability of historical statements.</li> <li>▪ Delivers a high-level view on a single page.</li> <li>▪ Ability to retrieve up to three types of liquidity statements: Investments, Cash Concentration, and Pooling.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bank statements</li> <li>▪ Billing statements</li> <li>▪ Liquidity statements</li> </ul>
<p><b>Administration</b> Create and manage users simply and quickly.</p>	<ul style="list-style-type: none"> <li>▪ Create, manage and activate users in real time.</li> <li>▪ View and report on all user entitlements from a single location.</li> <li>▪ Follow step-by-step workflow for virtually effortless setup.</li> <li>▪ Lock down security with precise user entitlements, limits, account settings, and transaction approval rules.</li> </ul>	<ul style="list-style-type: none"> <li>▪ User setup/administration</li> <li>▪ Administration reports</li> <li>▪ User authentication credentials</li> <li>▪ Entitlements support for products</li> <li>▪ User groups</li> <li>▪ Account groups</li> <li>▪ Transaction approval workflow rules</li> </ul>



ACCESS Online: Reports, Features, Benefits and Functionalities		
Feature	Benefits to the City	Functionalities
<p><b>More Services</b> A single point of access to a wide range of additional treasury management services.</p>	<ul style="list-style-type: none"> <li>▪ Single sign-on accessibility.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Electronic Statements</li> <li>▪ Receivables</li> <li>▪ GACH</li> <li>▪ Host-to-Host Online</li> <li>▪ Liquidity Solutions</li> <li>▪ Liquidity Solutions Admin</li> <li>▪ Global Trade Transactions</li> <li>▪ Audit Log Cash Management</li> <li>▪ Security Administration</li> <li>▪ User Setup Forms</li> <li>▪ Payables</li> <li>▪ Liquidity Reporting</li> <li>▪ Liquidity Initiation</li> <li>▪ Morgan Direct Commercial</li> <li>▪ Continuous Linked Settlement</li> <li>▪ ACH Function</li> <li>▪ Korea Online</li> <li>▪ Saudi Arabia Online</li> <li>▪ Supply Chain Finance</li> <li>▪ Cash Management–Preferences</li> <li>▪ ACH File Warehouse</li> <li>▪ Direct Debit Management</li> <li>▪ Third-Party Screening Utility</li> </ul>

*ii. Describe any recent or upcoming major upgrades to your online reporting system.*

ACCESS Online is upgraded online using planned change management processes; changes are verified before they are introduced to clients. Upgrades become available to clients via their web browser the next time they login to the online platform. The bank makes advance notice available in the Important Messages broadcasts and Alerts feature of the portal, including specific details and benefits.

Recent changes to our electronic banking portal, ACCESS Online, provide enhancements for **Efficiency, Visibility, Minimize Errors, Reduce Costs and Risk Management** as briefly described in the following paragraphs. For more information, online tours and videos of our ACCESS Online products and services described in this response, visit [http://www.jpmorgan.com/treasury/jpm\\_access/index.html](http://www.jpmorgan.com/treasury/jpm_access/index.html).

We would be happy to provide the City demonstrations upon request.

## ACCESS Online Improved User Interface

The City can save time with fewer clicks when using ACCESS Online's crisp, new user interface featuring task-based navigation. Some of the benefits include; personalized to-do list presented at log on, one click access to urgent action items, transparent workflows showing current status and next steps and transaction information on demand.

## ACCESS Analytics Dashboard

The City can use this tool for unique dashboard views to increase visibility into risk, investments, operations and treasury management functions. Features include: Customized dashboard views and widgets, Toggle widgets from graphs to tables to understand the underlying data, Expand widgets to interactive graphs and drill down for additional details, Tools and filters to customize widgets for personalized reporting, and Standard data export formats (PDF, Excel, and CSV).

### 2016 Greenwich Excellence Awards

The full-year 2016 Greenwich Associates Middle Market Cash Management Program Study included clients of national and regional banks across the US. We ranked first in the following categories:

- #1 Cash Management Overall Satisfaction
- #1 Product, Service, & Operations:
  - Accuracy of Operations
  - Competitive Pricing

*Greenwich Associates,  
2015 Best Brand Awards for  
Middle Market Banking*

## Interactive Reporting

A set of interactive features enables the City to customize how to view or download reports. These intuitive features include the ability to move, show or hide columns within the report, sort columns on the fly, use J.P. Morgan's web search tool to filter data and add graphs or charts to quickly see trends. By letting the City view each change as it is made, the interactive report makes it easier to tailor to your specific needs. Once customized, the City can save the changes to pull the report again in the future. Some of the benefits include:

- Avoids manual rework when exporting data to upload into treasury workstation/ERP systems.
- Facilitates transition from a previous bank by providing the tools to match any report format.

## J.P. Morgan ACCESS Insight

Monitoring daily cash flow is a challenge. Treasury managers often spend valuable time and resources on manually populating spreadsheets to help them monitor their cash position. This process can be onerous and error-prone.

We now make the process more efficient, flexible, and accurate with ACCESS Insight. After installing a Microsoft Excel add-in, the City can use the Worksheet Wizard to create a customized spreadsheet or use your company's existing spreadsheet—just tell ACCESS Insight where to populate your balance, transaction and pending payment and receipt information.

### Sample ACCESS Insight Page

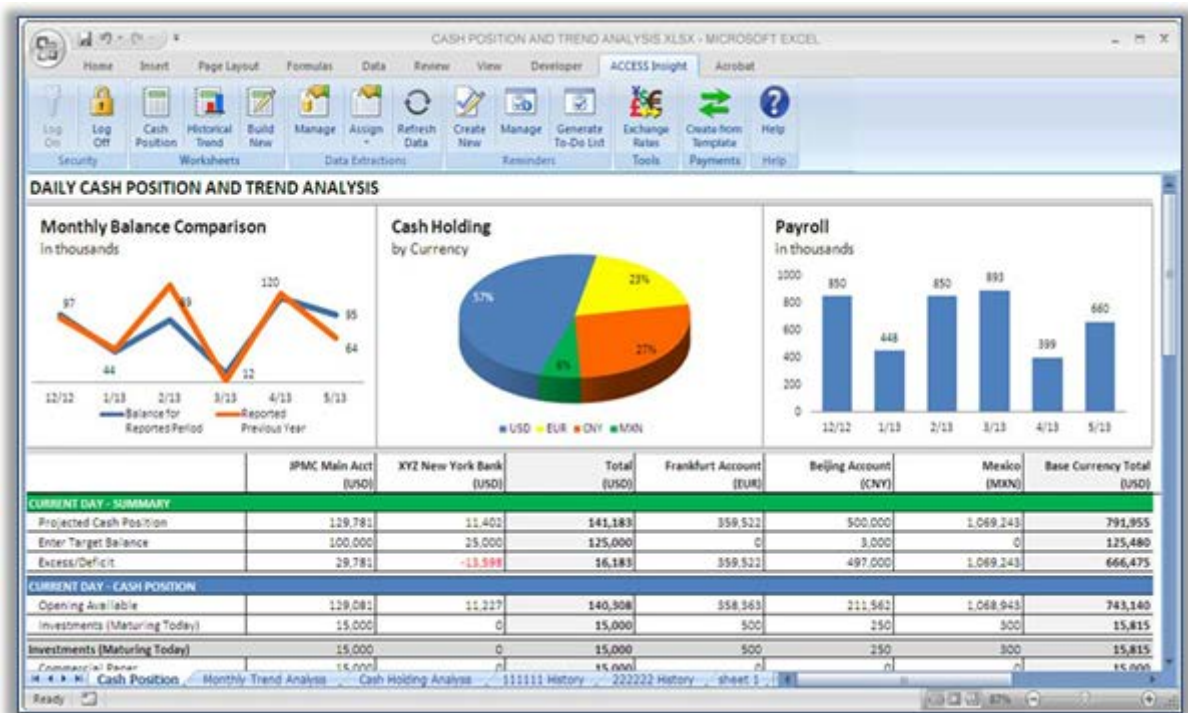


Figure 18

ACCESS Insight features and benefits include:

- Refresh balance, transaction and pending payment/receipt data whenever you choose, which provides greater accuracy and control.
- Initiate multiple payments or receipts using free form entry or via templates—saving you time.
- Set reminders for individual accounts and generate 'To Do Lists.'
- Make research fast and easy by drilling into balance, transaction and pending payment/receipt detail directly from the spreadsheet.

- Create history reports to analyze cash flow trends.
- Include multibank account information for increased visibility.
- Controlled disbursement funding information is automatically included in current-day cash position worksheets for users entitled to controlled disbursement accounts.
- Add exchange rates to your spreadsheet, and use the rates provided to calculate estimated totals in a single currency.
- Manage user access with our award-winning, multi-level security protocol designed to protect privacy, preserve data integrity and maintain control.

*iii. What time is previous day information available?*

Prior-day information via the online platform is available by 7:00 a.m. PT.

*iv. Can the City have previous day reporting without enrolling for current day reporting?*

J.P. Morgan ACCESS Online includes current day and previous day reporting at one price point. At J.P. Morgan, we believe you should only pay once for a transaction reported, regardless of whether you view a transaction current day versus previous day or how many times a user(s) pulls a transaction detail. Additionally, there are not any details provided in current day reporting that are not available in previous day reporting.

**Current day** information reporting, which is the reporting of memo-posted transactions, is available throughout the day as the transactions complete on processing applications such as lockbox, wire, ACH, returns and DDA. Current day information generally is available within five minutes of receipt or completion. The difference is current day information is provide in real time/batch updates throughout the business day based on the operating area of the bank for funds transfer, letters of credit, securities and deposit transactions.

**Previous day** information reporting includes all transactions hard-posted to the City's DDA accounts with associated reference numbers, effective dates (float) and descriptive text. Previous day information includes all prior business day transactions. The bank reports information from accounts domiciled at J.P. Morgan or at any other bank

The cash reporting tools built-in to ACCESS Online let the City create, customize and run up-to-the-minute reports on your accounts, all from a single location. With its flexibility and ease of use, ACCESS Online fits the way you work to save you time. Several master reports form the foundation of ACCESS Online centralized reporting capability. Each format can be customized to create reports tailored to specific needs. A list standard ACCESS Online Reports is included within our response.

- v. *Do you need to have current day reporting if you are using controlled disbursement services?*

In order to maximize Controlled Disbursement effectiveness, current day reporting is needed to provide check clearing totals to the City. As mentioned above in IV, J.P. Morgan ACCESS Online includes current day and previous day reporting at one price point. If the county elects to implement a controlled disbursement account, you will receive Controlled Disbursement reporting at no additional charge (beyond standard ACCESS Account Reporting fees).

- vi. *Are there any details provided in current day reporting that are not available in previous day reporting?*

**Current day** information reporting, which is the reporting of memo-posted transactions, is available throughout the day as the transactions complete on processing applications such as lockbox, wire, ACH, returns and DDA. Current day information generally is available within five minutes of receipt or completion. The difference is current day information is provide in real time/batch updates throughout the business day based on the operating area of the bank for funds transfer, letters of credit, securities and deposit transactions.

**Previous day** information reporting includes all transactions hard-posted to the City’s DDA accounts with associated reference numbers, effective dates (float) and descriptive text. Previous day information includes all prior business day transactions. The bank reports information from accounts domiciled at J.P. Morgan or at any other bank.

The cash reporting tools built-in to ACCESS Online let the City create, customize and run up-to-the-minute reports on your accounts, all from a single location. With its flexibility and ease of use, ACCESS Online fits the way you work to save you time. Several master reports form the foundation of ACCESS Online centralized reporting capability. Each format can be customized to create reports tailored to specific needs. A list standard ACCESS Online Reports is included within our response.

- vii. *Are images of deposited and disbursement items stored on the reporting system and available for customer access?*

Yes. J.P. Morgan accommodates image requests through ACCESS Online Statements, Checks or Receivables Edge, the bank’s online accounts receivable management application.

- viii. *Complete the following table indicating how long each item is available online? Differentiate between the standard term and the terms available for an additional fee. Please note, this question is asking for how long the items are available, not when they are available.*

	Standard Term	Optional Terms Available
Prior / Previous Day Reporting	45 calendar days	90 calendar days, 1 or 2 years

	Standard Term	Optional Terms Available
Current Day Reporting	45 calendar days	90 calendar days, 1 or 2 years
Monthly Account Statements	13 months	N/A
Disbursement Items	Up to 7 years	Up to 10 years
Images of Items Deposited with RDC	Up to 25 months	Up to 10 years

*ix. In what file formats can transaction data be downloaded? Can activity be downloaded into Excel?*

ACCESS Online can export information on daily or a specified date range of activity, including wire transfers, ACH payments, drafts, checks and statements. The ACCESS Online provides balance and transaction information in the following formats for interface to treasury workstation environments:

- BAI2
- Comma-separated Values (CSV)
- SWIFT MT942/MT940
- Adobe Reader (PDF)-formatted reports

The City can also export data from the online platform to Microsoft Excel and other software packages.

In addition, if the City desires a transfer right to your internal systems, a direct transmission can be provided of prior-day and current-day data in BAI2, CSV, Swift MT 942/940, ISO 20022 v2 and ANSI ASC EDI X12 821 formats. This facility, separate from the bank’s online product, is typically requested for large-volume accounts.

*x. What technology options would you recommend the City use for archiving historical check images (i.e. CD-ROM, online retention, data transmission)?*

ACCESS Online offers 45 calendar days of account balance and transaction data. Upon request, for report retention, the system can store 90 calendar days, 1 or 2 years of data.

For Sample Reports available via ACCESS Online, please refer to Appendix 3.

*xi. For historical images of disbursement checks that are accessible online, does your firm charge per image stored or per image accessed? What is the charge?*

Our firm charges a low up front cost of \$.01 per image to store your check paid images for seven years. The City, as needed, can log into our online banking portal, J.P. Morgan ACCESS to retrieve check images as needed for no additional charge.

## Long-Term Online Check Image Retrieval

The City's authorized users may access paid check images online for accounts to which they have the appropriate entitlements and initiate a search using:

- Account number
- Check number
- Paid date
- Dollar value
- Payee name
- Custom search fields chosen by the City, such as general ledger number or vendor number

ACCESS Online displays search results online where users can select an individual item and view the corresponding image. Images are stored and available for online retrieval for a standard period of seven years, with the option of extending to ten years.

*xii. Can historical images of checks be sent by transmission to the City for archival purposes (i.e. a full fiscal year)? If so, describe.*

Yes. Check images are available to the City through ACCESS Online, by transmission, or on CD. The City may retrieve the online files at any time or save them to your internal systems. We believe these are the most cost effective means of accessing the data. Nonetheless, we can certainly accommodate providing a transmission of checks images covering a range of months. The pricing would be determined at the time of request, but know that we will offer the City relationship pricing for this service.

The paid check image options are:

- **Online via ACCESS Online:** Retrieval time is measured in seconds, compared with hours or even days for physical retrieval and the quality of the reproduced image is extremely clear (see image example below).
- **Image Transmissions:** Provides fast automated image files directly transmitted to your internal check archive for high-volume clients.

### *ACCESS Online–Image Service*

ACCESS Online provides online image history inquiry for seven years. This service includes an advanced upfront check search functionality that provides the City with the complete status of each check. Your users can perform single and range-based searches by account number, check number and amount, sequence number, paid and issue dates and payee name. The results tell you whether the

## Proposal to City of Santa Rosa

check is still outstanding, has an active or revoked stop, is canceled (voided), was returned or has paid.

Additionally, batches of images can be requested in an offline request mode for more efficient origination of larger numbers of requests.

ACCESS Online is more efficient than paper or CD-ROMs, especially when retrieving information quickly. Check images are available the same day checks are presented. This browser-based solution enables the City to retrieve check images for all applicable accounts without waiting for a photocopy or CD-ROM to arrive.

### ACCESS Online Checks Function - Sample Check Image



Figure 19

Image files can also be transmitted to your internal check archive for high-volume clients.

*xiii. Can electronic reports be customized and saved by users within the firm's online platform? Can the templates be shared with other users?*

The City can create and save customized reports through a set of filter criteria, e.g., date range, accounts, reference numbers, check numbers, transaction types, etc. Users can:

- Run, view and modify all customized reports quickly and easily
- View reports online or export them to Adobe PDF or Microsoft Excel formats. Most reports can be exported into CSV, BAI2 or SWIFT MT942/MT940 files.
- Schedule online reports for automatic generation. Once reports are run, users can retrieve them through their Report Inbox.



- Allow users to share a customized report, where one user can run a copy according to their schedule. A copy of the shared report will appear in the recipient's Reports Inbox, with an icon indicating it has been shared with them. When the original report is modified, the recipient's report will reflect the same modifications.
- Customize how to view or download reports with a set of interactive features. These intuitive features include the ability to move, show or hide columns within the report, sort columns on the fly, use J.P. Morgan's web search tool to filter data and add graphs or charts to quickly see trends. By letting the City view each change as it is made, the interactive report makes it easier to tailor to your specific needs. Once customized, the City can save the changes to pull the report again in the future.

*xiv. Can electronic reports be scheduled to be generated automatically? Can the reports be e-mailed or accessed by designated users?*

With ACCESS Online the City's authorized users can create and save customized reports through a set of filter criteria, e.g., date range, accounts, reference numbers, check numbers, transaction types, etc.

Users can:

- Run, view and modify all customized reports quickly and easily
- View reports online or export them to Adobe PDF or Microsoft Excel formats. Most reports can be exported into CSV, BAI2 or SWIFT MT942/MT940 files.
- Schedule online reports for automatic generation. Once reports are run, users can retrieve them through their 'Report Inbox'.
- Allow users to share a customized report, where one user can run a copy according to their schedule. A copy of the shared report will appear in the recipient's Reports Inbox, with an icon indicating it has been shared with them. When the original report is modified, the recipient's report will reflect the same modifications.
- Customize how to view or download reports with a set of interactive features. These intuitive features include the ability to move, show or hide columns within the report, sort columns on the fly, use J.P. Morgan's web search tool to filter data and add graphs or charts to quickly see trends. By letting the City view each change as it is made, the interactive report makes it easier to tailor to your specific needs. Once customized, the City can save the changes to pull the report again in the future.
- Reports can be scheduled with the frequency and format desired by each user and shared with other users.

*xv. Does the firm's online reporting system offer the ability to set and send e-mail alerts?*

ACCESS Online supports alerts via email or through the ACCESS Online inbox to notify users that payments were entered for approval or have been approved. ACCESS Online offers a wide variety of customizable business critical alert notifications to save the City time and make sure you never miss anything.

Alerts are free and activation is easy. You can elect to receive ACCESS Online alert notifications via email and/or online via the Alerts Inbox. You can define, manage and view messages from anywhere in the ACCESS Online platform. For example:

- Choose to be alerted to new items in your payments in-box that require action, such as transactions pending approval or see templates that have been modified
- Set up alerts for when balances are above or below a preferred level, transactions/checks are available, or payments require your attention, with links to supporting detail
- Receive an alert when a scheduled report is complete

The City will receive alerts via email from "ACCESS Online Alerts".

Note: J.P. Morgan will never send emails that require you to send account or personal information to us via public email or pop-up windows.

*xvi. If available, provide access to an interactive demonstration of the firm's online reporting capabilities.*

For more information, online tours and videos of our ACCESS Online products and services described in this response, visit [http://www.jpmorgan.com/treasury/jpm\\_access/index.html](http://www.jpmorgan.com/treasury/jpm_access/index.html).

J.P. Morgan would be happy to provide demonstrations, upon request.

*xvii. Describe any mobile applications that you offer for smartphones or tablets. Complete the following table indicating which banking functions can be completed through the mobile application. Are there additional day-to-day functions that can be completed through the mobile application?*

Banking Function	Yes/No
Initiation of a repetitive wire	No
Secondary approval of wire transfers	Yes
Decisioning of Positive Pay items	Yes
Resetting of a user's password	No

Banking Function	Yes/No
Balance reporting	Yes
Deposit of an individual check	Yes

## ACCESS Mobile

Our mobile service enables clients to log on to ACCESS Online on the move. The City’s authorized users can use our app on a smartphone or tablet (Apple iOS 7.0 or later, Android 4.4 or later). It provides a range of services, including access to cash reporting balances and transactions in all currencies, including U.S. and international multibank. Make, pay or return decisions on check exceptions, deposit U.S. denominated checks, drawn on a U.S. bank, and upload documents at the point of receipt as allowed by your ACCESS Online entitlements.

Approval and release for wire payments created on ACCESS Online is available and we provide voice and swipe password authentication for wire payment release, so you no longer have to carry a security token.

Deposit U.S. denominated checks drawn on a U.S. bank, and upload documents at the point of receipt. View up to 14 business days of your desktop and mobile activity. Take action on Positive Pay Exceptions or enter check issuance information.

**Advantage J.P. Morgan**  
**ACCESS ranks #1 in mobile access for 2016.**

- **Voice and swipe technology**
- **Approve and release payments\***
- **Approve positive pay exceptions**

*Greenwich Associates, 2016*

ACCESS Mobile Features

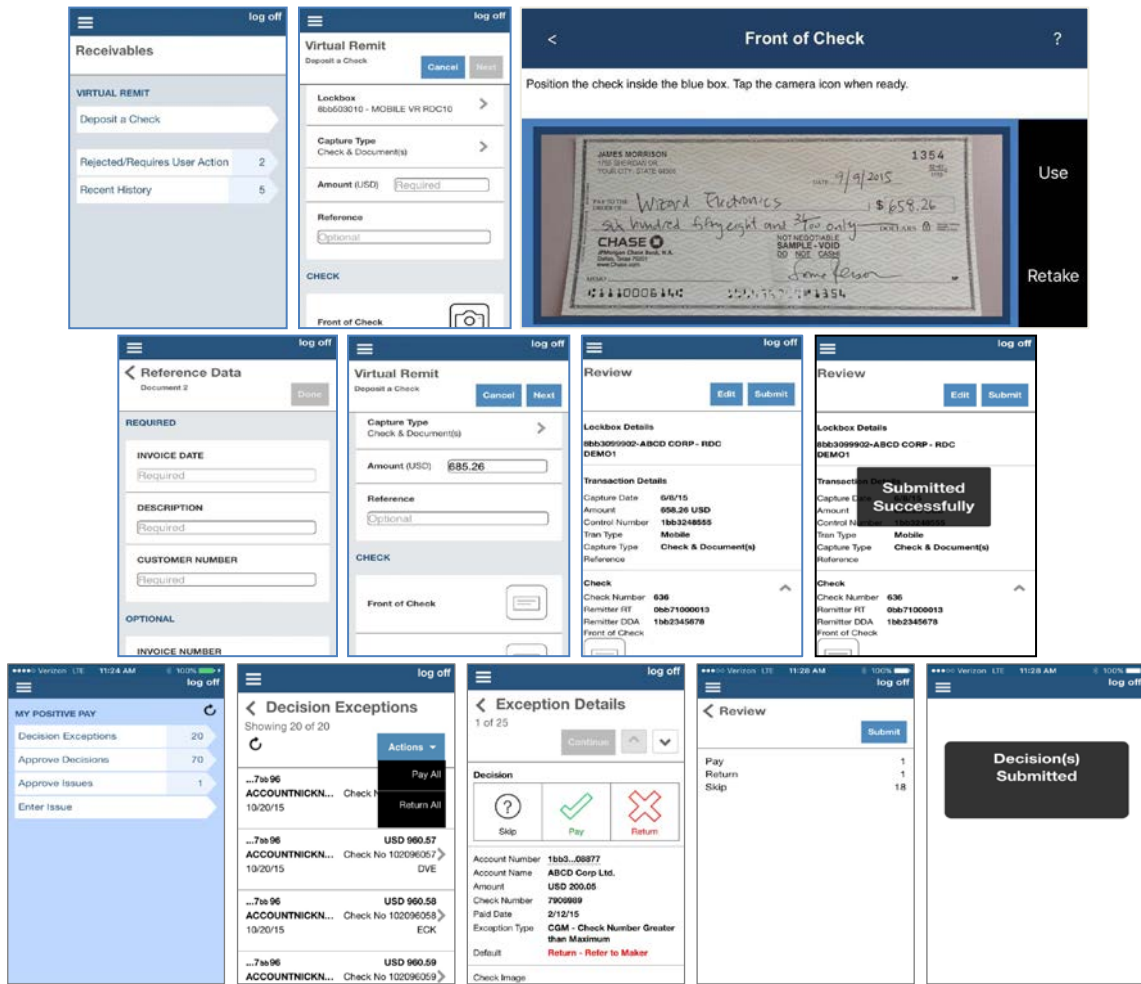


Figure 20

Set up and operation is simple; the service is highly secure; and no new client agreement is required. Use voice and swipe password authentication for secure log-on and secure digital signature for authorizing payments.\*

\*This functionality is not available in all locations.

Mobile users can approve payments out of J.P. Morgan accounts in the United States. Wire release capability, which uses our innovative voice biometric and swipe technology, is available to users who are residents of many of the countries within these regions. For U.S. accounts, users can also approve payments on U.S. multibank accounts, located anywhere. For non-U.S. accounts, users can approve wire and book transfers on multibank accounts, located anywhere.

## p. Reconciliation Services

- i. *What report options are available for full and partial reconciliation? Do these reports include information on check, ACH, and wire transactions? Provide sample reports.*

Available partial and full reconciliation reports are listed below. Please see Appendix 4 for sample ARP reports.

Reconciliation Reports Package			
Report Name	Full	Partial	Report Description
Bank Statement	Yes	Yes	Provides a summary of credit, debit and paid check activity for the statement period, and balances at the start and end of the period. The statement then provides a detailed chronological listing of credit and debit transactions. For each transaction, the entry provides the ledger and value dates, the dollar value of the transaction, and detailed transaction description. The report also provides closing ledger balances.
Consolidated Diagnostic Summary Report	Yes	No	Provides an itemized listing of issued and paid check exception items during the reconciliation period.
Consolidated Reconciliation Report	Yes	No	Lists both unpaid and paid checks for the reconciliation period. Full and range reconciliation clients may receive this report in addition to or in lieu of the Paid and Unpaid Reports.  This report reflects the status of checks written, whether paid, outstanding or assigned a special status, such as cancel or stop payment.  The standard report is printed in serial number sequence. Serial numbers are sequenced vertically.
Coversheet	Yes	Yes	Summary page.
Current Stop Reconciliation Report	Yes	Yes	Lists stops on file for an account as of the reconciliation period date.
DDA Paid File	Yes	Yes	Provides an itemized listing of all paid checks during the period.
Daily Paid File	Yes	Yes	Provides an itemized listing of paid checks during the previous business day.
Miscellaneous Credit Reconciliation Report	Yes	Yes	Lists credit transactions posted during the reconciliation period. Miscellaneous credits include deposits, electronic credits and credit adjustments processed by the bank.  Descriptive information relative to the item is provided where applicable.
Miscellaneous Debit Reconciliation Report	Yes	Yes	Lists debit transactions, other than checks, posted during the reconciliation period.

## Proposal to City of Santa Rosa

Reconciliation Reports Package			
Report Name	Full	Partial	Report Description
Outstanding Settlement Report	Yes	No	Provides the balances pertaining to the issue information submitted during the reconciliation period.
Paid No Issue Report	Yes	Yes	Lists separately the current- and prior-period paid items with no corresponding issue information on file. Items will remain on the report until issue information is submitted. The bank can generate a Paid-No-Issue Report upon request.
Paid Only Diagnostic Summary Report	Yes	No	Provides an itemized listing of issued and paid checks during the reconciliation period.
Paid Only Reconciliation Report	Yes	Yes	Lists checks paid during the reconciliation period. The standard Paid Only Report is printed in serial number sequence. Serial numbers are sequenced vertically. A grand total of paid items is printed at the end of the report.
Recap of Posted Items	Yes	Yes	Provides a daily recap of all items posted during the reconciliation period. It also summarizes, per day, the number and amount of issues, stops placed, stops removed and canceled items. The report is printed in sequence vertically by day.
Reconciliation Data File	Yes	Yes	Text file containing issues, stops placed, stops removed, canceled items and outstanding checks.
Stop Reconciliation Report	Yes	Yes	Lists stops on file for an account as of the reconciliation period date.
Unmatched Report	Yes	No	Lists unmatched paid and issued items (outstanding checks and paid-no-issues) as of the reconciliation period date in amount sequence.
Unpaid Only Diagnostic Summary Report	Yes	No	Summary of outstanding check and exception items.
Unpaid Only Reconciliation Report	Yes	No	Lists outstanding checks and exception items, including stops and cancels, as of the end of the reconciliation period. The total of outstanding items is printed at the end of the report.

- ii. *Describe how reconciliation data would be transmitted to the City? What data elements are available?*

Position	Size	Data Element	Field Type	Format/ Justification	Comments
1	1	Record Type	Alpha	One character field that identifies the	<b>Input codes:</b> I = issues, S = stopped items, V = void or cancel items

## Proposal to City of Santa Rosa

Position	Size	Data Element	Field Type	Format/ Justification	Comments
				item type as specified to the right.	<b>Output codes:</b> P = paid items, R = reconciled items, O = outstanding items, S = stopped items, V = void or cancel items, C = miscellaneous credit item, D = miscellaneous debit item
2	1	Filler	Alpha	Spaces	
3 - 22	20	Account Number	Numeric	Right Justified/Zero Filled	The account number field should contain the J.P. Morgan -supplied number associated with the account.
23	1	Filler	Alpha	Spaces	
24 - 41	18	Serial/Check Number	Numeric	Right Justified/Zero Filled	This field has been maximized to 18 digits for future growth. The current ARP system supports serial numbers up to 10 digits in length. The remaining 8 digits should contain zeros.
42	1	Filler	Alpha	Spaces	
43 - 60	18	Amount	Numeric - 2 Decimal Places	Right Justified/Zero Filled 9(16)V99	The amount field should not contain signed data or decimal points. This field has been maximized to 18 digits for future growth. The current check processing system supports amount up to 10 digits in length. The 8 digits should contain zeros.
61	1	Filler	Alpha	Spaces	
62 - 69	8	Issue Date	Numeric	YYYYMMDD	The issue date field is used only on input files or output files that

## Proposal to City of Santa Rosa

Position	Size	Data Element	Field Type	Format/ Justification	Comments
					are processed as a full reconciliation.
70	1	Filler	Alpha	Spaces	
71 - 78	8	Paid Date	Numeric	YYYYMMDD	The paid date field is used only with the output files. * Input files should contain spaces in this field.
79	1	Filler	Alpha	Spaces	
80 - 94	15	Additional Data	Alpha-Numeric	Content Specific	The additional data field is an optional field used by both input and output files. It can contain payee information or other important data. * If the field is not used it should contain spaces.
95-144	50	Expanded Additional Data (Payee Name)	Alpha-Numeric	Content Specific	The expanded additional data field is an optional field used by both input and output files. It can be used by clients who want more than 15 characters of additional data on their output files (not reports). Payee Name data is placed in these positions for interrogation/ verification. * If the field is not used is should contain spaces.
145-194	50	2nd Payee Name	Alpha-Numeric	Content Specific	The 2nd payee name field is an optional field used by input files only. It can be used by clients who want to use a second payee name. The 2nd Payee Name data is placed in these positions for interrogation/verification. * If the field is not used is should contain spaces.



Position	Size	Data Element	Field Type	Format/ Justification	Comments
195-200	6	Filler	Alpha	Spaces	

## q. Earnings Credit Rates

- i. Does the City have the option of paying the firm by invoice (“hard dollars”) or compensating balances (“soft dollars”)? Is the pricing the same for either option? If not, what is the difference?*

J.P. Morgan accepts compensation based on fees and/or balances, with no difference in unit prices.

- **Fee Compensation:** If the City chooses a fee compensation plan, balances are not used to offset any service charges. Total service charges are debited from designated accounts, generally monthly.
- **Balance Compensation:** If the City chooses a balance compensation plan, eligible balances are used to calculate an earnings credit allowance to offset service charges.

If eligible balances are sufficient, the earnings credit allowance offsets the service charge. Should the level of eligible balances not fully cover the fees, remaining service charges are debited from designated accounts, generally on a monthly basis.

Pricing for services remains the same.

- ii. How is your firm’s earnings credit rate determined, adjusted, and applied? Include in the explanation the impact of the firm’s reserve requirement, the formula for converting service charges to balance requirements.*

The earning credit rate is a bank managed rate which is reviewed and updated periodically by J.P. Morgan after considering a range of factors, including the market rate environment and the bank’s need for funds [to support loan demand]. Using a managed rate helps to maintain pricing flexibility while helping to protect you from the short-term rate volatility that could result from using an indexed rate.

The earnings credit allowance is calculated based on the ECR-eligible portion of your average daily investable balance. The average daily investable balance is determined based on the average daily positive collected balance minus the reserve requirement (currently at 0%). Any portion of the average daily investable balance that is receiving interest earnings or is used to offset negative collected balances under a legal (balance) netting arrangement is excluded from the earnings credit allowance calculation.

The following formula is used to calculate the monthly earnings credit allowance:

**Monthly Earnings Credit Allowance Calculation**

$$\frac{\text{(Average Monthly Investable Balance x ECR x Actual Number Of Days in Month)}}{\text{Actual Number of Days in Year}}$$

*iii. Does a reserve requirement apply on balances?*

In calculating the ECR, J.P. Morgan currently does not deduct the reserve requirement from the available balance.

Since October 1, 2008, the Federal Reserve has paid interest on reserves held at the Federal Reserve by member banks. J.P. Morgan passes this benefit to you by basing the earnings credit on 100% of the eligible balance of non-interest bearing demand deposit accounts.

*iv. Will the firm assess any balance based charge (FDIC-like, FICO, or other) to the City? If so, what is the current charge for an entire year on a \$1,000,000 balance? How is this charge computed? Is this charge assessed on ledger or collected balances?*

J.P. Morgan charges a Balance Based Charge (BBC) which is a monthly administrative fee accessed to address various regulatory and other charges affecting the bank. The rate is set by the bank and subject to periodic review and adjustment.

The following formula is used to calculate the BBC:

**Balance Based Charge Calculation (monthly)**

$$\frac{\text{Average Positive Ledger Balance x Charge Rate x Number of Calendar Days in the Month}}{\text{Actual Number of Days in the Year}}$$

Since January 2, 2010, our BBC rate has been 0.13%.

As with other eligible fees, the monthly Balance Based Charge may be offset by any earnings credit provided by J.P. Morgan.

Charges on \$1,000,000.00 for one year would be approximately \$1,282.08.

*v. Provide the earnings credit rate history for the 36-month period from September 2014 through August 2017. Indicate the earnings credit rate for each month.*

The below table provides the earnings credit rate history from September 2014 through August 2017.

## ECR Past 36 Months

The bank's ECR for the past 36 months is shown in the table below.

ECR for the most recent 36 months			
August, 2017	0.35%	February, 2016	0.25%
July 2017	0.35%	January, 2016	0.25%
June, 2017	0.35%	December, 2015	0.20%
May, 2017	0.35%	November, 2015	0.20%
April, 2017	0.30%	October, 2015	0.20%
March, 2017	0.30%	September, 2015	0.20%
February, 2017	0.30%	August, 2015	0.20%
January, 2017	0.25%	July, 2015	0.20%
December, 2016	0.25%	June, 2015	0.20%
November, 2016	0.25%	May, 2015	0.20%
October, 2016	0.25%	April, 2015	0.20%
September, 2016	0.25%	March, 2015	0.20%
August 2016	0.25%	February, 2015	0.20%
July, 2016	0.25%	January, 2015	0.20%
June, 2016	0.25%	December, 2014	0.20%
May, 2016	0.25%	November, 2014	0.20%
April, 2016	0.25%	October, 2014	0.20%
March, 2016	0.25%	September 2014	0.20%

- vi. What is the firm's current earnings credit rate? Are you willing to lock in a "floor" earnings credit rate? If so, what is the rate and for how long?*

We are offering the City a premium managed ECR OF 115 bps. In the unlikely event that we see market rates return to the historic lows from which we are beginning to emerge, the City's rate would be monitored regularly and extensively as part of our normal business practices. Because we are at such low rates, the lack of a floor does not carry significant risk to the City. However, in the event that rates fall again to the previously unprecedented level, the City's rate would be reviewed. There is no guarantee that the City's rate would not be reduced, but there is very low probability of such an event.

- vii. Are you willing to link the earnings credit rate to a market index? If so, which index would you suggest and what spread?*

The earning credit rate is a bank managed rate which is reviewed and updated periodically by J.P. Morgan after considering a range of factors, including the market rate environment and the bank's need for funds [to support loan

demand]. Using a managed rate helps to maintain pricing flexibility while helping to protect you from the short-term rate volatility that could result from using an indexed rate. We do not generally link the earnings credit rate to a market index; however, if having an indexed rate option is important to the City, this can be discussed with your relationship manager, Bev Correa.

*viii. Does the firm have any limits on the amount of deposits that the City could maintain with the firm?*

The bank currently has no limitations on balances held in ECR based deposit accounts. Balance levels and corresponding rate offerings for funds held in other interest bearing bank deposit alternatives are subject to review and negotiation on a case by case basis.

*ix. Can "excess" earnings credit be carried forward to cover charges in the following month? Is there a limit on how far forward excess earnings credits can be carried?*

Earnings credit is calculated and applied within the billing cycle. Excess earnings credits can be carried over to settle on a maximum of a quarterly basis. At the end of the settlement quarter, no credits would be carried forward.

## r. Overnight Investment Option or Interest Bearing Bank Deposit

*i. What short-term investment vehicle(s) or interest bearing account(s) does the firm propose to use for the overnight sweep of the City's demand deposit accounts?*

J.P. Morgan offers a variety of deposit and investment alternatives for your operating and reserve balances including:

- Hybrid DDA
- Money Market Funds (sweep functionality offered)

As a leading liquidity solutions provider, J.P. Morgan offers integrated off-balance sheet investment solutions as well as our Hybrid DDA solution for excess operating balances not needed to offset bank fees with earnings credit allowance.

### Hybrid DDA

In today's current rate environment, the City may consider using our Hybrid demand deposit account for excess cash balances. The Hybrid DDA allows you to earn interest on excess funds without the time spent on managing alternative investments like a sweep account. This innovative solution opens the door to a simplified account structure and maintenance.

J.P. Morgan's Hybrid demand deposit account (DDA) is a standard checking account that provides a unique combination of earnings credit and interest. With the Hybrid DDA solution, balances earn an earnings credit allowance up to a predetermined threshold to offset service fees while balances above the threshold earn hard dollar interest. Thus, you can maintain balances in excess of the balance requirement necessary to offset service fees.

### ***How it Works***

The Hybrid DDA offers a solution similar to the functionality of an overnight sweep service. In the Hybrid DDA solution, balances earn an earnings credit allowance up to a predetermined threshold to offset bank service fees with balances above the threshold earning hard dollar interest. Thus, instead of sweeping to a separate account each night, your excess balance remains in the DDA and earns interest. Additionally, the Hybrid DDA does not have an investment cap like in the sweep product offering.

Balances up to a predetermined threshold ("the peg balance") earn an earnings credit allowance at the proposed earnings credit rate of 115. Funds up to the peg balance are used to offset bank service fees. Balances above the peg balance threshold earn hard dollar interest at a proposed rate of 105. Interest accrues daily and is paid monthly.

The peg balance may be changed at any time prior to the next billing cycle (and will be applied on a go forward basis) to adjust for unplanned changes in transaction fees (e.g., significant volume changes, service additions/deletions, to compensate for periods in which minimum balance levels fall below the peg balance amount).

### ***Calculation of ECR and Interest***

The earning credit rate and interest rate are bank managed rates which are reviewed and updated periodically by J.P. Morgan after considering a range of factors, including the market rate environment and the bank's need for funds to support loan demand. Using a managed rate helps to maintain pricing flexibility while helping to protect you from the short-term rate volatility that could result from using an indexed rate.

The earning credit allowance is calculated and applied on a monthly basis on the balances up to the ECR peg.

#### **Monthly Earnings Credit Calculation**

$$\frac{\text{Average Monthly Investable Balance below the ECR peg} \times \text{ECR} \times \text{Days in the Month}}{\text{\# Days in the Year}}$$

Hard dollar interest accrues on a daily basis on the closing daily balance above the ECR peg and is paid on a monthly basis.

Daily Interest Accrual Calculation

$$\frac{\text{Daily Positive Collected Balance above the ECR peg} \times \text{Account Interest Rate}}{\text{Actual Number of Days in the Year}}$$

## Benefits

- **Operational Efficiency:** The Hybrid DDA product structure decreases the time spent managing multiple accounts and/or investments for excess funds. The City will optimize your cash management in comparison to managing a sweep option or direct investment because the funds remain in one cash account and are available for use as needed.
- **Balance Availability:** the City will have full utilization of balances.
- **Full Liquidity:** Balances are fully liquid throughout the business day with no restrictions on withdrawals.
- **Attractive Rate of Return:** In the current market, the Hybrid DDA can offer the City a competitive rate of return, as compared to other short-term investment products providing overnight liquidity.
- **FDIC Insured Deposits:** Balances are FDIC-insured up to the standard maximum of \$250,000 per depositor.
- **No Reserve Requirement:** A reserve requirement does not apply to a Hybrid DDA.

## Sweep to Money Market Fund

The automated intraday and end-of-day investment sweep to J.P. Morgan and select third-party money market funds (MMF) helps clients efficiently invest account balances, maintain liquidity and meet investment guidelines. Investment sweep services afford competitive returns while simultaneously providing fluid integration with operating accounts. Our sweep product offering provides visibility of accounts and returns online through J.P. Morgan ACCESS Liquidity Solutions.

The City can use J.P. Morgan's breadth of services, reputation, and financial strength and stability to build upon the efficiency and value of our own cash management operation. Below please see investment details on the sweep offering available to you.

Sweep Offering	
Money Market Funds (MMF)	
Exposure	The specific MMF selected; see prospectus.
Rating	<a href="http://www.jpmgloballiquidity.com/us/viewproducts">www.jpmgloballiquidity.com/us/viewproducts</a>
Sweep Type	End-of-day and intraday.
Timing	<ul style="list-style-type: none"> <li>• End-of-day – Last transaction of the business banking day.</li> <li>• Intraday – 1 hour prior to fund close.</li> </ul>
Return of Funds	<ul style="list-style-type: none"> <li>• End-of-day – The morning of the next business day.</li> <li>• Intraday – only when DDA balance falls below target.</li> </ul>
Interest/Dividends	Dividends accrued daily paid monthly based on 365 day basis.
Restrictions/Comments	<ul style="list-style-type: none"> <li>• U.S. corporations/entities must invest in U.S.-registered funds.</li> <li>• End-of-day sweep - Investment cap of \$10,000,000</li> <li>• We can provide the prospectus for fund details.</li> </ul>

J.P. Morgan offers end-of-day and intraday sweep options for J.P. Morgan and select third-party money market funds (MMFs) with the goal of partnering with the City to implement an effective sweep structure. The amount invested via the sweep is determined by the available account balance at sweep time in conjunction with pre-established, client-defined sweep parameters. The City has control to set these parameters, such as target balance and sweep increments, during the initial sweep setup. You may modify the parameters by contacting Customer Service.

*ii. Does a reserve requirement apply to the proposed option?*

Since October 1, 2008, the Federal Reserve has paid interest on reserves held at the Federal Reserve by member banks. J.P. Morgan passes this benefit to you by basing the earnings credit on 100% of the eligible balance of non-interest bearing demand deposit accounts.

*iii. Will the firm assess any balance based charge (FDIC-like, FICO, or other) to the City for the proposed overnight vehicle(s)? If so, what is the current charge for an entire year on a \$1,000,000 balance? How is this charge computed? Is this charge assessed on ledger or collected balances?*

We charge a premium assessment fee on Commercial Checking with ECR and Commercial Checking with Interest accounts, which is a monthly administrative fee assessed to address various regulatory and other charges affecting the bank. Premium assessment fees are not assessed on balances held in Money Market Deposit Accounts (MMDA) or Money Market Mutual Fund accounts.

## Proposal to City of Santa Rosa

- iv. *Provide investment return history for the 36-month period from September 2014 through August 2017 for each option proposed. Show the yield for each month.*

J.P. Morgan U.S. Government Money Market Mutual Fund (Morgan Share Class) - Investment Return for the most recent 36 months			
August, 2017	0.48%	February, 2016	0.01%
July 2017	0.46%	January, 2016	0.01%
June, 2017	0.36%	December, 2015	0.01%
May, 2017	0.26%	November, 2015	0.01%
April, 2017	0.22%	October, 2015	0.01%
March, 2017	0.13%	September, 2015	0.01%
February, 2017	0.06%	August, 2015	0.01%
January, 2017	0.04%	July, 2015	0.01%
December, 2016	0.02%	June, 2015	0.01%
November, 2016	0.03%	May, 2015	0.01%
October, 2016	0.01%	April, 2015	0.01%
September, 2016	0.01%	March, 2015	0.01%
August 2016	0.01%	February, 2015	0.01%
July, 2016	0.01%	January, 2015	0.01%
June, 2016	0.01%	December, 2014	0.01%
May, 2016	0.01%	November, 2014	0.01%
April, 2016	0.01%	October, 2014	0.01%
March, 2016	0.01%	September 2014	0.01%

- v. *If a sweep is proposed, what time of day is the sweep deadline? Is it end-of-day or next-day sweep?*

End-of-day sweeps are processed as the last transaction of the business day.

- vi. *If the firm is proposing a money market mutual fund, provide a copy of the current prospectus and identify the class of shares by providing the ticker symbol or CUSIP.*

Money market fund (MMF) share classes are dependent on the investment amount and investment channel. The current fund prospectus can be found at:

<https://prospectus-express.newriver.com/summary.asp?doctype=pros&clientid=jpml&fundid=4812C2676> or [www.jpmsgloballiquidity.com](http://www.jpmsgloballiquidity.com)



***Money Market Fund Share Class Information:***

Investment sweeps into J.P. Morgan’s MMFs have minimum investment balance requirements for each share class. Higher balance levels qualify for higher share classes with enhanced yields. The share class minimums vary depending on whether the City uses an intraday or end-of-day sweep, as indicated in the following table and set forth in the fund’s prospectus.

<b>J.P. Morgan Money Market Funds: Share Class Minimums</b>			
<b>Share Class</b>	<b>Automated Sweeps</b>		<b>Client-Initiated Investments</b>
	<i>Intraday</i>	<i>End-of-Day</i>	
Capital	\$50,000,000	N/A	\$50,000,000
Institutional	\$10,000,000	N/A	\$10,000,000
Agency	\$5,000,000	\$25,000,000	\$5,000,000
Premier	\$1,000,000	\$15,000,000	\$1,000,000
Morgan	\$1,000	\$1,000	\$1,000

**s. Account Analysis Statements**

- i. Provide a sample analysis statement. How soon after month-end is the analysis statement available?*

The City can retrieve electronic account analysis statements via ACCESS Online on the sixth business day after the close of the billing period.

***Sample Account Analysis in Adobe PDF Format***

Account analysis statements in PDF format show each section of billing information in a separate table. Total charges are displayed at the end of each table for clarity.

# Proposal to City of Santa Rosa

## Balance and Compensation Analysis Section

J.P.Morgan		ACCOUNT ANALYSIS STATEMENT FOR JANUARY 2014		PAGE 1 OF 4		12345 LCC 000 123 4567 - NN	
JPMORGAN CHASE BANK, N.A. 123 LOMBARD AVE HOUSTON TX 12345		<b>DETAIL OF ACCOUNT 000 00bb00000123456789</b>		ACCOUNT: PRODUCTION DATE:		000 00bb00000123456789 02-06-2014	
				OFFICER CONTACT: PAUL ROMAN (212) 123-XXXX			
				OTHER CONTACT: JOHAN LAPSTAR (212) 123-XXXX			
BALANCE AND COMPENSATION ANALYSIS							
EARNINGS ALLOWANCE RATE: XX.XX%							
MULTIPLIER: \$ 4,709.67000							
AFF CODE	DESCRIPTION	BALANCE INFORMATION	COMPENSATION INFORMATION				
000000	AVERAGE NET LEDGER BALANCE	5,000,000	0.00				
000030	LESS AVERAGE FLOAT BALANCE	00	.00				
000010	AVERAGE NET COLLECTED BALANCE	5,000,000	0.00				
000011	AVG POSITIVE COLLECTED BALANCE	5,000,000	0.00				
000420	LESS DDA BAL RESERVE REQUIREMENT	00	.00				
000040	INVESTABLE BALANCE	5,000,000	0.00				
000400	BAL EQUIVLNT-TOT SERVICE CHRGS	XX.XX	XX.XX				
000410	EXCESS/(DEFICIT) INVESTBLE BAL	XX.XX	XX.XX				
000240	EARNINGS ALLOWANCE	XX.XX	XX.XX				
000331	BAL COMPENSABLE SRVC CHARGES	XX.XX	XX.XX				
000241	EXCESS/(DEFICIT) EARNING ALLOW	XX.XX	XX.XX				
000314	SERVICE CHARGE AMOUNT	XX.XX	XX.XX				

Figure 21

# Proposal to City of Santa Rosa

## Activity Summary Section

ACCOUNT ANALYSIS STATEMENT  
FOR JANUARY 2014

PAGE 2 OF 4  
ACCOUNT: 000 00bb00000123456789  
PRODUCTION DATE: 02-06-2014

12345 LCC 000 123 4567 - NN

J.P.Morgan  
ABC COMPANY LTD

**DETAIL OF ACCOUNT 000 00bb00000123456789**

**ACTIVITY SUMMARY**

PRODUCT LINE AND DESCRIPTION	BANK SERVICE CODE	AFP SERVICE CODE	UNIT PRICE (\$)	VOLUME	SERVICE CHARGE (\$)	BALANCE EQUIVALENT (\$)	FEE BASED CHARGES (\$)
<b>ACCOUNT SERVICES</b>							
ACCOUNT MAINTENANCE	01005	010000	XX.XX	13	XX.XX	141,290	XX.XX
STATEMENT CYCLES	01010	010307	XX.XX	10	XX.XX		XX.XX
AUDIT CONFIRMATIONS	01076	010630	XX.XX	1	XX.XX	353,226	XX.XX
<b>SUBTOTAL</b>					XX.XX	494,516	
<b>FUNDS TRANSFER SERVICES</b>							
REPETITIVE INSTRUCTION STORAGE	05882	360561	XX.XX	20	XX.XX		XX.XX
<b>SUBTOTAL</b>					XX.XX	0	
<b>JPMORGAN ACCESS</b>							
ACCOUNT MAINT - 1 YEAR HISTORY	06085	400662	XX.XX	2	XX.XX	659,355	XX.XX
USER MODULE FEE	06087	400999	XX.XX	21	XX.XX	00	XX.XX
JPM ACCESS MONTHLY MAINT	07357	400999	XX.XX	10	XX.XX		XX.XX
<b>SUBTOTAL</b>					XX.XX	659,355	
<b>PREMIUM ASSESSMENT FEE</b>							
PREMIUM ASSESSMENT FEE	00035	0002301	XX.XX	5,000,000	XX.XX	2,599,977	XX.XX
<b>SUBTOTAL</b>					XX.XX	2,599,977	
TOTAL CHARGE FOR SERVICES		000300			XX.XX	XX.XX	
TOTAL FEE BASED CHARGES		000350			XX.XX	XX.XX	
BAL COMPENSABLE SRVC CHARGES		000331			XX.XX	XX.XX	
BAL EQUIVLT-TOT SERVICE CHRGS		000400			XX.XX	XX.XX	

Figure 22

## Relationship Balance Compensation History Section

ACCOUNT ANALYSIS STATEMENT  
FOR JANUARY 2014

PAGE 3 OF 4  
ACCOUNT: 000 00bb00000123456789  
PRODUCTION DATE: 02-06-2014


12345 LCC 000 123 4567 - NN

J.P.Morgan

**DETAIL OF ACCOUNT 000 00bb00000123456789**

**RELATIONSHIP BALANCE COMPENSATION HISTORY**

MONTH	AVERAGE NET LEDGER BALANCE (\$)	AVERAGE NET COLLECTED BALANCE (\$)	INVESTABLE BALANCE (\$)	BALANCE EQUIVALENT TOTAL SERVICE CHARGES (\$)	EXCESS/ (DEFICIT) INVESTABLE BALANCE (\$)	EARNINGS ALLOWANCE RATE (%)	EARNINGS ALLOWANCE (\$)	BALANCE COMPENSABLE SERVICE CHARGES (\$)	EXCESS/ (DEFICIT) EARNINGS ALLOWANCE (\$)
JAN	5,000,000	5,000,000	5,000,000	XX.XX	XX.XX	XX.XX%	XX.XX	XX.XX	XX.XX
<b>JAN - JAN AVERAGE</b>	5,000,000	5,000,000	5,000,000	XX.XX					
<b>JAN - JAN NET</b>					XX.XX		XX.XX	XX.XX	XX.XX



00000001234567891234

Figure 23

- ii. *Can Association for Financial Professionals (AFP) Service Codes be included on the analysis statement? If not, do you offer another report that provides this information?*

J.P. Morgan provides AFP service codes\* on account analysis statements.

\*A portion of this material related to the AFP Service Codes is copyrighted by the Association for Financial Professionals and has been reprinted with permission.

- iii. *Are account analysis statements available online? How many prior months are available? Can the account analysis details be downloaded into Microsoft Excel?*

The City can retrieve electronic account analysis statements via ACCESS Online; up to 13 months of statements are available. All sections of your account analysis statement may be viewed, printed, and exported through ACCESS Online. Analysis statements are available in PDF, Excel and CSV formats.

The City can group specific accounts and billing relationships together for online analysis purposes and create user profiles giving access to specific accounts or billing relationships, as required.

The City will benefit from online access with:

- **Faster Delivery:** The PDF version is available on the sixth business day after the close of the billing period.
- **Robust Encryption Technology:** Allows you to export billing statement data into Excel format or text (CSV) for further analysis purposes.
- **Grouping of Multiple Billing Accounts:** Allows you to group specific accounts and billing relationships together for online analysis purposes.
- **Control over User Administration:** Security administration allows you to create user profiles giving access to specific accounts or billing relationships, as required. It also allows you to reset user passwords.

## t. Collateral Requirements

- i. *Describe the approach used in collateralizing public deposits in the State of California.*

JPMorgan Chase Bank, N.A. ("Bank"), through its National Collateral Management Group ("NCMG"), employs a Bank developed Corporate Collateral Management System (Coast), which provides daily monitoring of deposit balances and security value for collateralization purposes.

Coast is reviewed each Federal Reserve banking day by dedicated Collateral Managers for compliance with collateral requirements. Collateral requirements are based upon the end-of-day ledger balances in deposit accounts (demand and

time deposits) (plus accrued interest if any), less applicable FDIC coverage if coverage for insured balances is appropriately waived, plus applicable margin (10%). The end-of-day deposit balances are uploaded into Coast the following Federal Reserve banking day morning from the Bank's deposit system. NCMG monitors the market value of collateral pledged to our customers and compares the market value to the collateral requirements. In the event a market value reduction creates an under-collateralized position, additional collateral will be pledged promptly.

**Collateral is pooled for all Local Agency Government Customers and State Agency Customers:** The Bank follows the collateralization process (pooled collateral method) established by California law and procedures of the Local Agency Security Program (LASP) Administrator. In addition, the Bank follows the collateralization process established by California law for State Agency customers. The State's own deposits are directly collateralized.

**Types of Collateral Pledged:** The Bank is currently pledging U.S. Treasury securities to secure Local Agency deposits and State Agency deposits. The amount and types of collateral pledged are subject to change, but will comply with California Government Code (for Local Agency deposits, Government Code §§ 53651, 53651.2, 53651.6 and rules established by the LASP Administrator; and for State Agency Deposits, Government Code § 16522).

**Custodian for the Collateral Securities:** The Bank currently employs MUFG Union Bank as third-party custodian to hold collateral for the LASP; and the Federal Reserve Bank of New York, controlled by the State Treasurer for the State Agency accounts.

**Collateral Priced/Marked to Market:** The Bank uses an independent, third-party pricing agent for collateral valuation. Dependent upon the types of securities pledged, the Bank will update security prices (marked to market) daily, weekly and monthly, as provided by the pricing agent. MUFG Union Bank also prices pledged securities daily, weekly and monthly, dependent upon the types of securities pledged as collateral.

**Departments Responsible for Tracking Collateral and Reporting to the State:** The Bank has two groups for tracking collateral and reporting: Firmwide Regulatory Reporting and Analysis (FRRA), which conducts all reporting to the LASP Administrator, and NCMG, which conducts security pledging (and other collateral transactions) with the LASP Administrator.

**Collateral Reporting:** The Bank is unable to provide collateral reporting for LASP pool program customers because the collateral pledged covers all public fund pool participants and is not segregated to a specific customer. Request of proof of collateralization for LASP pool program customers can be submitted to:

Contact Information	
<b>Mailing Address</b>	Department of Business Oversight Division of Financial Institutions 1515 K Street STE 200 Sacramento, CA 95814
<b>Phone</b>	(916) 322-1547 or (415) 542-6273
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<b>Email</b>	<a href="mailto:Lisa.Huang@dbo.ca.gov">Lisa Huang, Lisa.Huang@dbo.ca.gov</a> ; or <a href="mailto:Patrick.Carroll@dbo.ca.gov">Patrick Carroll, Patrick.Carroll@dbo.ca.gov</a>

- ii. Are you willing to hold and collateralize compensating balances (in accordance with California law) of up to \$500,000? If not, what is the maximum amount of compensating balances will the firm be willing to hold?*

Yes, J.P. Morgan can hold and collateralize compensating balances. There are no maximum amounts of compensating balances.

- iii. What type of collateral do you propose?*

The Bank is currently pledging U.S. Treasury securities to secure Local Agency deposits and State Agency deposits. For more information, please see our response to question i.

- iv. Where will collateral be held? What type of collateral reports will the City receive? Who sends this reports and how frequently?*

Please see our response to question i.

## u. End-of-Day Overdrafts

- i. Does the firm return items if an overdraft exists? If yes, how flexible is this policy?*

Typically J.P. Morgan does not return items if an overdraft exists.

- ii. Is there a daily cap on fees? If so, what is it?*

J.P. Morgan charges for the use of end of day (EOD) uncollected funds by applying a daily variable overdraft (OD) rate to individual DDAs for each day an overdraft occurs. Interest and overdraft fees can be offset by an earnings credit allowance and may be assessed on a per-occurrence basis.

The formula for Negative Collected Balance Fee is as follows:

Negative Collected Balance Fee Calculation

$$\frac{(\text{Negative Collected Balance} \times \text{OD Rate} \times \text{Number of Days Overdrawn})}{360 \text{ days}}$$

Presently, we do not charge an additional per occurrence transaction fee. There is, however, a per occurrence fee for each individual overdraft when paid or returned.

## v. Daylight Overdrafts

- i. Describe the firm's policies concerning daylight balance overdrafts. Indicate whether this is applied to each individual account or across all accounts of a client relationship.*

Recognizing a client's credit standing and reputation, an appropriate intraday credit limit will be made available to make sure your transactions flow smoothly and efficiently through our systems. This limit is electronically verified by our Funds Transfer Balance Control System. Payments within the limit, plus the current cash position in your account, will instantly flow through to the appropriate execution mechanism.

One important feature of our system is the ability to group designated accounts together into a single relationship for intraday credit purposes. This provides for the release of payments when the total balance and intraday limit in your grouped accounts is sufficient.

- ii. Is wire transfer processing stopped when the intra-day limit is reached?*

Should a payment take your account balances over the intraday limit, the transfer will be stored electronically and referred to your funds control officer in the Transaction Approval Group (TAG) for approval. If covering funds are received while the payment is stored, the transfer will be automatically released without manual intervention.

- iii. If the firm incurs a daylight overdraft charge from the Fed, will it pass this charge on to its customers?*

J.P. Morgan does not charge for either intra-day credit (IDL) or intra-day liquidity (Fed daylight overdraft) usage arising in the context of normal clearing activities at this time, which is current market practice. J.P. Morgan routinely discusses significant use of intra-day liquidity with clients with a view to better managing this usage, and we reserve the right to potentially charge.

## w. Digital Payments

- i. *Does the firm offer a digital payments solution, where payments can be made to an e-mail address or phone number?*

Corporate Quick Pay, a new mobile and web-based payment solution allows the City's consumers to accept payments via email. This innovative solution not only makes accepting payments easier for your consumers, but it is more efficient for you as well.

Corporate Quick Pay:

- **Makes Migration from Paper to Electronic Easy:** Corporate Quick Pay overcomes consumer account and remittance data constraints the City may face when migrating from check to electronic forms of payment.
- **Delivers Economic Value:** the City can reduce the total cost of payments by settling via Automated Clearing House (ACH).
- **Saves Time and Money for Your Low-Frequency Payments:** Collecting and storing consumer bank account information for low-value, low-frequency payments is expensive and time consuming. Corporate Quick Pay eliminates this burden and can be used for recurring payments, as well.
- **Integrates into Your Existing Payment Initiation, Settlement and Reconciliation Process:** Our solution is integrated with our corporate payment platforms which allows you to easily integrate payment initiation and reconciliation into the existing processes that you maintain.
- **Makes Sure Your Consumer Gets Paid, Even if They Take No Action:** If your consumer takes no action, declines the payment or if you simply do not have their email address, we can automatically print and mail a check ensuring they receive your payment.

The City simply supplies us with your consumer's email address, payment amount, name and desired remittance data using ACCESS Online manual entry or file upload—or by using direct transmission. Corporate Quick Pay then generates an email for the consumers to accept the payments for deposit into their personal bank accounts.



# Proposal to City of Santa Rosa

## How Corporate Quick Pay Works

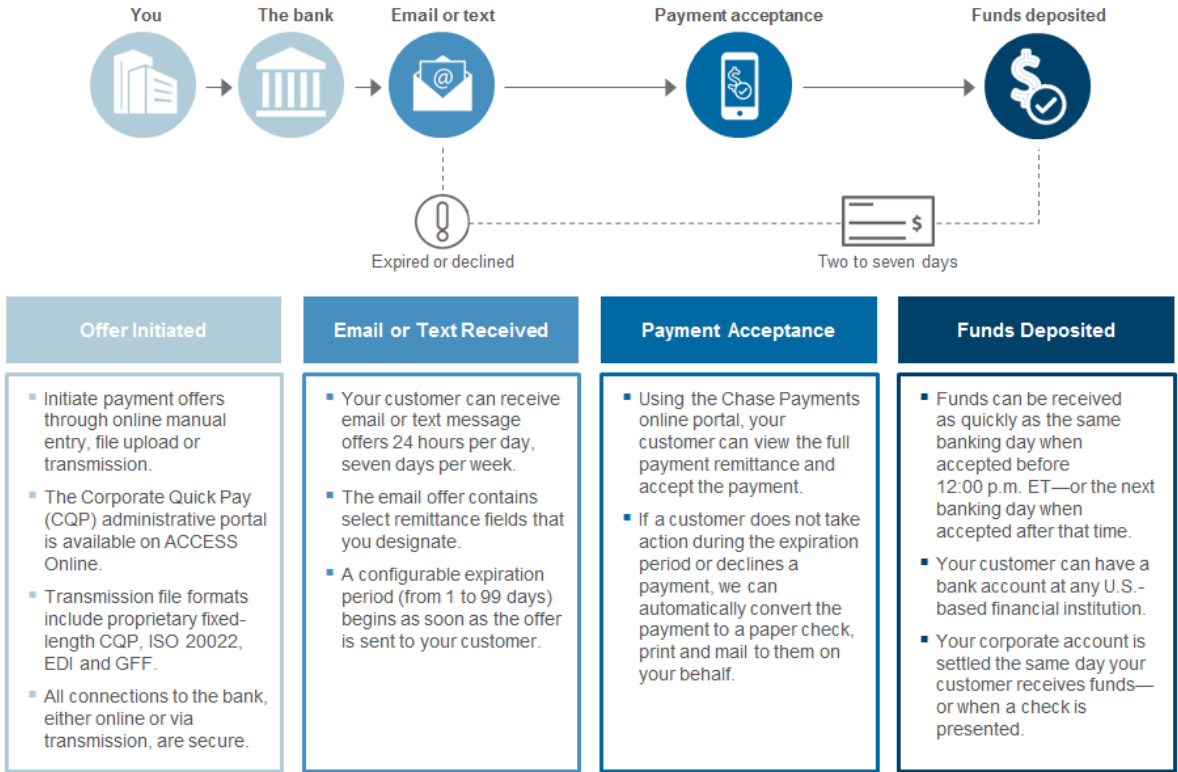


Figure 24

Enrollment is easy. Your consumer creates a profile on the consumer-facing online system, Chase Payments that will be used to accept future payments from the City or any other payer using Corporate Quick Pay into that consumer's personal bank account. This provides a better and faster experience for your consumers, allowing them to accept a payment without having to provide bank account information each time.

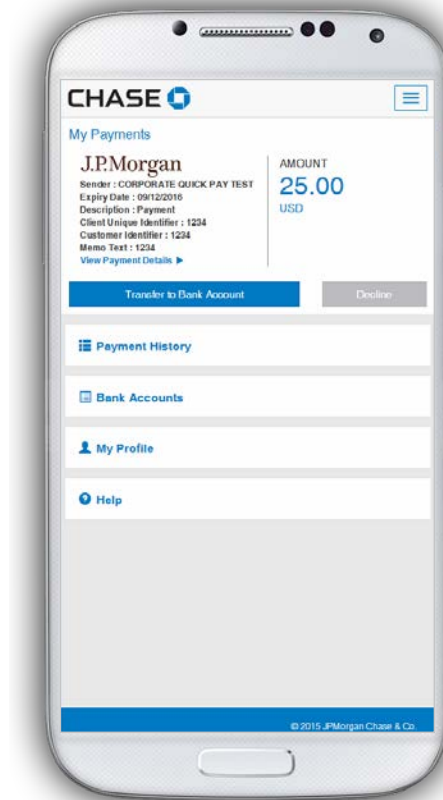


Figure 25

In addition to sending an email notification to your consumer to accept a payment, we have enhanced our Corporate Quick Pay solution with the ability to also send notifications via text.

*ii. Describe how payments made to individuals can initiated.*

The City simply supplies us with your consumer's email address, payment amount, name and desired remittance data to send a payment through Corporate Quick Pay.

We then send an email and/or text to your consumer that contains a link to launch our intuitive consumer portal, branded as Chase Payments. The recipient has the option to either accept or reject the payment. Accepted payments are sent by direct deposit into a personal bank account. For rejected payments, you have the option to have J.P. Morgan print and mail a check. The City determines the remittance data that will be provided to the consumer and the length of time the consumer has to accept a payment offer before it expires.

**If the consumer fails to accept the payment offer in the designated timeframe, the City has the option to have us turn the payment offer into a mailed paper check, with no further action needed from you.**

## V. Service Group 2: Lockbox Processing Services

*(Only firms proposing for Service Group 2 should respond to this section)*

- a. *Describe the firm's ability and experience providing lockbox services to government entities.*

As the originator of the lockbox, the City can be confident that J.P. Morgan offers one of the most sophisticated and cost-effective full range of wholesale lockbox and imaging solutions. We have offered wholesale lockbox services since 1947 and we were the first remittance bank to offer secure same-day imaging of checks and remittance documents over the Internet and image browser offerings since 1995. We handle an average monthly volume of more than 12.3 million items totaling over \$53 billion.

We have an established, extensive network of lockbox processing sites across the country working with customers ranging from federal agencies to state and local government entities. J.P. Morgan has been instrumental in providing processing solutions for many government entities.

- b. *What type of lockbox solution would the firm recommend (wholesale, retail, whole-tail)?*

We offer a full range of lockbox services that will allow the City to streamline your remittance processing and accelerate your revenue stream with a fast, cost-efficient, around-the-clock lockbox solution. We own and operate our own nationwide wholesale lockbox network of processing sites to offer the City fully automated wholesale and scannable wholesale lockbox services.

Further consultation with the City will be needed before we are able to offer a definitive recommendation. Based on our experience with other Cities, a scannable retail lockbox would be our current recommendation.

- c. *Where are your lockbox locations? Are all locations on the same technology platform?*

J.P. Morgan has lockboxes in the following location:

- Belleville, Michigan
- Chicago, Illinois
- Dallas, Texas
- New York, New York

## Proposal to City of Santa Rosa

- Pasadena, California
- Phoenix, Arizona
- Toronto, Canada

Each of our lockbox processing sites (spoke) is fully image-enabled and online with the central hub. Images are captured locally and then sent to the hub for automated processing and routing as appropriate throughout the network. Our client service professionals are online with all lockbox sites and can respond in a real-time environment to your processing questions and changes.

- d. *Where will lockbox items be processed? What was the average monthly volume for the proposed lockbox location for the last twelve months (include items, dollars, number of lockboxes and number of customers)?*

We recommend the Pasadena site for the City's lockbox needs.

The Pasadena site averages 585,000 items monthly for \$2.98 Billion with over 1,125 lockboxes.

The Wholesale Lockbox processes both wholesale and scannable wholesale payments (checks with scannable optical character recognition - OCR remittance documents) on the same equipment in each of the lockbox sites. Below is the monthly average for our lockbox items in 2016.

2016 Average Monthly Volumes	
Items	11.8 million
Dollars	\$52 billion
Number of Lockboxes	14,400
Number of Customers	5,650

- e. *Can a Santa Rosa or northern California P.O. Box be used? If so, is there an additional cost? How will mail be directed to the firm's processing facility? Would there be additional mail float time?*

J.P. Morgan maintains unique zip codes for the Pasadena lockbox site. The U.S. Postal Service out-sorts all J.P. Morgan lockbox items on the first pass by the unique zip. This use of a unique zip code minimizes mail float by reducing the amount of mail handling at the U.S. post offices.

Having a P.O. Box local to the City of Santa Rose would delay the mail arrival in Pasadena causing mail float as well as availability of receivables.

We can further discuss this option with the City.

- f. *What is the ledger cut-off time for lockbox deposits (include weekends and holidays)? What is the latest mail pickup to be include in the current day's deposits?*

## Ledger Cutoff Time

The end-of-day general ledger cutoff time for lockbox deposits processed at any of our network sites is 4:00 p.m. local time. Remittances processed and deposited on the weekend are posted for ledger credit the next business day. J.P. Morgan does not provide holiday processing.

## Latest U.S. Postal Service Mail Pickup

The last mail pickup time to be eligible for same day processing is approximately 6:00 a.m. local time at each site. Items available at the processing site by 12:00 p.m. local time on a banking day are eligible for same day deposit. Mail picked up after that time may not be available for processing until the next banking day.

## Courier/Messenger Packages

Any courier or messenger package delivered to domestic lockbox sites by 12:00 p.m. local time will be deposited for same-day ledger credit, assuming you have no conflicting deposit or information reporting deadlines.

- A minimum of four hours between courier/messenger package receipt and your deposit-reporting deadline is required.
- A minimum of four hours is required when manually data keyed information (e.g., invoice number, remitter name) is to be included in the scheduled report.
- J.P. Morgan may not be able to process all items for same-day ledger if the data capture volume received by courier package exceeds 10,000 keystrokes.
- J.P. Morgan may not be able to process all items for same-day ledger if there are more than 75 payments in a single courier/messenger package.

- g. *Will you process and deposit all of the City's payments on the same ledger day as received? If not, when are these items deposited?*

All lockboxes receive an end-of-day deposit at 4:00 p.m. local time as part of the standard service. Mail must be received by the times listed above in our answer to f.

# Proposal to City of Santa Rosa

*h. Describe the lockbox department's processing workflow. Include a schematic or flow chart of the processing procedures.*

J.P. Morgan Pasadena lockbox site.

- Pasadena operates 16 hours a day, 6 days a week.

Remittances are delivered to the work group, where the following steps are taken:

- Extraction associate opens the envelope, determines the transaction type and separates transactions by wholesale and scannable.
- A complete review of negotiability is completed for all transactions.

## J.P. Morgan Wholesale Scannable Lockbox Workflow with Decision Manager

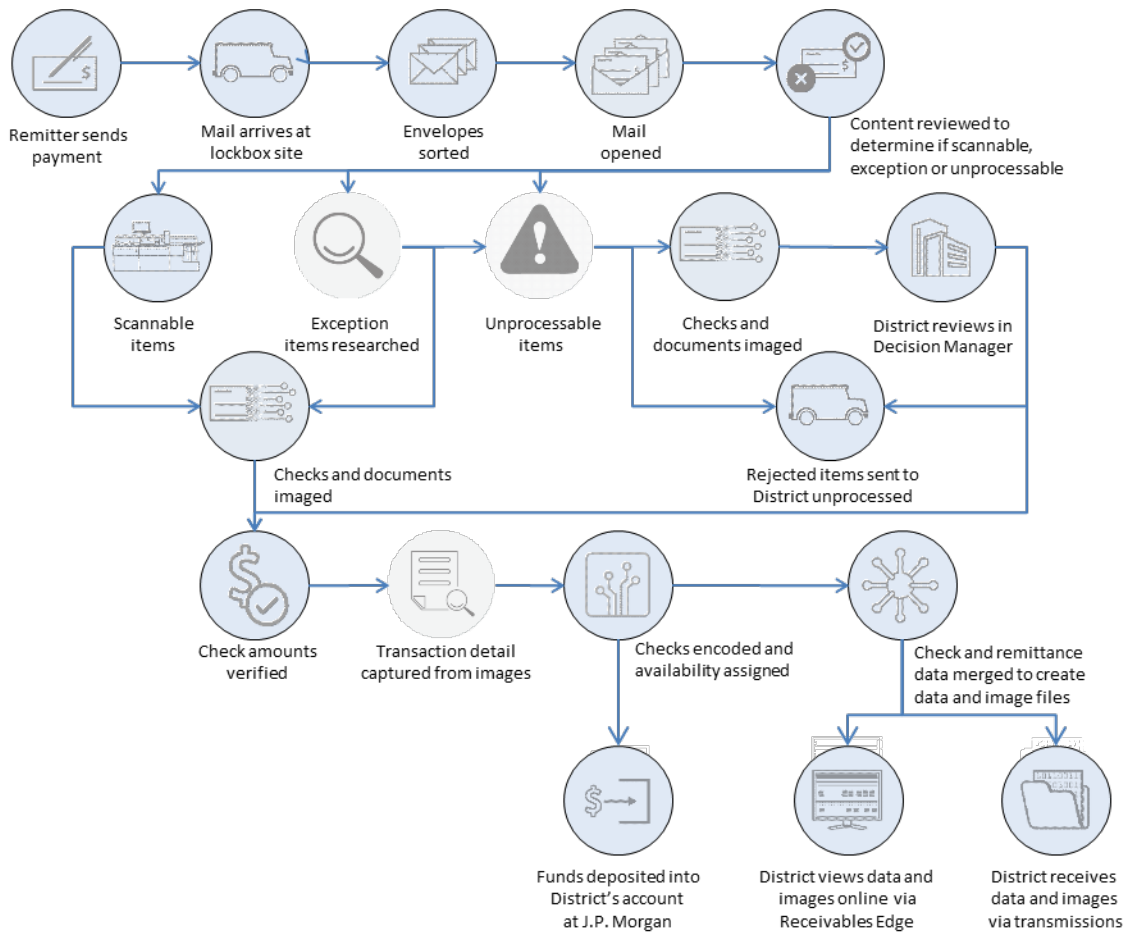


Figure 26

For wholesale and check-only items:

- Extraction associate enters the box number.
- Lockbox processing instructions appear on the page.
- A unique processing batch number is applied to the group of work.
- Extraction associate for high-speed scanning prepares both checks and remittance documents.
- Each full-page transaction, which can contain multiple payments, is associated with a transaction separator ID via barcode reader to maintain the integrity of the payment.
- Scanner associate scans prepared batches on high-speed scanners.
- Check image and MICR line information is captured from the check.
- Documents returned to workflow coordinator, who routes mail to be stored for 14 days prior to destruction.
- Data entry associates repair MICR lines where required.
- Data Entry associates key the check amount, which is verified by the system against CAR/LAR via intelligent character recognition (CAR/LAR) software.
- Completed batches are virtually or physically endorsed and encoded.
- Data entry associates begin keying information from the imaged remittance documents.
- Upon batch completion, images are available for delivery to the City.
- All outputs are automatically generated (fed to the online browser, direct image transmissions, and data transmissions).
- Unprocessable checks and related materials are forwarded to clients via client preferred delivery method.
- After scannable items have been separated from wholesale, they are batched and delivered to the NCR iTran 8000. Single and multiple transactions are commingled in a single batch.
- Scanning associate enters the box number into the iTran workstation.
- Lockbox processing instructions appear on the page.
- A unique batch number is applied to the group of work.
- The iTran images items at a rate of 6,000 documents per hour.
- OCR scanlines and MICR lines are captured during this first pass.



- The system identifies transaction boundaries by looking for sequences of coupon(s) and check(s). For example, an OCR coupon is processed followed by a check. The next OCR scanline following a check acts as the transaction boundary. With this logic, one or more OCR scanlines followed by one or more checks will automatically be separated into transactions.
- Low confidence OCR character reads are route Low confidence OCR character reads are routed to a scanline fix process for repair.
- Courtesy amount(s) and legal amount(s) are compared to scanline amount(s) via data capture through ICR software.
- Completed batches are virtually or physically endorsed and encoded.
- Upon batch completion, images are available for client delivery.
- All outputs are automatically generated (fed to the online browser, direct image transmissions, and data transmissions).
- Unprocessable checks and related materials are forwarded via the client's preferred method.

## Payment Card Industry (PCI) Security Standards

J.P. Morgan's data security standards are consistent with the Payment Card Industry Data Security Standard 3.0. Our data security control framework incorporates PCI-DSS standards. Specifically, Receivables Edge and lockbox data security standards are designed to meet or exceed applicable PCI standards and other industry standards for IT risk management. We have provided further details regarding J.P. Morgan's data security standards for your review in Appendix 5.

- i. What time will the firm transmit payment details to upload to the City's billing system for current day activity?*

### Receivables Edge

For lockboxes that do not receive unique batching, images first become available for viewing approximately 30 minutes from the first scheduled deposit time; subsequent batches are available within 30 minutes of batch completion, i.e., checks are encoded and data entry is complete. If the lockbox receives unique batching based on rules or logical groups, batches are made available within one hour of the contracted deposit time.

### **Data Transmission**

The standard transmission service provides for one transmission daily Monday through Friday. Additional transmission needs can be discussed; additional fees apply. The data transmission time is a function of check and invoice volume as well as the complexity and amount of required data entry.

#### **J.P. Morgan can:**

- Generally transmit by 4:00 p.m. PT while depositing all mail received for a ledger credit day.
- Accommodate an earlier transmission time depending on the volume and complexity of your lockbox account. Remittances that cannot be processed for inclusion in the same day's transmission will be included in the next day's deposit and data file.
- Provide data transmissions between the hours of 5:00 a.m. and 10:00 a.m. PT at a pre-designated, mutually agreed-upon time. We generally require a two-hour transmission window.

*j. Describe your procedures for the capture and transmission of remittance details such as account number or invoice number.*

J.P. Morgan's image-based lockbox system provides optimal processing efficiency and accuracy. Checks and remittance documents are captured as the first step in our automated transaction processing, then electronically routed to operators. The operators perform amount entry and verification as well as capture of supplemental remittance details. Intelligent character recognition (ICR) technologies are used to reduce capture costs and improve accuracy; edit and balance routines can further refine data accuracy, resulting in improved cash application rates. J.P. Morgan supports several standard data transmission formats and can also develop customized formats as required for your accounts receivable system. Files are delivered via various secure transmission protocols; our telecommunication specialists will work with your staff to implement whichever option you prefer.

*k. Describe how your firm would process non-standard payments (i.e. single check for multiple accounts, check-and-list payments from bill-payer services, corporate payments with non-standard remittance documents).*

J.P. Morgan can provide multiple solutions in order to reduce the number of exception payments and speed reconciliation to City's accounts. Multiple groups can be customized to assist in payment type, balancing and exception identification. eLockbox for bill-payer services can clarify and reduce exceptions. Non-standard documents from corporate payments are imaged and information is provided through a combination of automated, AI and manual intervention. Furthermore, Decision Manager allows for payments to be imaged and directed to the City for inclusion of remittance detail and then either rejected or accepted, before the check is processed and cashed.

Finally, J.P. Morgan can tailor the City's lockbox procedures for processing checks marked "paid-in-full," post-dated checks, stale dated checks, checks missing a payee and checks missing a drawer's signature, on a commercially reasonable basis, and forward these items to you unprocessed. Please note additional fees will be assessed against 100% of the checks processed.

*I. Describe the methods used to assure validity of data. Do you retain the actual check in the lockbox department until the data capture is completed?*

We have several processes and controls in place to minimize data capture errors.

We work with you during the implementation process to understand how all types of situations should be handled including:

- Checks received without any remittance detail
- Checks with paid invoice amounts that do not balance to the check amount
  - For example, if a check is received without any remittance detail, you may ask us to key the remitter name from the check.
- Your data capture is customized to match your specific requirements. When a batch is retrieved, the data-entry page displays the required fields and column headings for the lockbox.
- Edit checks are built into the system to minimize keystroke errors.
- Simple edits we would perform to determine a valid entry include:
  - Field length requirements (maximums, minimums, fixed)
  - Alpha or numeric designations
  - Check digit routines
- An example of a more complex edit is accepting an invoice number only if the letter "A," "F" or "G" appeared in the third position from the left.
- Upon your request, the keying page can be designed to prevent the operator from advancing to the next transaction without entering the required data.
  - Example: If a check is received without remittance detail, you may request that we enter a predefined dummy invoice number (e.g., 999999). This confirms that we did not skip over the item but rather that we have reviewed the materials and could not find remittance detail.
- An online set of keying instructions that describes each field to be captured, including any identifiable characteristics, is developed.
- Example: it may state that invoice numbers are six or seven characters and will always have an alpha character in the first position.

- The operations team continually refines instructions as needed.
- Optionally, balancing invoice amounts to the check amount can be provided. In this case, if the sum of the invoice amounts does not match the check amount, the operator reviews the captured information. Once all amounts are verified we can:
  - Leave the item unbalanced.
  - Enter the difference using a mutually agreed-upon dummy invoice number, thereby balancing the transaction.

We verify data record file validity via controls built into the file formats:

- The standard Bank Administration Institute (BAI) lockbox record layout includes control records that allow the receiver to determine if the entire file has been received.
- The Service Total Record (one included at the end of the data stream created for each lockbox) contains the total number of checks and dollars for that lockbox and a cumulative transmission dollar total that will increase with each subsequent lockbox included on the transmission. These check items and value totals can be compared to lockbox totals reported via balance reporting systems and shown on the paper deposit advices provided daily.
- The Destination Trailer Record, the final record of the data file, has a count of the total number of records in the transmission. If an incomplete (e.g., connection is interrupted) or unreadable file is received, you can contact our Help Desk (which is staffed 24/7) and have the file resent immediately.

Similar control features are built into the ANSI X.12 823 and 820 formats (EPOS files).

- m. Can the City allow customers to indicate a change of address on remittance documents? If so, how does your processing equipment identify these requests? What information can be captured and transmitted to the City?*

The City can place up to two pre-printed areas on a scannable document to indicate change of address or other selectable options. J.P. Morgan utilizes Mark Sense technology to recognize when these fields are checked and can separate these items into separate groups or even separate lockboxes. This allows the City to search, view and report on these items individually, as well as take action on the items. Grouping information is transmitted to the City to identify the number of items, payment information and details of items in these groups.

- n. *In what standard formats does the firm transmit? How will this information be transmitted (website, file transfer, etc.)?*

J.P. Morgan standard formats include:

- The ANSI X.12 823 and 820 formats
- All standard variations of the 80-character-per-record lockbox BAI2 format accepted by major accounts receivable software vendors such as Oracle, SAP (their lockbox BAI1 and BAI2 formats) and PeopleSoft (their 102-character variation)

Sample standard BAI2 formats are provided in the *Lockbox BAI2 Data Transmission Guidelines and Formats Description* document in Appendix 6. Proprietary formats can be accommodated as well. A one-time programming charge may be assessed when significant format customization is required

- o. *Would you recommend changes to the City's current remittance document (sample in the Attachments) to minimize errors or reduce lockbox processing costs?*

Yes. We recommend the following changes to minimize errors and reduce the City's lockbox processing costs:

- Indication of lockbox number in the scanline of the coupon
- Placing a box around the Customer Number and Account Number for easier human readability.

We will work with the City to provide optimal efficiency to reduce errors and lower administrative costs.

- p. *Describe the firm's procedures for processing exception items. Do you offer same day online decisioning of exception items? Describe and provide a sample screen shot of this feature.*

Decision Manager is a solution that will allow the City to configure rules that will stop payments from being processed through the lockbox if they meet your defined criteria. These criteria could include:

- Missing data
- Unbalanced amounts
- Stop/Go file exceptions

The City can view these exception items and make deposit decisions on the same day, providing any missing data required to post the transaction.

## Decision Manager Process

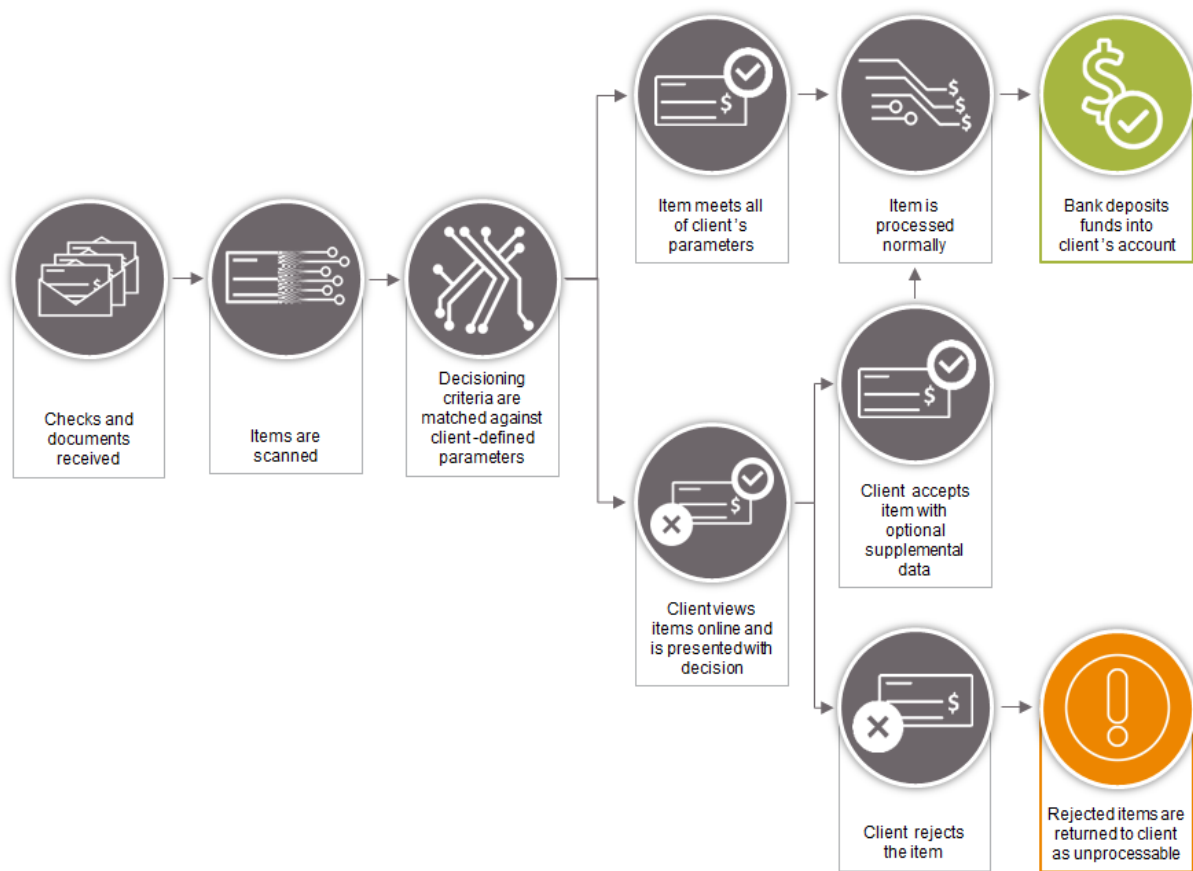


Figure 27

If the City chooses not to have us deposit a specific transaction, your staff will indicate a “reject” decision and that transaction will be mailed back to you unprocessed.

If we are still unable to find the item, it will be presented to the City via Decision Manager as an exception for disposition.

Decision Manager is a function within Receivables Edge that provides same-day presentment for the City to review and decision exception items that would otherwise be forwarded as unprocessed work. We identify exception items during lockbox processing and then present to you via the Receivables Edge browser. The City can use this online tool to determine if the payment should be accepted or rejected and mailed back to you.

- q. *If a payment is received without the remittance document, does the firm offer any technology that can aid in determining the customer account?*

Yes, the City can use Remitter Management, described below, and Decision Manager, described in our response to *question p.*, above.

## **Remitter Management**

Not all remitters follow the rules. Some pay by check and do not send remittances, while others include a remittance but do not provide the key data that the City needs to post their payments. And some send remittances so complicated and full of exceptions that only the City's most experienced staff can handle them.

Remitter Management eliminates these challenges by taking unprocessable check-only transactions and creating an auto-cash posting result. Simply capture the remitter name, or, if you already have it data keyed as part of your lockbox instructions, replace manual data entry processes with automated remitter association and reduce your fees.

For the most challenging remitters, we can route their transactions to specific processors that you define. This way, transactions do not get held up in the queue or accidentally handled by an inexperienced associate.

### ***How Remitter Management Works***

The service is built on a remitter database of reusable profiles tied to the information included in the MICR line of each check.

Simply populate the database by importing data from your system or manually as new MICR lines are identified. Once the remitter profile is established, the City can incorporate a variety of data elements automatically with each payment received from that remitter. Key data elements include:

- Remitter name
- Customer number
- Alternative customer numbers (up to three)
- Remitter address
- Parent name
- Parent ID
- General ledger ID
- Customer-defined classifications (e.g., national account, credit hold, etc.)

When payments arrive, Remitter Management looks to see if a profile for that remitter already exists. Matched items will pull the remitter profile into the transaction history and make all associated data available for transmission. You may also search through the payment history against any of the remitter profile fields. Unmatched items payments are flagged for your review. If you added a customer number, a payment that would ordinarily not be posted can be applied to your customer's account.

Service inquiries may also be improved by using alternative customer numbers and parent company information. Tasks that previously required credit managers to contact accounts receivable (A/R) for assistance can now be resolved in one search screen.

### ***Key Benefits of Remitter Management***

- Use additional search parameters to improve customer service and research
- Extend information typically only available to accounts receivable across your organization
- Increase the probability of a direct match by adding customer numbers to the data transmission
- Improve flexibility by distributing work to multiple cash appliers (remitter assign-to, remitter classification)
- Replace manual data entry with remitter association to reduce remitter name capture fees

### **Receivables Edge eRemittance Association**

Our new Receivables Edge product offering called eRemittance Association provides a solution for matching electronic payment activity to its corresponding invoice information.

Through this product offering, the City can instruct their customers to direct the remittance information intended for an incoming electronic payment to the bank via email.

Using intelligent character recognition, we capture the relevant information from email bodies and/or attachments and systematically match them to incoming ACH and wires. This process results in an improved, more highly efficient and straight-through cash posting experience for our clients.

**Improve your straight-through cash posting with J.P. Morgan's eRemittance Association solution.**

**eRemittance Association automatically associates electronic payment activity to corresponding remittance information sent via email.**



### ***How It Works***

On the City's behalf we receive separately delivered remittance information, translate the remittance detail to data and match the electronic remittance advice to a payment.

To provide our eRemittance Association solution we:

- Assign unique email address that they can use to forward or redirect remittance emails
- Interrogate and index the eRemit by unique remitter identifiers, such as name or Customer ID to help make certain successful match
- Image and store BOTH the eRemit and email message for future exception management and research
- Capture of billing specific remittance detail (e.g., invoice numbers and amounts) that corresponds to the posting requirements of the proprietary accounts receivable system
- Balance transactions and provide online, intraday exception management for repair and edit of captured remittance detail
- Index the captured payment and remittance details for ease of online search and query function

Receivables Edge eRemittance Association Process Flow Diagram

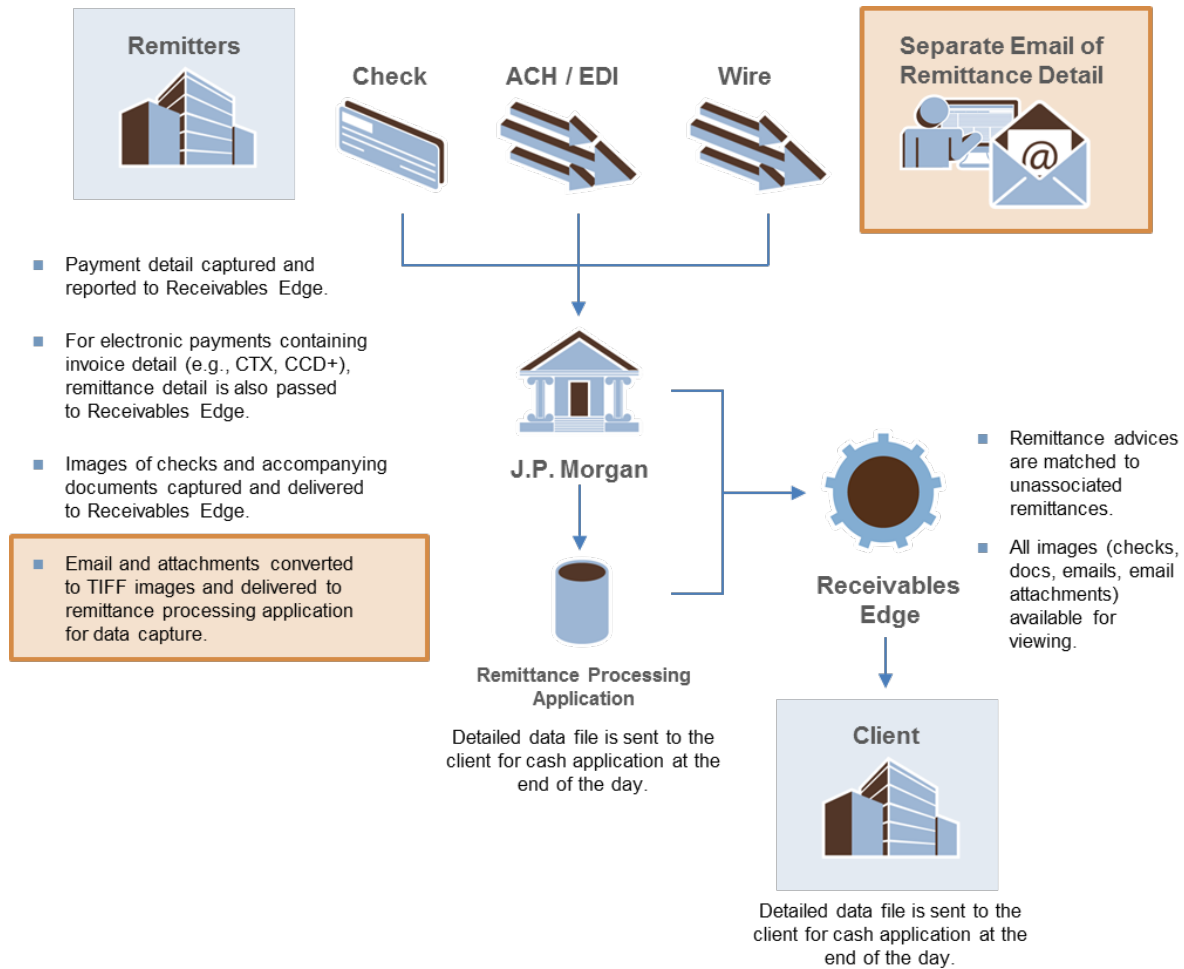


Figure 28

r. *Does the firm offer “e-lockbox” services for payments made from consumer bill payment service providers? Describe the firm’s “e-lockbox” service.*

ACH e-Lockbox can streamline the City’s receivables posting process by consolidating electronic payments received from multiple sources into a single deposit. On payment receipt, we generally credit your account promptly the morning of the next business day after receipt of payments. Our Transaction Repair service streamlines the exception process by allowing you to review and repair exception items online for faster posting to your back-office system. We provide you with a single accounts receivable file and upload this data into your back-office system to help you save time, improve productivity and reduce costs.

J.P. Morgan has been processing consumer-initiated electronic payments since 1978 and we consolidate millions of payments and remittances each month. We consolidate ACH e-Lockbox payments for over 200 clients, including some of the largest billers in the U.S, including providers such as Fiserv, FIS, MasterCard RPPS, IPP, ORCC, i-Pay, MoneyGram, Western Union, Yodlee, U.S. government agencies, and the Federal Reserve Bank, among others. Consumer Credit Counseling Services (CCCS) agencies payments may also be remitted via the same process.

**Advantage J.P. Morgan**

**J.P. Morgan offers eLockbox consolidation from more than 70 providers, including Fiserv, FIS, Paytrust, Mastercard RPPS, and PEC, enabling you to streamline your accounts receivable updating process.**

## **ACH e-Lockbox—Key Features and Benefits**

ACH e-Lockbox can improve the City’s ability to receive and post payments from online bill payment providers and other corporate remitters. ACH e-Lockbox services offer a host of value-added features that include upfront edits, data validation, as well as:

### **Payment Acceptance**

- Expands the City’s payment options to include a customer-initiated form of collection.
- Streamlines the receivables process by incorporating electronic remittances and outsourcing the EDI remittance reporting translation function.
- Reduces deposit volume by combining receipt, posting of funds and remittance data.
- Provides consolidated, straight-through processing of consumer, business or government payments.
- Integrates remittances for multiple business units or affiliates by depositing transactions into separate bank accounts for each affiliate or unit.
- Standardizes formats, communication and payment of transactions from government agencies and bill payment service providers such as MasterCard RPPS, Fiserv, FIS and ORCC.

### **Cost Efficiencies**

- Lowers the overall cost associated with payment processing and application.
- Accelerate funds availability and improve productivity by reducing mail, processing and check clearing float.
- Decreases payment settlement time down to one to two days—down from four to seven days.

### **Exception Handling**

- Reduce manual exception processing and collection costs.
- Minimize exceptions by reviewing and repairing them electronically, or opt to have us repair them for you automatically.
- Expedite exceptions handling and data validation to improve the accuracy of remittance and customer account number data.
- Search, review and return transactions—and submit notifications of change online.
- Offers upfront editing and data validation that improves the number of accurate remittances and valid customer account numbers and expedites exception handling.
- Improves consumer satisfaction through faster payment posting, research and problem resolution.

## **ACH e-Lockbox—How It Works**

1. The City notifies your payment processors to send the payment files directly to your ACH e-Lockbox. We will work with each processor on your behalf to complete the payment redirection.
2. Your customers send you payments electronically (e.g., online banking, credit cards, bank by phone, government remitters, etc.)
3. After validating the billing account numbers and data match each transaction, we consolidate the payments automatically on receipt.
4. A single credit, along with remittances, posts to your account—all in the same business day.

## ACH eLockbox: How it Works

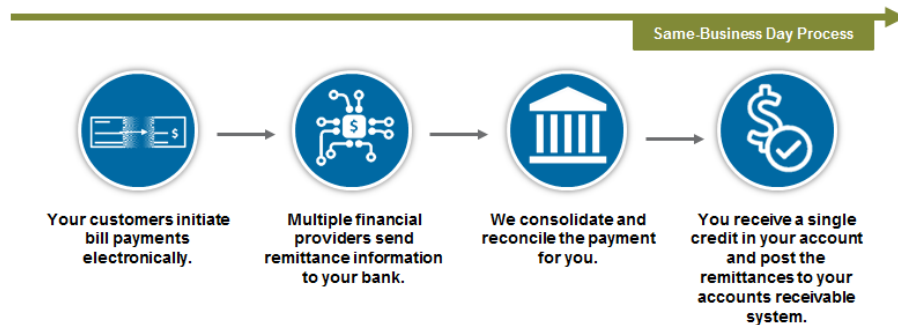


Figure 29

**Added Security:** To help protect the City’s account information, we issue you a unique J.P. Morgan account number that is used to collect payments into your ACH e-Lockbox account. This account number is then translated to your actual account number by our back office.

**Streamlined Information Reporting:** Daily remittance data, such as billing data, corresponding dollar amounts, transaction edits, etc., is formatted into either our standard accounts receivable format or your proprietary format and routed directly to your back office via ACH e-Lockbox. We provide unique batch ranges for the electronic payments.

Or, have this data integrated into our file management service, ReceiptStream, which retrieves and consolidates lockbox, ACH and wire payment details and transmits it to your accounts receivable system.

**Improved Settlement and Customer Service:** With ACH e-Lockbox, the City has prompt access to timely payment information, which allows you to respond to your customer inquiries without delays.

In addition, it helps you avoid unnecessary service disruptions and reduce days sales outstanding by shortening the payment settlement process by up to two days.

**Debt Management Payments:** ACH e-Lockbox offers retail creditors a solution for receiving debt management payments electronically from consumer credit counseling service agencies.

**Efficient Exception Processing:** With ACH e-Lockbox, the City will receive and exception report that shows where payment edits have failed. This helps you reduce manual exception processing hassles and collection costs associated with your bill payment service providers’ “check and list” information.

As a result, your staff will be able to address and return exceptions more quickly to the originator. Notifications of changes are provided automatically to the

payment originator for payee database updating. Also, you can search and view remittance information online, return transactions and submit notifications of change to originators to correct future transactions.

The City can submit returns and notification of change requests using ACCESS Online's inquiry feature or through our Transaction Repair service.

## Cutoff Times

**Opening of Bank Business:** We consolidate payment activity through 12:00 a.m. PT (subject to applicable cutoff times) each banking day, and render settlement and data to the City by the opening of bank business.

**Intraday Payment File:** We can also report intraday payments to the City, whereby payments made by consumers or corporations that are received by J.P. Morgan by 11:00 a.m. PT are reported to you by 2:00 p.m. PT.

## ACH e-Lockbox—Transaction Repair

Transaction Repair, optionally available through ACCESS Online, streamlines the exception process so that the City can review and repair exception items online for faster posting to your back-office system.

We will match incoming transactions against the City's posting rules (e.g., customer reference number or account number) and send you a list of exceptions that you can review and repair online via ACCESS Online to facilitate posting.

Transaction Repair allows you to return transactions you cannot post or submit notifications of change electronically to the originators to correct future transactions to improve straight-through processing.

- Act on and validate payments from your customers to accept incoming CIE, CCD, CCD+, CTX, web, TEL, PPD and PPD+ transactions.
- Automatically receive and review transactions that do not meet your edit/validation instructions and correct these transactions securely online. When we have received your online corrections by the established cutoff time, we will remit the corresponding payments to you in your designated e-Lockbox posting file that same day. You can greatly reduce future exceptions with our Auto Repair feature, where any repairs you make will be automatically applied to any future incoming items with that same erroneous information.

ACH eLockbox Transaction Review: How it works

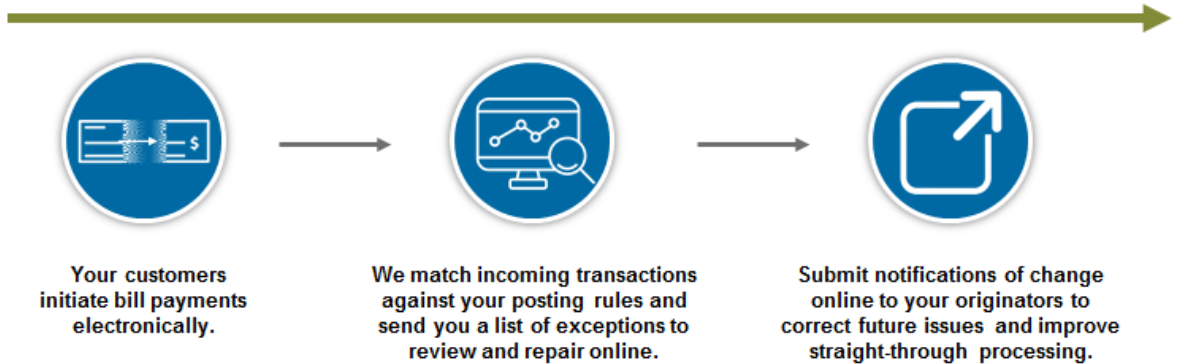


Figure 30

**Auto Repair Option:** Let us correct and repair transactions automatically and then send to you for automatic posting.

The City can also choose our optional auto-repair feature, in which we correct and repair transactions automatically based on corrections you have made in the past—and then send to you for automated posting.

## Reporting and Posting

We post one payment to the appropriate the City account at J.P. Morgan at the opening of bank business. This total will correlate to the total of the detailed payment file transmitted to you. The daily posting files and other standard reports are delivered through ACCESS Online.

ACH Funds Movement Timeline

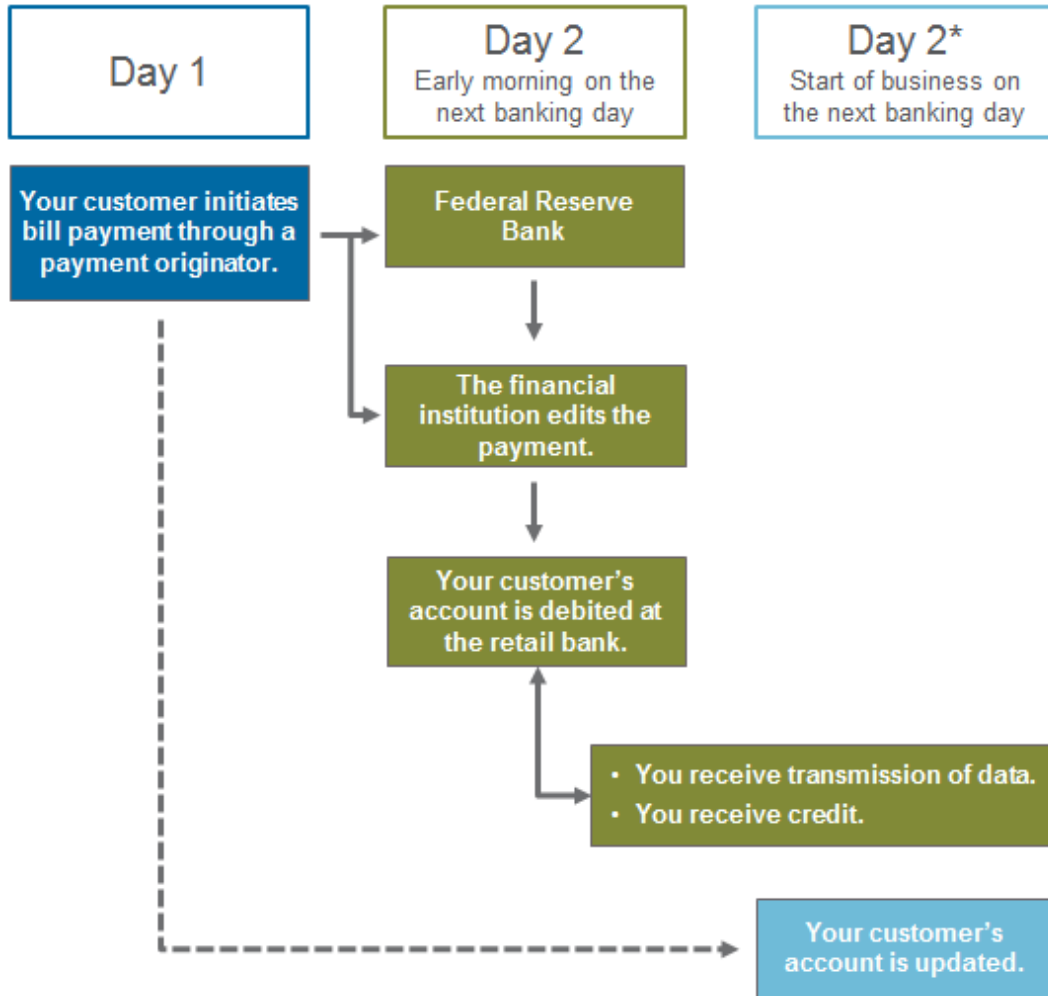


Figure 31

\* Subject to applicable cutoff times.

## Implementation

ACH eLockbox implementations typically take four to eight weeks to complete but can take longer depending on customization requirements. We will work with the City to determine your requirements, including account format, reporting format and data transmission connections. We will validate bank account numbers, mask combinations and support updates, as necessary, in order to apply against the next incoming file from a myriad of providers. The City can also choose to receive both standard and customized reports via transmission or secure email.



To minimize file processing errors, testing will be performed on new electronic remittance customers, as well as changes that affect the mask combination table and correction file process.

Incoming ACH items are marked by the originator for deposit in the J.P. Morgan account, with accompanying remittance detail provided as specified by the City. You will see one daily credit post, with detailed payment reporting provided separately.

*s. Which clearing networks does the firm work with? Describe in detail.*

The bank offers eLockbox consolidation from more than 70 providers, including Fiserv, FIS, MasterCard RPPS, IPP, ORCC, i-Pay, MoneyGram, Western Union, Yodlee, U.S. Government agencies, and the Federal Reserve Bank, among others.

*t. Describe the firm's online reporting system for lockbox items. Can you provide daily images of all checks and remittance documents? If so, in what formats? (e.g. on-line, CD-ROM). How long are online images accessible?*

Receivables Edge is Internet-based services that can help the City efficiently manage your receivables. You can access images and information related to payments received in your J.P. Morgan lockboxes, as well as remote deposit captured checks and electronic payments received via ACH or Fedwire—all through a single portal. Easy navigation, advanced queries, payment alerts and workflow tools give your accounts receivable, credit and customer service staff the ability to make informed business decisions quickly without handling paper documents.

Receivables Edge lets the City view transaction data and images that are stored on a server at the bank. You access the server via the Internet, using a standard web browser. Your lockbox images are available shortly after lockbox processing is completed. Further, electronic payments are available on a scheduled basis. Images are retained in a high-speed, online storage archive for more than a month. The City may also choose to use our 10-year archive solution, on the same web browser, for your long-term retention needs.

## Online Features

**Home Page Quick Links:** After logging on to Receivables Edge, the City users are presented with a home page that provides single-click access to the most common search requests. This eliminates the need to use the detailed search engine unless a unique or detailed query is needed. The home page also provides access to user-specified Saved Queries and New Alert notifications that include payment notifications, return notifications, and archive requests with subscription to any or all of these alert services.

**Flexible Queries:** A robust search engine lets the City quickly retrieve what you need. Transaction search criteria include bank transaction identifiers, payment

data, supplemental invoice fields captured from your remittance documents, and workflow status and notation fields that you have previously assigned. Some typical queries let you retrieve:

- A single transaction with a specific check number or check amount.
- A single transaction containing a specific invoice number.
- All transactions for a given remitter name for the past month.
- All items which you have previously flagged as cash application exceptions.

Transaction level queries display images of checks and related remittance documents—plus any workflow status or notations added by you or your staff.

The Saved Queries feature retains queries that you may make on a regular basis. For example, the City users may wish to periodically view all payments from a specific remitter. Up to 20 saved queries can be created by each user.

**Same-Day Viewing:** Images are viewable on Receivables Edge beginning with your first deposit time. Additional items become available as work is completed throughout the day. The number and timing of incremental deliveries may vary based on your processing requirements and volume. For most lockboxes, batches are delivered within 30 minutes after processing is completed. Deliveries will occur at subsequent deposit times if the City has any special lockbox grouping or batch requirements.

**Fast Retrieval:** Images and data are retained using online disk storage that provides instantaneous retrieval for any user with a high-speed Internet connection. Standard service includes 45 days of online disk storage. The City may subscribe to additional months of online disk storage if you require immediate access to older transactions.

**Easy Image Viewing:** Images are presented on Receivables Edge in a PNG format that can be viewed using browser software alone. The entire transaction is displayed for easy viewing and scrolling. Documents of normal size and quality are clear when viewed on monitors of recommended size (we will provide the Technical Information for details on optimal monitor size). Receivables Edge images can be downloaded to TIFF or PDF formats.

Receivables Edge comes equipped with a built-in image viewer (iViewer) that is accessed by clicking on the related PNG-formatted image. The iViewer displays a single page in full screen width; arrow buttons allow for navigation to other pages within the transaction. Features include:

- Single image presentment to aid in user data entry from image.
- On-screen ruler to aid in reading tabular data.

- Magnifying tool to enlarge sections within a transaction for close-up evaluation.
- Contrast tool to switch background from white to black and vice versa.
- One-click printing of images of a single page, transaction or a group of transactions.

**User-Defined Presentation Options:** With Receivables Edge, the City users can customize the presentation of transaction query results and transaction views to match their preferred work methods. For example, users can specify the number of items to be displayed on screen, select a default view for daily receipts (batch summary or transaction list), select an image-viewing format and select a default sort order for transaction lists. In addition to these user-defined defaults, single-click operations let you change the sort order of transaction lists and let you hide or display certain regions of some transaction screens.

**Workflow and Notation Tools:** Receivables Edge provides the City staff with tools to manage the completion of cash posting activities and to record pertinent information regarding a payment's disposition.

At the individual transaction level, users with the appropriate entitlements can update the following fields:

- **Exception Flag:** Typically used to note cash application exceptions or other conditions that require further follow up; once an exception has been resolved, the exception flag may be toggled off.
- **Exception Reason Code:** Select from a reason code table that you create.
- **Assigned-To:** Select another Receivables Edge user who should follow up on a transaction. That user would subsequently query for items assigned to them; once the follow-up action is complete, he or she could mark it as unassigned, add a note, exception reason and/or turn off the exception flag, depending on entitlements.
- **Workflow Status:** Automatic assigned and reviewed status updates are based on user assignment or review by assignee; closed status requires explicit action.
- **Note:** Multiple note fields can be added to a transaction; a user ID and date are recorded with each. The note field allows 1,024 characters of free-form text per note. You may want to use this field to record resolution of cash application discrepancies or to record making a customer phone call related to the item. The field has copy and paste text capabilities.

These workflow fields are used in various query, update and report functions in Receivables Edge to support various workflow scenarios:

- For the City performing manual cash application, easy-to-use workflow tools can be used to distribute work among cash appliers and monitor progress through completion. For example, a supervisor executes a home page quick link to display current day batches, from which he/she assigns users to each batch. Then cash appliers execute the home page quick link, “Assigned To Me”, to retrieve the items assigned to them. As each item is viewed by the assignee, the workflow status automatically changes from “assigned” to “reviewed”. Further updates can be made by the cash applier to change the workflow status to closed, set an exception flag, add an exception reason code, assign a transaction to another user, and/or add a note. The supervisor can monitor the progress of cash appliers through the Workflow Status Summary Report.
- The City using an automated cash application process will only review items that were not automatically applied. Users retrieve individual transactions on Receivables Edge, research the reason, manually apply the item and reflect the resolution in a note and reason code. For any item that requires further action, the exception flag can be set and/or the item can be assigned to another user.
- To speed the retrieval of automated cash application exceptions, Receivables Edge includes a file upload tool that can integrate exception results from your external A/R system of record. After uploading some or all of the workflow fields, the selected items are automatically presented for further action. Using the exception flag as a search filter, any user can subsequently retrieve the individual transactions and complete the cash application process.

## Reports

**Online Reports:** Receivables Edge provides lockbox information in formatted reports to facilitate the City’s daily balancing and cash application and to help you analyze patterns and trends. These dynamically generated reports may be viewed online or downloaded in HTML (web compatible) or CSV (spreadsheet compatible) format. Your users can request all reports for a single lockbox or for all of your lockboxes. If you subscribe to the Consolidated Receivables service, electronic payment data may also be included.

Several reports are included in the Receivables Edge standard service; additional reports are included with some select service offerings as noted. All reports include a time and date stamp determined by the global time zone that is designated on the My Settings page in Receivables Edge.

## Proposal to City of Santa Rosa

<b>Receivables Edge Reports</b>			
<b>Report Name</b>	<b>Description</b>	<b>Usage</b>	<b>Conditions</b>
<i>Standard Reports</i>			
<b>Activity Summary I</b>	Deposit totals (items and dollars) by credit date and lockbox for 1 to 31 days.	Balance lockbox totals to bank deposit reports and/or accounts receivable.	Included.
<b>Batch Recap</b>	Batch totals for a single credit date.	Balancing by batch.	Included.
<b>Payment Detail</b>	List of payments received in one or all lockboxes for a single credit date. Payment data may be sorted two ways: by processing date and lockbox number or by remitter name. You can specify subtotal by lockbox or batch.	Cash application.	Included.
<b>Assigned-to Summary</b>	Transaction totals (items and dollars) by user and workflow status for 1 to 31 days.	Monitor completion of cash application or exception review assignments.	Included; you must use the workflow status field for this report to be meaningful.
<b>Exception Reason Summary</b>	Transaction totals (items and dollars) by exception reason for 1 to 31 days.	Monitor cash application exception reasons to identify trends requiring review.	Included; your security administrator must define and use the exception reason table for this report to be meaningful.
<b>User Audit Report</b>	A list that identifies all active and inactive user IDs and their respective security status.	Track users' security events.	Included as part of the Security Administration tools.
<i>Optional Reports</i>			
<b>Activity Summary II</b>	Deposit totals by credit date and lockbox for 1 to 31 days; includes separate totals for weekend days.	Balancing lockbox totals to bank deposit reports and/or accounts receivable.	Included if you subscribe to weekend lockbox processing. Additional lockbox processing fees apply.
<b>Group Recap</b>	Totals by assigned group code within lockbox for a single credit date.	Monitoring composition of lockbox receipts.	Included if special grouping is performed for your lockboxes. Additional lockbox processing fees apply.
<b>Extended Detail</b>	List of payments received in one or all lockboxes for a single credit date. Payment data may be sorted two ways: by processing date and lockbox number or by remitter name. You can specify subtotal by lockbox or batch. Includes 1 to 9,999 lines of reference (invoice) details per payment. Reference	Cash application.	Optional report. Additional reporting fee applies.

Receivables Edge Reports			
Report Name	Description	Usage	Conditions
	lines include up to four additional invoice-related fields.		
<b>CSV+ Detail</b>	A delimited file containing all Receivables Edge transaction data elements for a single credit date.	Cash application or import to an external application for further analysis or reporting.	Companies needing a report with more than four supplemental data fields reported. Additional reporting fee applies.
<b>Check Return Summary</b>	Return totals (items and dollars) by return reason and disposition for 1 to 31 days.	Monitor return activity to identify trends requiring review.	Included if you subscribe to Check Return service.

**Downloadable Reports:** Receivables Edge provides for delivery of reports produced by other systems and containing data not provided via the online dynamic reporting tool. These optional reports include Lockbox Deposit Advices, Lockbox Transmission Journals, Electronic Payment Detail Reports and our Custom Report.

## Optional Services

**Consolidated Receivables:** If some of the City’s customers pay you electronically, you may elect to have ACH and wire payments presented via Receivables Edge. No images are associated with these transactions, but payment data and selected invoice information are provided. Transactions are assigned to an “electronic lockbox” and can be included in any query or report. Separate Electronic Payment Detail Reports can also be included with this service. Consolidated Receivables is available only for electronic payments received into a U.S. account.

For ACH payments in CTX or CCD+ format, we map seventeen standard ANSI X12 820 fields into the Receivables Edge database (e.g., invoice number, invoice amount, discount amount, government contract number). A complete list of data elements is included in the Receivables Edge FAQ for your reference. For wire payments, payment transaction level information is available for reporting purposes, including remitter, originating bank RTN, originating bank account number, date, transaction dollar amount, payee and the free-form payment reference field. Please note that wire payee and wire payment reference fields are not included on the CD-ROM.

For lockbox transactions, images of checks and remittance documents provide the full remittance details needed for cash application and exception resolution.

Receivables Edge provides the equivalent detail for electronic payments in the form of an Electronic Payment Detail Report that is available as a downloadable report on Receivables Edge. The report provides full detail for multiple electronic payments for a single date. The report is purged from Receivables Edge after 14 calendar days; it is not included on the CD-ROM or long-term archive.

EFT data files are delivered to the Receivables Edge repository on a scheduled basis. Payments processed after the final feed are reported with the next day's work. Detail reports are delivered after 7:00 p.m. PT. This service is available for additional fees from both Receivables Edge and the electronic payment systems. Consolidated Receivables requires information reporting via direct transmission.

A separate lockbox service allows these same payments to be included in the daily lockbox transmission. Note that if the City chooses to receive electronic payments via both Receivables Edge and transmission, the same payment types must be included in both. For example, if you have ACH and wire transactions viewable on Receivables Edge, you could not have only ACH transactions included on your transmission.

**Check Returns:** The Receivables Edge check return service provides timely notification of return activity, so that the City can follow up promptly with delinquent customers and correct your accounting records. Both redeposited items and final returns are available on the business day following a return item's processing date. Further, for all final returns, the original item is updated to indicate that the item was returned. This information is available for the life of the transaction, including long-term storage; the indicator is carried forward to CD-ROM only if present prior to the CD-ROM creation. This service is not available for Toronto lockboxes.

**Automatic Notifications (Alerts):** Receivables Edge can be set up to send the City timely notification of important events, such as payment receipt, returned checks, rejected remotely captured items and newly created remittance advices. The system scans all new transactions and sends the matched items to your Receivables Edge Alert inbox based on your pre-established criteria. In addition, you can elect to receive an email notification and/or designate other registered users to receive a copy of the notification. Clicking a link in the email provides the City with immediate access to the related transactions upon successful log on. Alerts can be designated as one-time or recurring.

Scenarios where you may want to use a notification include:

- The City places a credit hold on new shipments to a customer but wants to release the goods as soon as payment is received. A one-time payment alert could be used to notify you and the Shipping department that the expected payment amount from a specific remitter has been received.

- You may want to receive notification of exceptionally large payments to optimize working capital. A recurring payment alert could be used to notify you any time a payment over a specific dollar threshold is received.
- You need timely notification of check returns to follow up promptly with remitters. If you subscribe to the Check Return service, you can set up a recurring return notification alert for all returns with a disposition of “chargeback”.

The alert feature is an optional service and a fee is assessed for each payment flagged by an alert. Up to twenty alerts can be created by each authorized user.

**File Download Facility:** Our lockbox can deliver The City’s data or image transmission through:

- Our centralized telecommunication utility that supports secure FTP and other sophisticated Host-to-Host protocols and security mechanisms.
- The Receivables Edge file download service that allows for a human-initiated download that uses the same web browser and Internet security protocol you use for image viewing.

The City’s transmission is delivered to the Receivables Edge repository at a scheduled time each day when Receivables Edge is used as your portal for file retrieval. You simply download the file and store it on your local network for subsequent import to your A/R system or image repository. Files are retained on the system for 14 days and then automatically purged.

We do not recommend using the download facility for delivery of files larger than five megabytes. This limit generally restricts the use of the download service to data files only. Image files would be limited to very small daily files (fewer than 250 average-sized image pages).

## Image Retention Solutions

Our standard service allows 45 days of historical, online access to images in Receivables Edge. Images and data are retained in online disk storage that provides high-speed retrieval for your current activity. The City also may need longer record retention for customer service and audit purposes. Receivables Edge offers these optional storage features to accommodate those needs:

- **Extended High-Speed Storage:** Up to twelve additional months of online disk storage is available. The City can access images within seconds because they are stored online. This option may be added to your service even if you also use the long-term archive or monthly CD-ROM service.



- **Long-Term Archive:** Your archived transactions are readily available when you need them if you subscribe to our long-term archive solution. This optional service safeguards your important business data and images for a 10-year period in dual, secure locations. Because you use the same Receivables Edge user interface that you use for accessing your current activity, you do not need to locate physical CD-ROMs, or, for remote users, call a central location.

The Receivables Edge online search screen is used to retrieve archived items. The City is sent an alert when the image has been retrieved and is ready for viewing so you can perform other activities while the request is being fulfilled. Retrieval time depends on the volume and age of the transaction query. Once a transaction has been retrieved from archive, it is held in high-speed disk storage for five calendar days. You can update workflow fields or add notes to archived items throughout the 10-year archive period. You can also include archived items in any of the standard or optional reports.

## Continuous Operation

**System Availability:** Receivables Edge is available 24/7. We broadcast an advance notice to users on the infrequent occasions when the system is taken down for maintenance.

**Business Continuity:** Receivables Edge features advanced disaster recovery, long-term storage and retrieval of archived images, and provides two independently located archives. Each system mirrors the other and offers multi-tiered redundancy; replications at the hardware, server and facility level occur every 15 minutes so that if a disaster occurs at one facility, the same information is retrievable from the other.

- u. *If correspondence or other non-payment documents are included in payment envelopes, how will these documents be transmitted to the City?*

All correspondence and other non-payment documents will be imaged and available on Receivables Edge for the City to view.

- v. *For a given day's lockbox activity, at what time of day can you report the total amount that will be credited to the City's account?*

By using ACCESS Online, our Internet-based reporting service, you can retrieve deposit total and availability breakdown information throughout the day. We report updated lockbox deposit information ten times throughout the day:

- 5:00 a.m. PT
- 6:00 a.m. PT
- 7:00 a.m. PT

- 9:00 a.m. PT
- 10:00 a.m. PT
- 11:00 a.m. PT
- 12:00 p.m. PT
- 1:00 p.m. PT
- 3:00 p.m. PT
- End of day

The updates include all batches completed no later than 30 minutes prior to the stated update time, even if the update time precedes one of your scheduled deposit times. Updated information should be presented on ACCESS Online within 15 minutes of the update time. For clients receiving weekend deposits, separate weekend feeds are made on Monday morning.

Any balance, float and transaction information reported intraday is subject to final verification.

- w. *How does the firm determine and calculate availability of deposited items? Does the firm give immediate availability for on-us items? Provide a copy of the availability schedule the firm proposes for items deposited through the lockbox.*

We do give zero day availability for on us items. J.P. Morgan maintains distinct availability schedules for each of our lockbox sites, which are programmed into the lockbox computer. Availability is:

- Assigned to each check at the automated remittance processing workstation as the check is encoded for deposit in the lockbox site. Availability based on deposit.
- Based on the specific endpoint in relation to the time of day and your contracted deposit times.
- Assigned with fractional float, where appropriate.

The lockbox department is responsible for assignment of availability, and unlike some of our competitors, we do not charge back float losses that we may incur during the collection process.

Please see Appendix 2 for our availability schedules.

- x. *If selected as a finalist, can the City tour your lockbox operations?*

J.P. Morgan welcomes lockbox tours during normal business hours of 8:00 a.m. to 5:00 p.m. local time. To maintain a secure and controlled lockbox environment, we ask that you give your sales representative 48-hour advance notice. We can also accommodate night and weekend tours with sufficient

advance notice, between one to two weeks, to verify that appropriate customer support personnel are available to conduct a tour of the lockbox area.

EXHIBIT B  
COMPENSATION

In addition to the per-unit pricing and other service charges referenced in the attached, and as provided in Contractor's proposal, Contractor shall be entitled to charge the City for the use of end of day (EOD) uncollected funds by applying a daily variable overdraft (OD) rate (determined by Contractor) to City's demand deposit account for each day an overdraft occurs. Interest and overdraft fees can be offset by an earnings credit allowance and may be assessed on a per-occurrence basis.

The formula for Negative Collected Balance Fee is as follows:

$$\frac{\text{Negative Collected Balance} \times \text{OD Rate} \times \text{Number of Days Overdrawn}}{360 \text{ Days.}}$$

Pricing for Lockbox Processing Services shall be at the per-unit pricing and other service charges applicable to such Services as referenced in the attached for the duration of the Initial Term, provided that the volumes and usages of such Services are consistent with those disclosed by the City, as reflected in the attached pro forma pricing schedules.

During the first year of the Initial Term, Contractor shall provide to City a transition credit against fees or charges otherwise payable to Contractor during such period for General Banking Services, an amount equal to \$60,000. If this Agreement is amended to include Lockbox Processing Services during the Initial Term, Contractor will provide to City a transition credit, to be used within the first year of Contractor's performance of Lockbox Processing Services or such shorter period that Lockbox Processing Services are performed prior to the expiration of the Initial Term, which shall be applied against fees or charges otherwise payable to Contractor for such Services during such period. The amount of the total transition credit for Lockbox Processing Services shall be prorated for the period of time that such Services are performed prior to the expiration of the Initial Term, and computed as follows:

$$\$40,000 \times [\text{Number of months remaining in Initial Term at commencement of Lockbox Processing Services} / 60 \text{ months}]$$

**PRO-FORMA PRICING**

**Service Group 1: General Banking**

AFP Code	Service Description	Average Monthly Volume	Proposed Unit Cost	Annual Unit Cost	Comments:
<b>GENERAL ACCOUNT SERVICES</b>					
01 0000	Account Maintenance	4	\$5.0000	\$240.00	
01 0021	Subaccount Maintenance	37	\$5.0000	\$2,220.00	
01 0310	DDA Statement - Paper	2	\$25.0000	\$600.00	
01 0310	Subacct Statement Fee (monthly charge for all 37 subaccounts)	1	\$0.0000	\$0.00	Not applicable
01 0300	Online E-Stmt Subscription - Account	1	\$0.0000	\$0.00	No charge
01 0300	Online E-Stmt Subscription - Item	1,408	\$0.0000	\$0.00	No charge
01 0021	Zero Balance Monthly Base	1	\$10.0000	\$120.00	
01 0021	Zero Balance - Balances in Subaccounts Consolidated in the Master ZBA	37	\$1.0000	\$444.00	
01 0101	Controlled Disbursement Credits Posted	21	\$0.1000	\$25.20	
01 0101	RDC Credit Posted	18	\$0.0300	\$6.48	
01 0100	Debits Posted	196	\$0.0300	\$70.56	
01 0000	Federal Tax Receipt	10	\$1.0000	\$120.00	
01 0100	Online Federal Tax Payment	10	\$3.0000	\$360.00	
01 0099	Online Federal Tax Subscription Per Acct	1	\$0.0000	\$0.00	No charge
01 0630	Audit Confirmations (Once per year)	1	\$50.0000	\$600.00	
150341	<b>OVERDRAFT NSF ITEMS PAID</b>	0	\$25.0000	\$0.00	
<b>DEPOSITORY SERVICES</b>					
10 0610	Deposit Location Reporting - Item	1,013	\$0.0000	\$0.00	No charge for this service
10 0220	Deposited Checks - On Us (Branch or Vault)	538	\$0.0500	\$322.80	
10 0223	Deposited Checks (Branch or Vault)	2,103	\$0.0500	\$1,261.80	
10 0000	Cash Deposited In Branch/Store (per \$1 unit)	81,103	\$0.0035	\$3,406.33	
10 0220	RDC Check Deposit - On Us	154	\$0.0000	\$0.00	No charge
10 0224	RDC Check Deposit	666	\$0.0000	\$0.00	No charge
10 9999	ICL Check Deposit - On Us (deposited as a Image Replacement Document)	313		\$0.00	
10 9999	ICL Check Deposit - Transit (deposited as a Image Replacement Document)	1,776		\$0.00	
10 9999	ICL Check Deposit - On Us (converted to an ACH)	1,975		\$0.00	
10 9999	ICL Check Deposit - Transit (converted to an ACH)	9,502		\$0.00	<b>See below service codes for ICL services</b>
100214	<b>IMAGE GROUP ONE</b>	3,206	\$0.0200	\$769.44	Per transaction charge for Image Cash Letter items received between 6:01am and 7:00pm ET and further cleared via a third party provider. Endpoints designated by the Bank
100210	<b>ON-US STANDARD</b>	1,007	\$0.0050	\$60.42	Per transaction charge for Image Cash Letter deposited items drawn on the Bank (On Us) and processed with next day ledger credit.
100214	<b>IRD PERIOD ONE</b>	1	\$0.0500	\$0.60	Per transaction charge for Image Cash Letter items received between 6:01am and 7:00pm ET and further cleared as an IRD (Image Replacement Document). Endpoints designated by the Bank.
100210	<b>FILE TRANSMISSION REC.- VPN</b>	1	\$150.0000	\$1,800.00	Charged at flate rate of \$150. Monthly charge for Image Cash Letter Transmissions received and processed via FTP (File Transfer Protocol) with encryption or via VPN (Virtual Private Network).
100214	<b>IMAGE GROUP TWO</b>	4,451	\$0.0100	\$534.12	Per transaction charge for Image Cash Letter deposited items cleared via the Bank's designated image clearing partners.
100214	<b>IMAGE GROUP TWO - TIER 2</b>	3,325	\$0.0150	\$598.50	Per transaction Charge for Image Cash Letter deposited items cleared via the Bank's designated Tier 2 image clearing partners
100210	<b>ON US PREMIUM</b>	775	\$0.0100	\$93.00	Per transaction charge for Image Cash Letter deposited items drawn on the Bank (On Us) and processed with same day ledger credit.
100200	<b>ICL DEPOSIT LATE</b>	0	\$1.0000	\$0.00	Per deposit charge for an Image Cash Letter file received between 12:00am and 3:00am ET.
100214	<b>IMAGE GROUP ONE - PERIOD TWO</b>	801	\$0.0250	\$240.30	Per transaction charge for Image Cash Letter items received between 7:01pm and 12:00am ET and further cleared via a third party provider. Endpoints designated by the Bank.
100214	<b>IMAGE GROUP ONE - PERIOD THREE</b>	0	\$0.0300	\$0.00	Per transaction charge for Image Cash Letter items received between 12:01am and 6:00am ET and further cleared via a 3rd party provider. Endpoints designated by the Bank.
100200	<b>ICL DEPOSIT STANDARD</b>	0	\$0.5000	\$0.00	Per deposit charge for an Image Cash Letter file received between 7:00pm and 11:59pm ET.
999999	<b>IMAGE QUALITY SUSPECT ITEMS</b>	71	\$0.1000	\$85.20	Per transaction charge for Image Cash Letter deposited items that fail first pass quality inspection and are sent on for further review before being forwarded for collection.

999999	NON-CONFORMING IMAGE ITEMS	1	\$2.0000	\$24.00	Per transaction charge for Image Cash Letter deposited items that fail all quality and data inspections and cannot be forwarded for collection.
100200	ICL DEPOSIT EARLY	0	\$0.2500	\$0.00	Per deposit charge for an Image Cash Letter file received between 3:01am and 6:59pm ET.
10 0000	Branch/Store/Night Drop Deposit	233	\$2.0000	\$5,592.00	
	RDC - Monthly Maintenance Fee (per location, new locations TBD)	1	\$15.0000	\$180.00	
	RDC - Scanning of Item	820	\$0.0000	\$0.00	First 500 items charged at \$0.00. Volume above 500 charged at \$0.15
	RDC - Scanning of Item <500	500	\$0.0000	\$0.00	
	RDC - Scanning of Item >500	320	\$0.1500	\$576.00	
10 0230	Electronic Deposit - Dep Adjustment	9	\$0.0000	\$0.00	Not applicable
10 0500	Dep Correction Night Drop	1	\$5.0000	\$60.00	
10 0400	Return Item Converted Chk Redeposit	12	\$2.0000	\$288.00	
10 0400	Return Item Converted Chk Chgbk IRD	8	\$0.1000	\$9.60	
10 0400	Return Item - Chargeback	7	\$1.5000	\$126.00	
10 0400	Admin Return Item - Chargeback	1	\$1.0000	\$12.00	
10 0400	Admin Return Item-Repaired ACH Item	5	\$2.0000	\$120.00	
10 0400	Admin Return Item-Repaired As Check	4	\$3.0000	\$144.00	
10 0400	Return Item Special Instructions	15	\$1.0000	\$180.00	
10 0401	Return Item Special Inst Mthly Base	3	\$0.0000	\$0.00	No monthly charge
10 0402	Return Item Redeposited	7	\$3.0000	\$252.00	
10 0015	Miscellaneous Credits Posted	2	\$0.2500	\$6.00	
10 0048	Per Chang Order Fee In Branch/Store	7	\$3.5000	\$294.00	
10 0048	Rolled Coin Ordered In Branch/Store	28	\$0.1500	\$50.40	
10 0048	Cash Ordered In Branch/Store (per \$1 unit)	2,218	\$0.0000	\$0.00	Charged per strap- not per \$
	Cash Ordered In Branch/Store (per stap)	23	\$0.5000	\$138.00	
100500	BRANCH DEPOSIT ADJUSTMENT	0	\$5.0000	\$0.00	Charge per debit or credit adjustment to a cash deposit made via Business Deposit Express at a Banking Center.
100000	NIGHT DROP CASH VERIFICATION	0	\$0.0020	\$0.00	Charge per dollar for a deposit of dollars deposited via the branch night drop/depository.
101300	REMOTE DEPOSIT CAPTURE MOBILE	0	\$0.5000	\$0.00	Mobile Monthly Device Fee for the Remote Deposit Capture Service.
100419	RETURN - EMAIL NOTIFICATION	0	\$1.0000	\$0.00	
100411	RETURN DETAIL REPORTING	0	\$0.1000	\$0.00	Charge per item for providing detail reporting information on deposited checks returned unpaid or redeposited.
	<b>VAULT SERVICES</b>				
10 0100	Cash Vault Monthly Base	9	\$0.0000	\$0.00	No monthly charge
10 0100	Cash Vault Deposit - Cash Only Or Check Only	122	\$1.0000	\$1,464.00	
10 0100	Cash Vault Deposit - Cash And Check	25	\$1.0000	\$300.00	
10 0199	Cash Vault Currency/Coin Deposited (per \$1 unit)	362,408	\$0.0000	\$0.00	Charged per \$1000
	Cash Vault Currency/Coin Deposited (per \$1000)	362	\$0.5000	\$2,174.40	
25 0102	Cash Vault Check Deposit - (items are currently converted to ACH)	934	\$0.0000	\$0.00	Not applicable
10 0142	Cash Vault Cash Order - Standing Inst	5	\$3.0000	\$180.00	
10 0144	Cash Vault Coin Furnished - Rolled	82	\$0.1000	\$98.40	
10 0146	Cash Vault Coin Furnished - Std Box	3	\$0.0500	\$1.80	
10 0199	Cash Vault Currency Furnished	5,542	\$0.0150	\$997.56	
10 0110	Non-Verified Envelope Processing	23	\$1.0000	\$276.00	
10 0501	Cash Vault Deposit Adjustment	3	\$5.0000	\$180.00	
10 0520	Cash Vault Adj Advice - Us Mail	2	\$0.5000	\$12.00	
	Remote Cash Safe - Monthly Maintenance Per Location	TBD	\$25.0000	\$0.00	
	Remote Cash Safe - Per \$1 Deposited	TBD	\$0.0000	\$0.00	
	Remote Cash Safe - Per Deposit	TBD	\$5.0000	\$0.00	
100110	VAULT DEPOSIT ROLLED COIN	0	\$0.2000	\$0.00	Charge per roll for re-wrapping a deposit of rolled coin.
100115	VAULT DEPOSIT STD STRAP - NOTE	0	\$0.0100	\$0.00	Charge per note for bills deposited in the Fed standard of 100 same denomination notes per strap with appropriate denominated wrapper.
100114	VAULT DEP NON STD STRAP - NOTE	0	\$0.0200	\$0.00	Charge per note for bills deposited not meeting the Fed standard of 100 same denomination notes per strap with appropriate denominated wrapper.
100199	VAULT DEPOSIT IN NON STD BAG	0	\$1.0000	\$0.00	Charge for a deposit made in a non-standard bag. A non-standard bag may be cloth, canvas, or plastic which does not meet bag specifications - no dual pouch, improperly prepared deposit, or cash mixed with checks or deposit slip.
100111	VAULT DEP PARTIAL OR MIXED BAG	0	\$5.0000	\$0.00	Charge per deposit for coin deposited in either mixed or in non-standard FED coin bags.

100113	VAULT DEPOSIT STD COIN BAG	0	\$1.0000	\$0.00	Charge per deposit for coin deposited in full, FED standard coin bags.
100104	VAULT ENVELOPE DEPOSIT VERIF	0	\$1.0000	\$0.00	Additional charge for balancing deposits back to each envelope or strap.
100199	WEB CUR SVCS-DEPOSIT DETAILS	0	\$0.0000	\$0.00	Monthly charge per client location for online deposit details to view currency and coin vault deposit transaction details by denomination, from Web Currency Services.
100199	WEB CUR SVC-VAULT TREND REPORT	0	\$0.0000	\$0.00	Charge per client location for an online Vault Trend Report to provide detailed analysis of a client's vault transactions, from Web Currency Services.
<b>PAPER DISBURSEMENT SERVICES</b>					
15 0000	Controlled Disbursement Account Maintenance	1	\$10.0000	\$120.00	
15 0110	Controlled Disbursement Checks Paid	1,295	\$0.1000	\$1,554.00	
15 0100	DDA Checks Paid	291	\$0.0300	\$104.76	
15 0030	Positive Pay Monthly Base	1	\$0.0000	\$0.00	Included in other service
15 0030	Payee Positive Pay Monthly Base	1	\$0.0000	\$0.00	Included in other service
15 0122	Payee Validation Standard - Item	291	\$0.0200	\$69.84	
15 0240	Check Block Monthly Base / Threshold	3	\$1.0000	\$36.00	
15 0310	Positive Pay Exception Identified / No Issue Record	2	\$1.0000	\$24.00	
15 0129	Positive Pay Exception Checks Returned	1	\$5.0000	\$60.00	
15 0129	Controlled Disbursement Check Returned	1	\$5.0000	\$60.00	
15 0500	Chk Cashed For Nonacct Holder	12	\$0.0000	\$0.00	No charge
15 0300	Micr Rejects Over 2%	19	\$2.0000	\$456.00	
15 0300	Micr Rejects > 1% Thru 2%	10	\$0.0000	\$0.00	No charge below 2% APR rejects
150420	STOP PAYMENT - MANUAL	1	\$10.0000	\$120.00	Charge for placing a stop payment on a check when instructions were received via phone, fax or paper.
150410	RANGE STOP PAYMENT-ELECTRONIC	0	\$20.0000	\$0.00	Charge for placing a stop payment on a range of check numbers when instructions were received electronically.
150421	RANGE STOP PAYMENT-MANUAL	0	\$50.0000	\$0.00	Charge for placing a stop payment on a range of check numbers when instructions were received via phone, fax or paper.
150410	STOP PAYMENT - ONLINE	0	\$2.0000	\$0.00	Charge for a stop payment request initiated via Chase.com.
150412	STOP PAYMENT AUTOMATIC RENEWAL	0	\$1.0000	\$0.00	Charge for the automatic annual renewal of a commercial stop payment instruction.
151351	IMAGE TRANSMISSION PER ITEM	1,586	\$0.0200	\$380.64	Charge for each item in a file of check images provided in a scheduled electronic delivery.
151354	IMAGE TRANSMISSION PER TRANS	1	\$25.0000	\$300.00	Charge per transmission for a scheduled electronic delivery of a file containing check images.
<b>PAPER DISBURSEMENT RECON SERVICES</b>					
20 0200	Online Register Input - Item	10	\$0.0000	\$0.00	No charge
20 0010	ARP Monthly Base - Full Reconciliation	2	\$25.0000	\$600.00	
20 0020	ARP Monthly Base - Partial Reconciliation	1	\$15.0000	\$180.00	
20 0201	ARP Full Recon-Item	1,586	\$0.0200	\$380.64	
20 0301	ARP Output - Transmission	23	\$5.0000	\$1,380.00	
20 0310	ARP Optional Reports	23	\$0.0000	\$0.00	Charged per month for reporting
	ARP Optional Reports (charge per month for reporting)	1	\$25.0000	\$300.00	
20 0329	ARP Paper Statement/Report Delivery	3	\$30.0000	\$1,080.00	No monthly charge
20 0310	ARP Paper Stmt/Report Monthly Base	3	\$0.0000	\$0.00	No charge for monthly base
20 9999	ARP Aged Issue Records On File-Item	594	\$0.0000	\$0.00	No charge for service
20 0100	Outgoing Transmission - Per Item	2,308	\$0.0000	\$0.00	No per item charge
20 0399	Positive Pay Exceptions - Item	1	\$1.0000	\$12.00	
	CD-ROM Monthly Maintenance	<i>not currently used</i>	\$0.0000	\$0.00	CD services are not recommended due to online image storage capabilities
	CD-ROM Check Paid Image	<i>not currently used</i>	\$0.0000	\$0.00	
	Batch Transmission of Check Paid Images for Upload to the City's ERP System	<i>not currently used</i>	\$0.0000	\$0.00	
200201	ISSUE INPUT WITHOUT RECON	0	\$10.0000	\$0.00	
200210	DATA ENTRY MANUAL	0	\$2.5000	\$0.00	
100600	DEPOSIT RECON MAINTENANCE	0	\$15.0000	\$0.00	
100610	DEPOSIT RECON ITEMS	0	\$0.0700	\$0.00	
200120	PARTIAL RECONCILIATION-PER ITM	0	\$0.0500	\$0.00	Charge for each item reconciled and included on an account that has Partial Reconciliation service.

151351	<b>IMAGE CAPTURE PER ITEM</b>	1,586	\$0.0100	\$190.32	Charge per image for capture of all imageable transaction items (paid checks, deposit tickets, etc.) that are included in the CD ROM Image Viewer or made available for viewing online.
	<b>GENERAL ACH SERVICES</b>			\$0.00	
25 0000	ACH Monthly Maintenance	3	\$10.0000	\$360.00	
25 0703	Online Access to ACH Module (Relationship)	1	\$15.0000	\$180.00	
25 0102	ACH Payments One Day Item (Entered as a single transaction on Online Platform)	25	\$0.0100	\$3.00	
25 0102	ACH Payments Two Day Item (Entered as a single transaction on Online Platform)	1	\$0.0100	\$0.12	
25 0102	ACH One Day Item (Transmitted via Online Platform NACHA File)	8,968	\$0.0100	\$1,076.16	
25 0102	ACH Two Day Item (Transmitted via Online Platform NACHA File)	2,520	\$0.0100	\$302.40	
25 0102	ACH One Day Item (Transmitted via FTP)	TBD		\$0.00	
25 0102	ACH Two Day Item (Transmitted via FTP)	TBD		\$0.00	
25 0102	ACH Same Day Item	TBD	\$0.0000	\$0.00	See Below
250100	<b>ACH ORIGINATED SAME DAY DEBIT</b>	0	\$0.5000	\$0.00	Charge for each ACH debit transaction originated with same day settlement.
250101	<b>ACH ORIGINATED SAME DAY CREDIT</b>	0	\$0.5000	\$0.00	Charge for each ACH credit transaction originated with same day settlement.
25 0202	ACH Received Item	281	\$0.0100	\$33.72	
25 0120	ACH Received - Addenda Rec	21	\$0.0000	\$0.00	Included in other service
25 0500	ACH Payments Online Batch Release	5	\$0.0000	\$0.00	No charge
25 0501	ACH Transmission Charge	29	\$5.0000	\$1,740.00	
25 0201	Electronic Credits Posted	810	\$0.0300	\$291.60	
25 0000	ACH Payments Base Fee	1	\$0.0000	\$0.00	Not applicable
25 0400	ACH Online Return Subscription-Account	7	\$0.0000	\$0.00	No charge
25 0400	ACH Online Return Subscription - Item	69	\$0.0000	\$0.00	No charge
25 0302	ACH Return Item - Electronic	9	\$1.0000	\$108.00	
250400	<b>NOTIF OF CHANGE - ONLINE</b>	0	\$1.0000	\$0.00	Charge for each Notification of Change item reported online via the J.P. Morgan ACCESS Special Report module
251070	<b>NOTIF OF CHANGE - TRANSM</b>	0	\$1.0000	\$0.00	Charge for each Notification of Change item reported via direct transmission
25 0302	ACH Return Admin - Electronic	8	\$0.0000	\$0.00	Not applicable
25 0310	ACH Return Item - Redeposited	9	\$1.0000	\$108.00	
25 0312	ACH Return Unauthorized -Electronic	1	\$1.0000	\$12.00	
25 0312	ACH Return Unauthorized Quality Fee	1	\$1.0000	\$12.00	
25 0710	ACH Fax Service	2	\$0.0000	\$0.00	
25 0620	ACH Delete - Item	1	\$1.0000	\$12.00	
25 0642	ACH Reversal - Item	1	\$1.0000	\$12.00	
25 0620	ACH Delete/Reverse - Batch/File	1	\$1.0000	\$12.00	
25 0302	ACH NOC - Info Reporting Advice	3	\$1.0000	\$36.00	
25 1010	ACH Special Investigation	1	\$0.0000	\$0.00	Included in other service
25 1010	ACH Authorization Investigation	1	\$0.0000	\$0.00	Included in other service
25 1050	ACH Positive Pay / Filter (Monthly Maintenance Charge per Account)	2	\$5.0000	\$120.00	
25 1050	ACH Debit Block (Monthly Maintenance Charge per Account)	4	\$5.0000	\$240.00	
25 1053	ACH Positive Pay / Filter - Per Item	4	\$0.0000	\$0.00	
251070	<b>NOTIFICATION OF CHANGE - EMAIL</b>	0	\$1.0000	\$0.00	
250400	<b>RETURN NOTIFICATION - EMAIL</b>	0	\$1.0000	\$0.00	
250400	<b>RETURN NOTIFICATION - TRANSM</b>	9	\$1.0000	\$108.00	Charge for each Return item reported via direct transmission
251070	<b>NOTIF OF CHANGE - TRANSM</b>	0	\$1.0000	\$0.00	Charge for each Notification of Change item reported via direct transmission
250302	<b>TRANS REVIEW REJECT - MANUAL</b>	0	\$2.0000	\$0.00	Charge for each return (reject) requested via ACH Transaction Review
250400	<b>RETURN NOTIFICATION - ONLINE</b>	4	\$1.0000	\$48.00	Charge for each Return item reported online via the J.P. Morgan ACCESS Special Report module
250400	<b>NOTIF OF CHANGE - ONLINE</b>	0	\$1.0000	\$0.00	Charge for each Notification of Change item reported online via the J.P. Morgan ACCESS Special Report module
251051	<b>ACH ADA AUTHORIZED ID</b>	0	\$0.1000	\$0.00	Monthly charge per allowable/non-allowable company ID for each account on ACH Debit Block.
250799	<b>TAX PAYMENT SUMMARY REPORT</b>	0	\$5.0000	\$0.00	Charge for each tax payment summary report received monthly or quarterly
259999	<b>ARTIFICIAL INTEL MAINTENANCE</b>	0	\$25.0000	\$0.00	Monthly maintenance charge per ACH Co ID for using the Artificial Intelligence Database
259999	<b>ARTIFICIAL INTEL ITEM SCANNED</b>	0	\$0.0010	\$0.00	Per item fee for updated to the Artificial Intelligence Database
250000	<b>CQC PROGRAM MAINTENANCE</b>	0	\$50.0000	\$0.00	Monthly Maintenance for Corporate Quick Collect Program. Amount charged is a flat fee for each Program the client maintains on Corporate Quick Collect.



250000	CQP CLIENT PROGRAM MAINTENANCE	0	\$50.0000	\$0.00	Monthly Maintenance for Mobile Payment Program. Amount charged is a flat fee for each Program the client maintains on Mobile Payment system.
250101	CQP/CQC TRANS DECLINE/EXPIRE	0	\$0.1000	\$0.00	Per item charge for each transaction sent through the Mobile Payment channel
250101	CQP/CQC TRANS ACCEPTED	0	\$0.5000	\$0.00	Per item charge for each successfully delivered transaction to a consumer that resulted in an ACH to a
250312	ACH UNAUTHORIZED ENTRY FEE	0	\$4.5000	\$0.00	NACHA imposed charge for each unauthorized debit entry
250120	ADDENDA RECORD ORIGINATED	0	\$0.0100	\$0.00	Charge for each addenda record attached to ACH originations.
<b>EDI PAYMENTS SERVICES</b>					
30 0200	E-Box Transmission	21	\$2.0000	\$504.00	
30 0010	E-Box Monthly Base	1	\$15.0000	\$180.00	
30 0099	E-Box Payment Received	9,880	\$0.0200	\$2,371.20	
050311	ELOCKBOX TRANSACTION REFORMAT	9,880	\$0.0000	\$0.00	Charge for the translation and reporting of each ACH transaction received in an eLockbox
050530	ELOCKBOX RETURN - MANUAL	0	\$7.5000	\$0.00	Charge for each ACH Receiver Services Electronic Lockbox return/notification of change transaction
250220	ELOCKBOX ADDENDA RECEIVED	0	\$0.0200	\$0.00	Charge per addenda record attached to received ACH Receiver Services Electronic Lockbox transactions
999999	ELOCKBOX TRN REPAIR MAINT	0	\$50.0000	\$0.00	Charge for each eLockbox application (ID) enabled for the Transaction Repair Service
999999	ELOCKBOX TRN REPAIR ITEM EDIT	0	\$0.2000	\$0.00	Charge for each eLockbox received transaction modified (automatically or manually) via the Transaction
250302	ELOCKBOX RETURN - ELECTRONIC	0	\$1.0000	\$0.00	Charge for each eLockbox Return item initiated via direct transmission, eServe or Transaction Repair
251070	ELOCKBOX NOC - ELECTRONIC	0	\$1.0000	\$0.00	Charge for each eLockbox Notification of Change item initiated via eServe or Transaction Repair
<b>WIRE AND OTHER FUNDS TRANSFER SERVICES</b>					
35 0300	Wire In - Domestic	9	\$8.0000	\$864.00	
35 0104	Wire Out Domestic - Online	4	\$8.0000	\$384.00	
350124	ELECTRONIC BOOK DEBIT S/T	0	\$3.0000	\$0.00	Charge per transaction for a debit to a client's account, initiated via an electronic banking system and processed straight through without operator intervention, which resulted in a credit to another J.P. Morgan account.
350110	ELECTRONIC CHIP DEBIT S/T	0	\$12.0000	\$0.00	Charge per transaction for a debit to a client's account, initiated via an electronic banking system and processed straight through without operator intervention, which resulted in an outbound CHIPS payment.
35 0124	Wire Book Transfer - Online	2	\$1.0000	\$24.00	
350560	ESERVE INVESTIGATION	2	\$0.0000	\$0.00	Charge for an investigation, initiated via eServe, that causes an accounting change or a change to a payment (amendment, cancellation, recall).
<b>INFORMATION SERVICES</b>					
40 0000	Online Previous Day Reporting - Monthly Maintenance	4	\$5.0000	\$240.00	
40 0000	Online Previous Day Reporting - Monthly Maintenance for Subaccounts (if applicable)	37	\$5.0000	\$2,220.00	
40 0001	Online Previous Day Item Loaded	1,847	\$0.0500	\$1,108.20	
	Online Current Day Reporting - Monthly Maintenance	TBD	\$0.0000	\$0.00	No charge
	Online Current Day Item Loaded	TBD	\$0.0000	\$0.00	No charge
40 022Z	Online Event Messaging Service - Email	403	\$0.0000	\$0.00	No charge
40 022Z	Online Event Messaging Service - Fax	2	\$0.0000	\$0.00	Not applicable
40 0340	Online Wire Inquiry Detail - Per Item	5	\$0.0000	\$0.00	No charge
15 1352	RDC Images Retrieved	30	\$0.0000	\$0.00	No charge- included in Receivables Edge
40 0231	RDC Report Per Item	39	\$0.0000	\$0.00	No charge- included in Receivables Edge
40 023Z	Archival Image Stored of Check Deposited Electronically by RDC or ICL	14,386	\$0.0000	\$0.00	Included in other service
15 0700	Online Controlled Disbursement	1	\$0.0000	\$0.00	Included in other service
15 1352	Online Image View < 90 Days - Item	7	\$0.0000	\$0.00	Included in other service
15 1352	Online Image View > 90 Days - Item	9	\$0.0000	\$0.00	Included in other service
400610	MONTHLY SERVICE	1	\$25.0000	\$300.00	Monthly account maintenance charge for J.P. Morgan ACCESS.
40066Z	TRANSACTIONS REPORTED - 45 DAY	0	\$0.0500	\$0.00	Charge per transaction loaded to the J.P. Morgan ACCESS Cash Balances and Transactions Reporting service with a 45 day history.
40066Z	TRANSACTIONS REPORTED - 90 DAY	0	\$0.0500	\$0.00	Charge per transaction loaded to J.P. Morgan ACCESS Cash Balances and Transactions Reporting with a 90 day history.
40066Z	TRANSACTIONS REPORTED - 2 YEAR	0	\$0.0500	\$0.00	Charge per transaction loaded to the J.P. Morgan ACCESS Cash Balances and Transactions Reporting service with a 2 year history.

40066Z	CONT DISB CHECKS REPORTED	1,295	\$0.0500	\$777.00	Charge per transaction for Controlled Disbursement Check transactions loaded to J.P. Morgan ACCESS.
40066Z	EXTENDED TRANSACTION DETAIL	3,142	\$0.0000	\$0.00	Charge per item for Extended Transaction Detail loaded to J.P. Morgan ACCESS.
050005	REC EDGE MAINT-CHK/DOC	1	\$50.0000	\$600.00	Monthly maintenance charge per lockbox subscribed to Receivables Edge Check and Document Image Presentment via web access. Checks and documents are available for same day viewing.
050620	LONG TERM STORAGE-CHECK	820	\$0.0100	\$98.40	Assessed first month for each check image page for long term storage in the bank's archive for a lockbox subscribing to Doc Image or Receivables Presentment. Includes initial month on high-speed storage & 10 years in tape archive.
050620	LONG TERM STORAGE-B&W DOC	820	\$0.0100	\$98.40	Assessed first month for each b&w document image page for long term storage in the bank's archive with Doc Image or Receivables Presentment subscription. Includes initial month of high-speed storage and 10 years in tape archive.
05011R	DOCUMENT IMAGE CAPTURE	0	\$0.1000	\$0.00	Charge for each document page imaged for a lockbox subscribing to Document Image Presentment or Image Transmission
<b>INVESTMENT SERVICES</b>					
45 0020	Monthly Investment Sweep (Monthly Maintenance)	3	\$0.0000	\$0.00	
<b>ADDITIONAL REQUIRED SERVICES</b>					
	Add additional services below as needed			\$0.00	
<b>TOTAL ANNUAL COST</b>				\$49,707.31	

**PRO-FORMA PRICING**

**Service Group 2: Lockbox Processing Services (this is a new service being considered by the City, volume levels are estimates)**

AFP Code	Service Description	Average Monthly Volume	Proposed Unit Cost	Annual Unit Cost	
<b>GENERAL ACCOUNT SERVICES</b>					
01 0000	Account Maintenance	1	\$10.0000	\$120.00	
01 0100	Debits Posted	0	\$0.0300	\$0.00	
010310	ACCOUNT STATEMENT - PAPER	0	\$25.0000	\$0.00	Charge per statement for producing and mailing a paper statement for a Demand Deposit Account.
010630	AUDIT CONFIRMATIONS	0	\$50.0000	\$0.00	Charges associated with the fulfillment of a request to confirm a client's specific financial information (e.g., Demand Deposit Account, Loan or investment balance).
010101	CREDIT POSTED- ELECTRONIC	0	\$0.0300	\$0.00	Charge for a deposit/credit of funds made electronically into a Demand Deposit Account.
010100	DEBIT POSTED - ELECTRONIC	0	\$0.0300	\$0.00	Charge for a withdrawal/debit of funds made electronically out of a Demand Deposit Account.
<b>LOCKBOX SERVICES</b>					
05 0010	Retail Lockbox Monthly Base	1	\$50.0000	\$600.00	
05 020Z	Retail Lockbox Item Processed	13,600	\$0.2000	\$32,640.00	
05 0202	Retail Lockbox Multiple Payment	136	\$0.2000	\$326.40	
05 0202	Retail Lockbox Partial Payment	680	\$0.2000	\$1,632.00	
50122	SNLB OCR DOCUMENT	14756	\$0.0150	\$2,656.08	Charge for processing each OCR-scannable Optical Character Recognition) remittance document (coupon).
05 0530	Retail Lockbox Reject Or Correspondence	34	\$0.5000	\$204.00	
05 201P	Retail Lockbox Document Destruction NA	27,200	\$0.0000	\$0.00	No charge for service
05 0401	Retail Lockbox Data Transmission Mthly Base	1	\$25.0000	\$300.00	
05 0401	Retail Lockbox Payment Information Transmitted NA	13,600	\$0.0000	\$0.00	No per item transmission charge
05 023A	Retail Lockbox Cash Payment	10	\$8.0000	\$960.00	
05 0412	Retail Lockbox Express Mail	10	\$1.0000	\$120.00	
05 0015	Retail Lockbox Image Archive Monthly Base	1	\$50.0000	\$600.00	
05 0600	Retail Lockbox Image Archive - Correspondence	680	\$0.0100	\$81.60	
05 0424	Retail Lockbox Image Archive Storage (Remittance Document + Check)	27,200	\$0.0100	\$3,264.00	
05 0015	Retail Lockbox On-Line Decisioning Monthly Base	1	\$75.0000	\$900.00	
05 0232	Retail Lockbox Check And List	340	\$0.2000	\$816.00	
05 0203	Retail Lockbox Check Only Payment	17	\$0.3500	\$71.40	
05 0030	E-Lockbox Monthly Maintenance	1	\$15.0000	\$180.00	
30 0099	E-Lockbox Payment Received	9,880	\$0.0200	\$2,371.20	
050311	ELOCKBOX TRANSACTION REFORMAT	9,880	\$0.0000	\$0.00	Charge for the translation and reporting of each ACH transaction received in an eLockbox
050302	WNLB ADDITIONAL DAILY DEPOSIT	0	\$5.0000	\$0.00	Monthly charge per Wholesale/Scannable Network Lockbox for each additional deposit time in excess of standard of one deposit per day at the end of each business day.
050136	WEEKEND PROCESSING	0	\$25.0000	\$0.00	Charge per deposit for weekend processing of a Wholesale/Scannable Network Lockbox. Weekend deposits are made with a credit date of the next business day.
050530	UNPROCESSABLE ITEM	0	\$0.5000	\$0.00	Charge per check received by a Wholesale/Scannable Network Lockbox that cannot be processed for deposit ( e.g. unacceptable payee).
05011P	INCOMING COURIER PACKAGE	0	\$10.0000	\$0.00	Charge for handling each package delivered directly to a lockbox site via messenger (any non-First Class Mail remittance, including courier, messenger or walk-in deposit).
050121	CHECK MICR CAPTURE	0	\$0.0100	\$0.00	Charge for automated capture and repair of the check MICR line.
050126	DATA CAPTURE	0	\$0.0080	\$0.00	Charge for each alpha or numeric character captured.
05011L	PAPER DELIVERY PREP	0	\$0.2000	\$0.00	Charge for preparing to forward to the client: 1) each processed check; 2) each No Check transaction; and 3) each Unprocessable check.
05041Z	OUTGOING PACKAGE PREP	1	\$10.0000	\$120.00	Monthly charge for preparing outgoing packages.
05011P	WNLB BALANCING	0	\$0.1000	\$0.00	Charge assessed per check when checks are balanced to accompanying invoices prior to deposit.
050301	DEPOSIT PREPARATION	0	\$1.0000	\$0.00	Charge for each deposit made for a lockbox.
<b>DEPOSITORY SERVICES</b>					
10 0220	Retail Lockbox Checks Deposited - On-Us	2,720	\$0.0400	\$1,305.60	

10 0222	Retail Lockbox Checks Deposited - Transit	10,880	\$0.0400	\$5,222.40	
10 0400	Return Item Converted Chk Redeposit	27	\$2.0000	\$648.00	
10 0400	Return Item Converted Chk Chgbk IRD	23	\$0.1000	\$27.60	
10 0400	Return Item - Chargeback	15	\$1.5000	\$270.00	This is 0 volume on the proforma
10 0414	Online Return Item Retrieval-Image	25	\$0.0000	\$0.00	No charge. Available online
	<b>ADDITIONAL REQUIRED SERVICES</b>				
	Add additional services below as needed				
259925	FLOCKBOX FILE PROCESSING	0	\$2.0000	\$0.00	Charge per transmission of Electronic Lockbox data file.
250302	FLOCKBOX RETURN - ELECTRONIC	0	\$1.0000	\$0.00	Charge for each eLockbox Return item initiated via direct transmission, eServe or Transaction Repair
251070	FLOCKBOX NOC - ELECTRONIC	0	\$1.0000	\$0.00	Charge for each eLockbox Notification of Change item initiated via eServe or Transaction Repair
050530	FLOCKBOX RETURN - MANUAL	0	\$7.5000	\$0.00	Charge for each ACH Receiver Services Electronic Lockbox return/notification of change transaction.
250220	FLOCKBOX ADDENDA RECEIVED	0	\$0.0200	\$0.00	Charge per addenda record attached to received ACH Receiver Services Electronic Lockbox
999999	FLOCKBOX TRN REPAIR MAINT	0	\$50.0000	\$0.00	Charge for each eLockbox application (ID) enabled for the Transaction Repair Service
999999	FLOCKBOX TRN REPAIR ITEM EDIT	0	\$0.0200	\$0.00	Charge for each eLockbox received transaction modified (automatically or manually) via the Transaction
400610	MONTHLY SERVICE	1	\$25.0000	\$300.00	Monthly account maintenance charge for J.P. Morgan ACCESS.
400447	ACCOUNTS REPORTED	1	\$5.0000	\$60.00	Monthly maintenance charge for a J.P. Morgan ACCESS Cash Balances and Transactions Reporting
40066Z	TRANSACTIONS REPORTED - 45 DAY	0	\$0.0500	\$0.00	Charge per transaction loaded to the J.P. Morgan ACCESS Cash Balances and Transactions Reporting
40066Z	TRANSACTIONS REPORTED - 90 DAY	0	\$0.0500	\$0.00	Charge per transaction loaded to J.P. Morgan ACCESS Cash Balances and Transactions Reporting with
40066Z	TRANSACTIONS REPORTED - 1 YEAR	1,847	\$0.0500	\$1,108.20	Charge per transaction loaded to J.P. Morgan ACCESS Cash Balances and Transactions Reporting with
40066Z	TRANSACTIONS REPORTED - 2 YEAR	0	\$0.0500	\$0.00	Charge per transaction loaded to the J.P. Morgan ACCESS Cash Balances and Transactions Reporting
40066Z	EXTENDED TRANSACTION DETAIL	1,847	\$0.0000	\$0.00	Charge per item for Extended Transaction Detail loaded to J.P. Morgan ACCESS.
409999	SOFTI STANDARD CALCULATION	0	\$8.0000	\$0.00	Charge per transaction to determine the balance requirement for a SOFTI (Standing Order Financial
409999	SOFTI NONSTANDARD CALCULATION	0	\$16.0000	\$0.00	Charge per transaction to determine the balance requirement for a SOFTI (Standing Order Financial
350124	ELECTRONIC BOOK DEBIT S/T	0	\$3.0000	\$0.00	Charge per transaction for a debit to a client's account, initiated via an electronic banking system and
350122	ELECTRONIC BOOK DEBIT REPAIR	0	\$7.5000	\$0.00	Charge per transaction for a debit to a client's account, initiated via an electronic banking system and
350100	ELECTRONIC FED DEBIT S/T	0	\$8.0000	\$0.00	Charge per transaction for a debit to a client's account, initiated via an electronic banking system and
350102	ELECTRONIC FED DEBIT REPAIR	0	\$15.0000	\$0.00	Charge per transaction for a debit to a client's account, initiated via an electronic banking system and
350110	ELECTRONIC CHIP DEBIT S/T	0	\$12.0000	\$0.00	Charge per transaction for a debit to a client's account, initiated via an electronic banking system and
350541	ELECTRONIC CHIP DEBIT REPAIR	0	\$15.0000	\$0.00	Charge per transaction for a debit to a client's account, initiated via an electronic banking system and
350220	PHONE OPERATOR BOOK DEBIT	0	\$50.0000	\$0.00	Charge per transaction for a debit to a client's account, initiated by phone, that results in a credit to
350200	PHONE OPERATOR FED DEBIT	0	\$50.0000	\$0.00	Charge per transaction for a debit to a client's account, initiated by phone, that results in a Fed transfer to
350210	PHONE OPERATOR CHIP DEBIT	0	\$50.0000	\$0.00	Charge per transaction for a debit to a client's account, initiated by phone, that results in a CHIPS
350300	FED CREDIT S/T	0	\$8.0000	\$0.00	Charge for an incoming credit received from another bank via the Federal Reserve system and processed
350330	FED CREDIT REPAIR	0	\$15.0000	\$0.00	Charge for an incoming credit received from another bank via the Federal Reserve system that required with
350300	CHIPS CREDIT S/T	0	\$8.0000	\$0.00	Charge for an incoming credit received from another bank via CHIPS and processed straight through
350330	CHIPS CREDIT REPAIR	0	\$15.0000	\$0.00	Charge for an incoming credit received from another bank via CHIPS that required a Bank operator's
05011R	DOCUMENT IMAGE CAPTURE	0	\$0.1000	\$0.00	Charge for each document page imaged for a lockbox subscribing to Document Image Presentment or
101300	REMOTE LOCKBOX CAPTURE MAINT	0	\$30.0000	\$0.00	Monthly maintenance charge for a remote capture lockbox that can process and deposit check and
101320	REMOTE LOCKBOX CAPTURE ITEM	0	\$0.1500	\$0.00	Transaction charge per check processed through a remote capture lockbox. Includes capture of check
059999	REMITTER MGMT MAINT	1	\$25.0000	\$300.00	Monthly maintenance charge to access the Enhanced Remitter Management tool set.
059999	SUPPLEMENTAL DATA ENTRY MAINT	0	\$25.0000	\$0.00	Monthly maintenance charge for the Receivables Edge Supplemental Data Entry service which enables
059999	CLIENT SUPPLEMENTAL DATA ENTRY	0	\$0.0500	\$0.00	Charge for each field in which the client captures and saves data on Receivables Edge with
050401	DATA TRANSMISSION ITEM	0	\$0.0100	\$0.00	Charge per item for each payment or invoice delivered in a data transmission, each time item(s) is
05011P	SNLB BALANCING	0	\$0.1000	\$0.00	Charge per check when checks are balanced to accompanying invoices prior to deposit.
	<b>TOTAL ANNUAL COST</b>			\$57,204.48	

Pricing quoted herein is valid for 60 days from the date of this presentation

## Pro Forma Analysis

August 2018

Customer: City of Santa Rosa  
Deal: City of Santa Rosa- RFP 2017  
Scenario: PFM edits branch only

Treasury Officer: JANINE ANTOINE  
Banker: BEVERLY CORREA

J.P.Morgan

ECR Rate: 1.1500%

### Balance Analysis\*

Average Ledger Balance				\$0.00
Less Average Float				\$0.00
Average Collected Balance				\$0.00
Less Reserve Requirement	Rate	0.00%		\$0.00
Average Available Balance				\$0.00
Less Balance Required				\$8,699,589.86
Net Available Balance				-\$8,699,589.86
Earnings Credit Allowance	Rate	1.1500%		\$0.00
Total Charge for Services				\$8,222.90
Net Credit Amount				-\$8,222.90
	<b>Service Charge Amount:</b>			\$8,222.90

### Service Analysis\*

Service Description	AFP	Number of Units	Unit Price	Charge For Service	Balance Required
<b>ACCOUNT SERVICES</b>					
1005 - ACCOUNT MAINTENANCE	010000	42	\$5.0000	\$210.00	\$222,173.91
1014 - ACCOUNT STATEMENT - PAPER	010310	2	\$25.0000	\$50.00	\$52,898.55
1076 - AUDIT CONFIRMATIONS	010630	1	\$50.0000	\$50.00	\$52,898.55
2316 - OVERDRAFT NSF ITEM PAID	150341	0	\$25.0000	\$0.00	\$0.00
3499 - POST NO CHECKS MAINTENANCE	1500ZZ	3	\$1.0000	\$3.00	\$3,173.91
7640 - CREDIT POSTED- ELECTRONIC	010101	828	\$0.0300	\$24.84	\$26,280.00
7641 - DEBIT POSTED - ELECTRONIC	010100	196	\$0.0300	\$5.88	\$6,220.87
7856 - CASH CONCENTRATION MAINTMASTER	010020	1	\$10.0000	\$10.00	\$10,579.71
7857 - CASH CONCENTRATION MAINT SUB	010021	37	\$1.0000	\$37.00	\$39,144.93
<b>Subtotal</b>				\$390.72	\$413,370.43
<b>AUTOMATED CLEARING HOUSE</b>					
2237 - TRANS REVIEW MAINTENANCE	250000	2	\$5.0000	\$10.00	\$10,579.71
2238 - TRANS REVIEW FILTER EXCEPTION	250102	4	\$0.0000	\$0.00	\$0.00
2239 - TRANS REVIEW REJECT - MANUAL	250302	0	\$2.0000	\$0.00	\$0.00
2695 - ACH MAINTENANCE	250000	3	\$10.0000	\$30.00	\$31,739.13
2697 - IRD CREATION	151361	8	\$0.1000	\$0.80	\$846.38
2700 - CREDIT ORIGINATED	250101	8,968	\$0.0100	\$89.68	\$94,878.84
2705 - DEBIT ORIGINATED	250100	2,520	\$0.0100	\$25.20	\$26,660.87
2716 - CREDIT RECEIVED	250201	281	\$0.0100	\$2.81	\$2,972.90
2717 - DEBIT RECEIVED	250200	0	\$0.0100	\$0.00	\$0.00
2720 - RETURN ITEM	250302	11	\$1.0000	\$11.00	\$11,637.68
2722 - NOTIFICATION OF CHANGE	251070	3	\$1.0000	\$3.00	\$3,173.91
2729 - RETURN NOTIFICATION - ONLINE	250400	4	\$1.0000	\$4.00	\$4,231.88
2730 - NOTIF OF CHANGE - ONLINE	250400	0	\$1.0000	\$0.00	\$0.00
2732 - ELOCKBOX FILE PROCESSING	259925	21	\$2.0000	\$42.00	\$44,434.78
2740 - RETURN ITEM REDEPOSIT	250310	9	\$1.0000	\$9.00	\$9,521.74
2742 - CREDIT ORIGINATED - JPM ACCESS	250101	25	\$0.0100	\$0.25	\$264.49
2744 - DEBIT ORIGINATED - JPM ACCESS	250100	1	\$0.0100	\$0.01	\$10.58
2746 - JPM ACCESS ACH MAINTENANCE	250000	1	\$15.0000	\$15.00	\$15,869.57
2751 - ELOCKBOX RETURN - ELECTRONIC	250302	0	\$1.0000	\$0.00	\$0.00
2752 - ELOCKBOX NOC - ELECTRONIC	251070	0	\$1.0000	\$0.00	\$0.00
2753 - DELETION / REVERSAL - ELEC	250620	3	\$1.0000	\$3.00	\$3,173.91
2765 - ACH BATCH/FILE PROCESSED	250501	29	\$5.0000	\$145.00	\$153,405.80
2796 - ADDENDA RECORD ORIGINATED	250120	0	\$0.0100	\$0.00	\$0.00
2809 - NOTIF OF CHANGE - EMAIL	251070	0	\$1.0000	\$0.00	\$0.00
2810 - RETURN NOTIFICATION - EMAIL	250400	0	\$1.0000	\$0.00	\$0.00
2814 - NOTIF OF CHANGE - TRANSM	251070	0	\$1.0000	\$0.00	\$0.00
2818 - RETURN NOTIFICATION - TRANSM	250400	9	\$1.0000	\$9.00	\$9,521.74
2860 - TRANSACTION BLOCK MAINTENANCE	251050	4	\$5.0000	\$20.00	\$21,159.42
2861 - ACH TRANS BLOCK AUTHORIZED ID	251051	4	\$0.1000	\$0.40	\$423.19
3175 - TAX PAYMENT ORIGINATED	250199	10	\$3.0000	\$30.00	\$31,739.13
3181 - TAX PAYMENT SUMMARY REPORT	250799	0	\$5.0000	\$0.00	\$0.00
3183 - TAX PAYMENT CONFIRMATION	250720	10	\$1.0000	\$10.00	\$10,579.71
3440 - ARTIFICIAL INTEL MAINTENANCE	259999	0	\$25.0000	\$0.00	\$0.00
3441 - ARTIFICIAL INTEL ITEM SCANNED	259999	0	\$0.0010	\$0.00	\$0.00
5157 - CQC PROGRAM MAINTENANCE	250000	0	\$50.0000	\$0.00	\$0.00
5159 - CQP CLIENT PROGRAM MAINTENANCE	250000	0	\$50.0000	\$0.00	\$0.00
5160 - CQP TRANS DECLINE/EXPIRE	250101	0	\$0.1000	\$0.00	\$0.00
5161 - CQP TRANS ACCEPTED	250101	0	\$0.5000	\$0.00	\$0.00
5489 - ELOCKBOX MAINTENANCE	050030	1	\$15.0000	\$15.00	\$15,869.57
5490 - ELOCKBOX TRANSACTION RECEIVED	050300	9,880	\$0.0200	\$197.60	\$209,055.07
5491 - ELOCKBOX TRANSACTION REFORMAT	050311	9,880	\$0.0000	\$0.00	\$0.00
5492 - ELOCKBOX RETURN - MANUAL	050530	0	\$7.5000	\$0.00	\$0.00
5493 - ELOCKBOX ADDENDA RECEIVED	250220	0	\$0.0200	\$0.00	\$0.00
5497 - ELOCKBOX TRN REPAIR MAINT	999999	0	\$50.0000	\$0.00	\$0.00
5498 - ELOCKBOX TRN REPAIR ITEM EDIT	999999	0	\$0.2000	\$0.00	\$0.00
8019 - ACH ORIGINATED SAME DAY CREDIT	250101	0	\$0.5000	\$0.00	\$0.00
8020 - ACH ORIGINATED SAME DAY DEBIT	250100	0	\$0.5000	\$0.00	\$0.00
8023 - ACH UNAUTHORIZED ENTRY FEE	250312	0	\$4.5000	\$0.00	\$0.00
<b>Subtotal</b>				\$672.75	\$711,750.00
<b>BANKING CENTER SERVICES</b>					
1306 - BRANCH CREDITS POSTED	100000	233	\$2.0000	\$466.00	\$493,014.49
1318 - BRANCH ORDER - COIN ROLL	100044	28	\$0.1500	\$4.20	\$4,443.48

1319 - BRANCH ORDER CURRENCY STRAP	10004A	23	\$0.5000	\$11.50	\$12,166.67
1332 - BRANCH DEPOSIT ADJUSTMENT	100500	0	\$5.0000	\$0.00	\$0.00
1333 - BRANCH ORDER PROCESSED	100040	7	\$3.5000	\$24.50	\$25,920.29
7173 - NIGHT DROP CASH VERIFICATION	100000	0	\$0.0020	\$0.00	\$0.00
7174 - TELLER LINE CASH VERIFICATION	100000	81,103	\$0.0035	\$283.86	\$300,315.65
<b>Subtotal</b>				\$790.06	\$835,860.58
<b>DEPOSITORY SERVICES</b>					
501 - CHECK DEPOSITED-ON US	100220	528	\$0.0500	\$26.40	\$27,930.43
513 - CHECK DEPOSITED-TRANSIT	100224	2,113	\$0.0500	\$105.65	\$111,774.64
519 - IMAGE GROUP ONE	100214	0	\$0.0200	\$0.00	\$0.00
520 - ON-US STANDARD	100210	0	\$0.0050	\$0.00	\$0.00
521 - IRD PERIOD ONE	100214	0	\$0.0500	\$0.00	\$0.00
524 - FILE TRANSMISSION REC.- VPN	100210	Flat	\$150.0000	\$150.00	\$158,695.65
526 - IMAGE GROUP TWO	100214	0	\$0.0100	\$0.00	\$0.00
528 - IMAGE GROUP TWO - TIER 2	100214	0	\$0.0150	\$0.00	\$0.00
541 - REMOTE DEPOSIT CAPTURE ITEM	101320	500	\$0.0000	\$0.00	\$0.00
541 - REMOTE DEPOSIT CAPTURE ITEM	101320	320	\$0.1500	\$48.00	\$50,782.61
548 - REMOTE DEPOSIT CAPTURE MAINT	101300	1	\$15.0000	\$15.00	\$15,869.57
746 - ON US PREMIUM	100210	0	\$0.0100	\$0.00	\$0.00
748 - ICL DEPOSIT LATE	100200	0	\$1.0000	\$0.00	\$0.00
751 - IMAGE GROUP ONE - PERIOD TWO	100214	0	\$0.0250	\$0.00	\$0.00
752 - IMAGE GROUP ONE - PERIOD THREE	100214	0	\$0.0300	\$0.00	\$0.00
756 - ICL DEPOSIT STANDARD	100200	0	\$0.5000	\$0.00	\$0.00
757 - IMAGE QUALITY SUSPECT ITEMS	999999	0	\$0.1000	\$0.00	\$0.00
758 - NON-CONFORMING IMAGE ITEMS	999999	0	\$2.0000	\$0.00	\$0.00
759 - ICL DEPOSIT EARLY	100200	0	\$0.2500	\$0.00	\$0.00
1390 - REMOTE DEPOSIT CAPTURE MOBILE	101300	0	\$0.5000	\$0.00	\$0.00
1400 - CREDITS POSTED	010101	2	\$0.2500	\$0.50	\$528.99
1435 - RETURN ITEM	100400	7	\$1.5000	\$10.50	\$11,108.70
1436 - RCK ACH REDEPOSIT	100400	17	\$2.0000	\$34.00	\$35,971.01
1438 - RETURN ALTERNATE ADDRESS	100401	15	\$1.0000	\$15.00	\$15,869.57
1448 - RETURN DETAIL REPORTING	100411	0	\$0.1000	\$0.00	\$0.00
1450 - RETURN ITEM REDEPOSIT	100402	11	\$3.0000	\$33.00	\$34,913.04
1452 - RETURN - EMAIL NOTIFICATION	100419	0	\$1.0000	\$0.00	\$0.00
<b>Subtotal</b>				\$438.05	\$463,444.20
<b>DISBURSEMENT SERVICES</b>					
1321 - CHECK CASHING NON-ACCT HOLDER	150501	12	\$0.0000	\$0.00	\$0.00
2205 - CONTROLLED DISB ACCT MAINT	150000	1	\$10.0000	\$10.00	\$10,579.71
2210 - CONTROLLED DISB CHECK POSTED	150110	1,295	\$0.1000	\$129.50	\$137,007.25
2320 - STOP PAYMENT - MANUAL	150420	1	\$10.0000	\$10.00	\$10,579.71
2321 - RANGE STOP PAYMENT-ELECTRONIC	150410	0	\$20.0000	\$0.00	\$0.00
2322 - RANGE STOP PAYMENT-MANUAL	150421	0	\$50.0000	\$0.00	\$0.00
2324 - STOP PAYMENT - ONLINE	150410	0	\$2.0000	\$0.00	\$0.00
2338 - STOP PAYMENT AUTOMATIC RENEWAL	150412	0	\$1.0000	\$0.00	\$0.00
2370 - CHECK / DEBIT POSTED	010100	291	\$0.0300	\$8.73	\$9,236.09
3377 - IMAGE TRANSMISSION PER ITEM	151351	1,586	\$0.0200	\$31.72	\$33,558.84
3378 - IMAGE TRANSMISSION PER TRANS	151354	1	\$25.0000	\$25.00	\$26,449.28
5234 - CONTROLLED DISB FUNDING	010112	21	\$0.1000	\$2.10	\$2,221.74
<b>Subtotal</b>				\$217.05	\$229,632.61
<b>INT REC &amp; PAY - COLLECT</b>					
6158 - REMOTE LOCKBOX CAPTURE MAINT	101300	0	\$30.0000	\$0.00	\$0.00
6159 - REMOTE LOCKBOX CAPTURE ITEM	101320	0	\$0.1500	\$0.00	\$0.00
<b>Subtotal</b>				\$0.00	\$0.00
<b>INT REC &amp; PAY - RECONCILE</b>					
6193 - REMITTER MGMT MAINT	059999	1	\$25.0000	\$25.00	\$26,449.28
6200 - REMITTANCE ENTRY - ONLINE	059999	0	\$0.0500	\$0.00	\$0.00
<b>Subtotal</b>				\$25.00	\$26,449.28
<b>INT REC &amp; PAY - REPORT</b>					
6179 - RECEIVABLES MAINT - ONLINE	050005	1	\$50.0000	\$50.00	\$52,898.55
6187 - LONG TERM STORAGE - CHECK	050620	13,600	\$0.0100	\$136.00	\$143,884.06
6188 - LONG TERM STORAGE - DOCUMENT	050620	14,280	\$0.0100	\$142.80	\$151,078.26
6852 - TRANSMISSION MAINT - DATA	050400	1	\$25.0000	\$25.00	\$26,449.28
6853 - TRANSMISSION PER ITEM - DATA	050401	0	\$0.0100	\$0.00	\$0.00
<b>Subtotal</b>				\$353.80	\$374,310.14
<b>JPMORGAN ACCESS</b>					
6040 - MONTHLY SERVICE	400610	1	\$25.0000	\$25.00	\$26,449.28
6041 - ACCOUNTS REPORTED	40044Z	41	\$5.0000	\$205.00	\$216,884.06
6043 - TRANSACTIONS REPORTED - 45 DAY	40066Z	0	\$0.0500	\$0.00	\$0.00
6044 - TRANSACTIONS REPORTED - 90 DAY	40066Z	0	\$0.0500	\$0.00	\$0.00
6045 - TRANSACTIONS REPORTED - 1 YEAR	40066Z	1,847	\$0.0500	\$92.35	\$97,703.62
6051 - TRANSACTIONS REPORTED - 2 YEAR	40066Z	0	\$0.0500	\$0.00	\$0.00
6052 - CONT DISB CHECKS REPORTED	40066Z	1,295	\$0.0500	\$64.75	\$68,503.62
6053 - EXTENDED TRANSACTION DETAIL	40066Z	3,142	\$0.0000	\$0.00	\$0.00
6076 - ACCT TRANSFER ITEM	400699	2	\$1.0000	\$2.00	\$2,115.94
<b>Subtotal</b>				\$389.10	\$411,656.52
<b>LIQUIDITY SERVICES</b>					
7849 - INVESTMENT SWEEP - MAINT	450020	3	\$0.0000	\$0.00	\$0.00
<b>Subtotal</b>				\$0.00	\$0.00
<b>RECONCILIATION SERVICES</b>					
3205 - FULL RECONCILEMENT - PER ITEM	200110	1,586	\$0.0200	\$31.72	\$33,558.84
3207 - FULL RECONCILEMENT - MAINT	200010	2	\$25.0000	\$50.00	\$52,898.55
3209 - PARTIAL RECONCILEMENT - MAINT	200020	1	\$15.0000	\$15.00	\$15,869.57
3210 - PARTIAL RECONCILIATION-PER ITM	200120	0	\$0.0500	\$0.00	\$0.00
3228 - PAYEE NAME VERIFICATION	150122	291	\$0.0200	\$5.82	\$6,157.39
3262 - POSITIVE PAY MAINTENANCE	150030	3	\$0.0000	\$0.00	\$0.00

3263 - EXCEPTION ITEM	150300	3	\$1,000.00	\$3.00	\$3,173.91
3269 - ISSUE INPUT WITHOUT RECON	200201	0	\$10,000.00	\$0.00	\$0.00
3272 - CHECK EXCEPTION RETURN	150320	2	\$5,000.00	\$10.00	\$10,579.71
3291 - OUTPUT FILE	200301	23	\$5,000.00	\$115.00	\$121,666.67
3293 - EXCESSIVE ARP REJECTS	200210	19	\$2,000.00	\$38.00	\$40,202.90
3294 - DATA ENTRY - MANUAL	200210	0	\$2,500.00	\$0.00	\$0.00
3322 - DEPOSIT RECON MAINTENANCE	100600	0	\$15,000.00	\$0.00	\$0.00
3325 - DEPOSIT RECON ITEMS	100610	0	\$0,070.00	\$0.00	\$0.00
3348 - ARP SHIPPING PREP FEE	1512ZZ	3	\$30,000.00	\$90.00	\$95,217.39
3376 - ARP CUSTOM REPORT	200324	1	\$25,000.00	\$25.00	\$26,449.28
3386 - IMAGE CAPTURE PER ITEM	151351	1,586	\$0,010.00	\$15.86	\$16,779.42
<b>Subtotal</b>				\$399.40	\$422,553.62

**SCANNABLE LOCKBOX**

6107 - SNLB SCANNABLE ITEM	050101	14,756	\$0,200.00	\$2,951.20	\$3,122,284.06
6108 - SNLB OCR DOCUMENT	050122	14,756	\$0,015.00	\$221.34	\$234,171.30
<b>Subtotal</b>				\$3,172.54	\$3,356,455.36

**VAULT SERVICES**

1310 - VAULT DEPOSIT	100100	147	\$1,000.00	\$147.00	\$155,521.74
1459 - VAULT DEPOSIT PER \$1,000	10011Z	362	\$0,500.00	\$181.00	\$191,492.75
1468 - VAULT EMAIL NOTIFICATION	100154	2	\$0,500.00	\$1.00	\$1,057.97
1475 - VAULT DEPOSIT ROLLED COIN	100110	0	\$0,200.00	\$0.00	\$0.00
1476 - VAULT ORDER COIN ROLLS	100144	82	\$0,100.00	\$8.20	\$8,675.36
1477 - VAULT ORDER - COIN ROLL BOX	100146	3	\$0,050.00	\$0.15	\$158.70
1482 - VAULT DEPOSIT STD STRAP - NOTE	100115	0	\$0,010.00	\$0.00	\$0.00
1486 - VAULT DEP NON STD STRAP - NOTE	100114	0	\$0,020.00	\$0.00	\$0.00
1493 - VAULT DEPOSIT IN NON STD BAG	100199	0	\$1,000.00	\$0.00	\$0.00
1495 - VAULT STANDARD ORDERS	100141	5	\$3,000.00	\$15.00	\$15,869.57
1499 - VAULT ORDER CURR NON STD STRAP	100148	5,542	\$0,015.00	\$83.13	\$87,949.13
1506 - VAULT DEP PARTIAL OR MIXED BAG	100111	0	\$5,000.00	\$0.00	\$0.00
1525 - VAULT DEPOSIT STD COIN BAG	100113	0	\$1,000.00	\$0.00	\$0.00
1535 - VAULT ENVELOPE DEPOSIT VERIF	100104	23	\$1,000.00	\$23.00	\$24,333.33
1617 - VAULT DEPOSIT ADJUSTMENT	100501	4	\$5,000.00	\$20.00	\$21,159.42
1620 - SMART SAFE MAINTENANCE	100199	0	\$25,000.00	\$0.00	\$0.00
1621 - SMART SAFE ADVANCE CREDIT	100199	0	\$2,000.00	\$0.00	\$0.00
1624 - WEB CUR SVCS-DEPOSIT DETAILS	100199	0	\$0,000.00	\$0.00	\$0.00
1627 - WEB CUR SVC-VAULT TREND REPORT	100199	0	\$0,000.00	\$0.00	\$0.00
<b>Subtotal</b>				\$478.48	\$506,217.97

**WHOLESALE LOCKBOX**

6101 - LOCKBOX - MAINT	050001	1	\$50,000.00	\$50.00	\$52,898.55
6102 - WNLB ADDITIONAL DAILY DEPOSIT	050302	0	\$5,000.00	\$0.00	\$0.00
6103 - WEEKEND PROCESSING	050136	0	\$25,000.00	\$0.00	\$0.00
6106 - WHOLESALE ITEM	050100	17	\$0,350.00	\$5.95	\$6,294.93
6114 - UNPROCESSABLE ITEM	050530	0	\$0,500.00	\$0.00	\$0.00
6115 - NO CHECK ITEM	05011M	34	\$0,500.00	\$17.00	\$17,985.51
6116 - CHECK CLEARING	10021Z	13,600	\$0,040.00	\$544.00	\$575,536.23
6117 - INCOMING COURIER PACKAGE	05011P	0	\$10,000.00	\$0.00	\$0.00
6120 - CASH PROCESSING	05013B	10	\$8,000.00	\$80.00	\$84,637.68
6126 - CHECK MICR CAPTURE	050121	0	\$0,010.00	\$0.00	\$0.00
6127 - DATA CAPTURE	050126	0	\$0,008.00	\$0.00	\$0.00
6135 - PAPER DELIVERY PREP	05011L	0	\$0,200.00	\$0.00	\$0.00
6136 - OUTGOING PACKAGE PREP	05041Z	1	\$10,000.00	\$10.00	\$10,579.71
6137 - COURIER DELIVERY SERVICE	050413	10	\$1,000.00	\$10.00	\$10,579.71
6140 - DOCUMENT IMAGE CAPTURE	05011R	0	\$0,100.00	\$0.00	\$0.00
6245 - DEPOSIT PREPARATION	050301	0	\$1,000.00	\$0.00	\$0.00
6805 - ONLINE DECISION MGR MAINT	050006	1	\$75,000.00	\$75.00	\$79,347.83
<b>Subtotal</b>				\$791.95	\$837,860.14

**WIRE - U.S.**

5822 - ELECTRONIC BOOK DEBIT S/T	350124	0	\$3,000.00	\$0.00	\$0.00
5824 - ELECTRONIC FED DEBIT S/T	350100	4	\$8,000.00	\$32.00	\$33,855.07
5826 - ELECTRONIC CHIP DEBIT S/T	350110	0	\$12,000.00	\$0.00	\$0.00
5887 - FED CREDIT S/T	350300	9	\$8,000.00	\$72.00	\$76,173.91
5978 - ESERVE INVESTIGATION	350560	2	\$0,000.00	\$0.00	\$0.00
<b>Subtotal</b>				\$104.00	\$110,028.99

**Total Charge for Services**

**\$8,222.90      \$8,699,589.84**

\* Volumes and Balances on this Pro Forma are estimated. Actual volumes and balances may be different, which will result in different charges than are specified above.

\*\* Denotes Service is a one-time charge and will not appear on customer statement on a monthly basis.

# Consolidated Service Terms

**TREASURY SERVICES (United States)  
Commercial Bank**



**SERVICES FOR CUSTOMERS**

- A. ACH Origination
- B. ACH Transaction Blocking & ACH Transaction Review
- C. Lockbox
- D. Coin & Currency
- E. Positive Pay, Reverse Positive Pay and Payee Verification
- F. Controlled Disbursements
- G. Image Cash Letter
- H. Reserved
- I. Reserved
- J. Virtual Remit Service Terms
- K. Client Access

## Service Terms – Consolidated Service Terms Booklet

### A. ACH ORIGATION

The Automated Clearing House (ACH) is a batch processing payment system that U.S. banks use to exchange and settle credit and debit transactions on behalf of their clients or themselves. The origination of ACH Entries and the transmission and issuance of related transactions and information will be pursuant to these terms and the Operating Rules and Guidelines (collectively the "Rules") of the National Automated Clearing House Association. Capitalized terms used in this subpart, unless otherwise defined in this subpart shall have the same meanings as set forth in the Rules. The City of Santa Rosa ("Customer") and JPMorgan Chase Bank, N.A. and any of its affiliates ("Bank") agree to comply with and be bound by the Rules as in effect from time to time, including without limitation, the provision making payment of a Credit Entry by an RDFI to the Receiver provisional until receipt by the RDFI of final settlement for such Credit Entry and Customer acknowledges that it has received notice of such rule and of the fact that if such settlement is not received, the RDFI will be entitled to a refund from the Receiver of the amount credited and Customer will not be deemed to have paid the Receiver the amount of such Credit Entry.

- 1. Service.** Bank provides automated clearing house ("ACH") origination services that will enable Customer to do one or more of the following:
  - originate ACH Debit Entries;
  - originate ACH Credit Entries; and
  - instruct the Bank to issue or transmit prenotifications, reversals, requests for return, notifications of change or other information pertaining to the Entries.

Origination of ACH Credit Entries and origination of ACH Debit Entries are two separate services and approval or set up for one ACH service does not automatically create the ability to utilize the other. The Rules and these Service Terms shall apply to all Entries, whether or not transmitted through an ACH Operator.

It is Customer's responsibility to provide Entries and instructions to Bank with all the necessary information to complete Customer's requested transactions. Customer agrees to transmit Entries to Bank in the manner, at the times and in accordance with approved media, content and format as agreed by Bank and Customer. Bank may reject or delay processing transactions or information if instructions are not complete or are inaccurate, contain an inactive Company ID or otherwise do not meet the criteria Bank specifies for acceptance. All requests to Bank must be received by Bank before Bank's established cut-off time in order for processing to commence on that ACH processing day. Any request that is incomplete or that Bank finishes receiving after the relevant cut-off time will be processed by Bank on the next day Bank processes ACH transactions. All transactions are subject to acceptance by Bank. Bank will notify Customer of any transactions or other transmissions that are rejected or returned. If Customer wants Bank to re-process those transactions or transmissions, Customer must correct them and re-submit them. Customer agrees to furnish Bank with copies of any authorizations or notifications, if requested, as well as any other information reasonably requested by Bank relating to Entries originated by Customer. Customer shall provide Bank's auditors and other personnel with reasonable access at all reasonable times to Customer's facilities, data and records relating to the initiation of Entries for the purpose of auditing Customer's compliance with these Service Terms and the Rules.

- 2. Security and Data Protection Procedures.** All instructions received by Bank in Customer's name are subject to verification pursuant to mutually agreed security procedures. If Bank follows those procedures, Bank may process and transmit transactions or information in Customer's name. Unless Customer and Bank both otherwise agree, transmissions to Bank will be authenticated and/or encrypted using commercially reasonable security technologies meeting standards acceptable to Bank. If Customer uses a security procedure other than as described above, Customer acknowledges that Customer refused Bank's security procedure and chose another and Customer agrees to be bound by any transaction, whether or not authorized, issued in Customer's name and accepted by Bank in compliance with the security procedure Customer chose. If Customer elects not to utilize recommended message authentication and/or encryption technology, Customer assumes all responsibility for unauthorized disclosure or unauthorized access to Customer's data that occurs during transmission or while such data is in storage. Customer shall not disclose any Receiver's account number or routing number to any third party for such third party's use, directly or indirectly, in initiating a separate Debit.
- 3. Settlement and Exposure Limits.** On the settlement date, Bank will credit Customer's account with Bank that Customer specifies for the total of:
  - Customer's Debit Entries that Bank processed for settlement that day;
  - RCCs issued for deposit to Customer's account on that day; and
  - any returned or reversed Credit Entries.

Bank may delay the availability of funds deposited into Customer's account by Debit Entry or RCC until those transactions cannot be reversed in accordance with the Rules or applicable law.

Bank will debit Customer's account with Bank that Customer specifies for the total of Credit Entries processed in Customer's name and for any returned Debit Entries and RCCs. Bank may require Customer to pay Bank the amount of any Credit Entries on the date of transmission to Bank or otherwise prior to the settlement date.

Bank may from time to time establish or revise maximum dollar limits for the total value of all outstanding files of Credit Entries and/or Debit Entries and RCCs that Bank will release on Customer's behalf. Bank may change or cancel the limits at any time without prior notice to Customer; although Bank will try to notify Customer before Bank does that.

4. **Warranties; Indemnity.** Except as specified below, Customer will be deemed to make the same warranties to Bank as Bank makes pursuant to the Rules. In the case of an Entry to another account with Bank, warranties will be deemed to be given as of the time Bank first processes the Entry. Customer will not be deemed to warrant the power of the Bank under applicable law to comply with the requirements of the Rules or the conformity of Entries and other data Bank transmits to the file specifications contained in the Rules. Customer further represents, warrants and covenants that (a) each Entry and RCC it originates will comply with all applicable U.S. laws and regulations and acknowledges that Entries may not be initiated that violate the laws of the United States, (b) unless Customer has identified itself to Bank as a Third Party Sender (as defined in Section 7) and obtained Bank's express consent to originate Entries as a Third Party Sender, Customer will not originate any Entries, or use any of its Company IDs to originate Entries, on behalf of third parties (including, without limitation, any affiliate of Customer), and (c) Customer will not permit a third party to originate Entries using a Customer account as the offset account unless Customer obtains Bank's express consent to do so.

Bank shall have no responsibility for any delay by any ACH Operator or RDFI in processing any Entry the Bank transmits to the ACH Operator or failure to process or credit or debit any such Entry.

5. **Stop Payments; Reversals and Recalls; Rejections.** Customer's instruction to cancel, stop payment of, reverse or recall one or more Entries must be received by Bank in such time and manner as Bank specifies. Bank will process these transactions in accordance with Bank's procedures advised to Customer. Any reversal or recall initiated by Bank is subject to acceptance by the RDFI. Instructions to reverse or recall an ACH Credit Entry that are not initiated by Customer in time to meet the prescribed NACHA deadline for reversals may be originated by Bank as a Debit Entry; Customer shall obtain authorization from the Receiver in accordance with the Rules for any such Debit Entry and all other terms of these Service Terms applicable to Debit Entries shall apply. Entries or other instructions may not be amended or modified.

If Customer originates Debit Entries to an account or accounts at a financial institution that is not a Participating Depository Financial Institution in the ACH system (such account hereafter called a "Non-ACH Eligible Account"), all such Debit Entries will be rejected unless Customer subscribes to a service, subject to Bank's prior consent, pursuant to which Bank will process each such Debit Entry to a Non-ACH Eligible Account by preparing a remotely created check, as such term is defined in Federal Reserve Regulation CC (an "RCC"), on Customer's behalf. The RCC will be drawn in the amount and on the Non-Eligible ACH Account of the individual or entity specified as the receiver in Customer's instructions and will be deposited to Customer's designated account with Bank, Such RCC will thereafter be processed through the check clearing system. If Customer is using such service, Customer hereby authorizes the Bank to create each RCC as described herein and Customer warrants to the Bank, with respect to each RCC, that the person on whose account the RCC is drawn authorized the issuance of such RCC in the amount and to the payee stated in the RCC. Customer authorizes the Bank to debit Customer's account for any claim or return based upon an unauthorized RCC. All other terms herein related to Entries shall also apply to RCCs created under this Section. The Bank shall not create or process RCCs or other paper drafts in lieu of ACH Debits under any circumstances other than for Non-ACH Eligible Accounts and only when the Bank has consented to provide such service, even if Customer includes an instruction in its file for the Bank to otherwise originate an RCC or paper draft.

6. **Third Party Service Providers.** Customer may choose to use a third party service provider or service bureau to issue Entries or other instructions, handle returned Entries or perform other functions for and on Customer's behalf. If Bank accepts such Entries or other instructions, Customer will be bound by them. Customer is responsible for all actions taken or not taken by Customer's provider and Customer is responsible for all costs and expenses of Customer's provider.
7. **Third Party Sender.** If Customer is a Third Party Sender, as such term is hereafter defined, (a) Customer warrants that the Originator has agreed to be bound by the Rules and has satisfied the obligations of an Originator under the Rules; (b) in any case where the Originator fails to perform its obligations under the Rules as an Originator, Customer shall indemnify, defend and hold Bank harmless from and against any and all claims, demands, losses, liabilities and expenses, including attorneys' fees and costs, that result directly or indirectly from the failure of the Originator to perform its obligations as an Originator under the Rules; (c) Customer agrees to cooperate with Bank regarding any request for information concerning the identity of any Originator; and (d) Customer represents, warrants and covenants that neither these Service Terms nor anything related to the ACH Origination Services violates, contravenes or is inconsistent with any of the terms, conditions or provisions of any agreement, understanding or arrangement between Customer and the Originator. Further, Bank will rely on Customer to evaluate the legitimacy of the Originators and their transactions originated by Customer and for ensuring that instructions do not involve illegal activities. Customer must notify Bank immediately if Customer suspects or become aware of any activity or transaction of an Originator that Customer believes may be of an illegal or illegitimate nature or that involves the proceeds of illegal activity or that was conducted, in part or whole, for the purpose of disguising the source of funds. Bank will be entitled at any time upon notice to Customer to decline to provide the ACH Origination Services, or terminate the provision of ACH Origination Services, for any Originator on whose behalf are originating Entries if Bank determines that there are excessive returns or reversals of Entries originated on behalf of such Originator or if Bank becomes aware of any information indicating suspicious, fraudulent or illegal activity related to such Originator or for any other reason. As used herein, "Third Party Sender" means an entity that is not an Originator, that has authorized an ODFI or another Third Party Sender to transmit, for the account of the Third Party Sender or another Third Party Sender, (i) a credit entry to the account of a Receiver in order to effect a payment from the Originator (i.e., the third party on whose behalf the Third Party Sender is transmitting the entry) to the Receiver, or (ii) a debit entry to the account of a Receiver in order to effect a payment from the Receiver to the Originator (i.e., the third party on whose behalf the Third Party Sender is transmitting the entry). Without limitation of the foregoing, Third Party Senders include U.S. regulated financial institutions, brokers and other financial intermediaries as well as any other regulated or unregulated payment processors that are customers of the Bank and use their accounts to process payments for third parties (including affiliates of Customer).

8. **IAT Entries.** If Customer is originating Entries that are required to be formatted under the Rules as IAT Entries, Customer will comply with all applicable Rules relating thereto, and Customer will originate such Entries only through one of Bank's ACH origination channels that support IAT origination. Some of Bank's ACH origination channels do not accommodate IAT Entries; upon request, the Bank will advise Customer as to which of Bank's ACH origination channels can be used for IAT origination.

If a foreign currency conversion is performed by Bank in connection with an IAT Entry, Customer acknowledges that the foreign currency exchange rates fluctuate, and accepts the risk of such fluctuation, including fluctuations in rate between the time Customer submits the Entry Data Instructions and the time the transaction is executed and/or reversed, returned or recalled. Any payment returns and/or reversals will be credited to Customer's account in the currency in which Customer's account is denominated, and Customer is responsible for any rate fluctuations.

In the event of an erroneous or duplicate IAT Entry originated for payment to a receiving bank outside the United States, the rights of Bank and Customer with respect to reversal or recall of such Entry are subject to the laws, regulations and payment system rules of the receiving bank's jurisdiction.

Customer acknowledges and agrees that IAT Entries may be delayed in processing or posting due to the Bank's or RDFI's review of such Entries for OFAC compliance. Further, Customer understands and acknowledges that unlike PPD Credit Entries, there is no requirement under the Rules that IAT Credit Entries that are made available to an RDFI by its ACH operator by 5:00 pm on the banking day prior to the Settlement Date be made available to the Receiver at the opening of business on the Settlement date; cleared IAT Credit Entries must be made available no later than the Settlement Date of the Entry, but funds are not required to be available at opening of business on the Settlement Date.

9. **Incorporation of Account Documentation; Termination.** The provisions of the account documentation, including terms and conditions governing the operation of business accounts and services, are incorporated into these Service Terms by reference. In addition to Bank's termination rights under the aforementioned documentation, Bank shall have the right, when required by the Rules, to terminate or suspend these Service Terms and the Services upon notice to Customer in the event of Customer's breach of the Rules.

## B. ACH TRANSACTION BLOCKING & ACH TRANSACTION REVIEW

ACH Transaction Blocking is a Service that allows a Customer to block and return ACH debit and credit Entries originated to Customer's account with the Bank. ACH Transaction Review allows Customer to review ACH debit and credit Entries originated and posted to Customer's account with the Bank and to instruct the Bank to return some or all of these transactions.

### 1. ACH Transaction Blocking:

- (a) **Service.** Customer can select from a variety of authorization or blocking criteria and advise the Bank in a manner and form acceptable to the Bank. The Bank will return any blocked transaction indicating that the ACH debit was not authorized or that the ACH credit was refused.
- (b) **Company IDs.** If Customer elects an option that blocks or allows ACH debits or credits from specified companies, Customer must supply the Bank with the applicable ACH Company ID of the Originator as it appears on the Company/Batch Header Record. The Company ID will be the sole criterion for blocking debit and credit Entries (unless Customer has also set maximum dollar limits) and Bank will have no obligation to take any other steps to determine the identity of the Originator. Customer will be solely responsible for obtaining the correct Company ID for each such Originator.

Customer understands that Company IDs are not unique and that a Company ID may identify more than one Originator, and one Originator may have multiple Company IDs. Customer understands that Company IDs are not a perfect filter and that transactions from Originators may be blocked or allowed if the Originator uses a Company ID other than the one Customer identifies. The Bank will not be responsible for transactions blocked or allowed in accordance with the instructions Customer provides for the Company ID.

- (c) **Transactions Not Affected by Blocking.** ACH debit and credit blocks do not apply to certain transactions. The following types of ACH-related transactions will not be blocked:
- debits or credits to Customer's account to offset any ACH credit or debit Entries originated by Customer through Bank ;
  - reversals of previously received ACH credit or debit Entries;
  - returns or reversals by the RDFI of ACH debit or credit Entries originated by Customer through the Bank;
  - Reclamation Entries (debits);
  - debits or credits to Customer's account initiated by the Bank or Bank's agent or affiliate to correct processing errors, effect back valuations, make other adjustments or, with respect to debits, for fees, charges or other amounts Customer owes the Bank or Bank's affiliates; and
  - debits or credits to Customer's account that the Bank posts pursuant to its internal procedures in order to comply with applicable law, regulations or payment system rules or guidance.

## 2. ACH Transaction Review:

- (a) **Service.** Customer shall use filter criteria available through the service to select the types or categories of incoming ACH debit and/or credit transactions it wishes to review or Customer may elect to review all incoming ACH transactions subject to Section 2(d) below.
- (b) **Review and Return Process.** Based upon the filter criteria selected by Customer, ACH transactions meeting that criteria will be made available for Customer to review not later than a designated time on the banking day following the day on which the transactions are posted to Customer's account. The details provided by the Bank for each Entry will include account number, dollar amount, company ID, receiver's name, standard entry class code and settlement date.
- (c) Customer shall advise the Bank by means of an agreed upon transmission method not later than the Bank's designated cut-off time on the same day as transaction information is made available of those transactions, if any, that are unauthorized and that Customer wishes to return. The Bank is entitled to rely on any instructions which it receives and which it reasonably believes to be genuine. The Bank shall return all such transactions and make corresponding adjustments to Customer's account to which the transactions had been posted. All transactions reported to Customer as to which Bank does not receive a timely instruction from Customer will remain posted or be returned based on the Transaction Review profile default decision setting established by Customer.
- (d) **ACH Transactions Not Subject to Review.** The following types of ACH transactions will not be made available for Customer's review and decisioning:
- debits or credits to Customer's account to offset any ACH Entries originated by Customer through the Bank ;
  - reversals of previously received ACH Entries;
  - returns or reversals by the RDFI of ACH Entries originated by Customer through the Bank;
  - Reclamation Entries;
  - debits or credits to Customer's account initiated by the Bank or Bank's agent or affiliate to correct processing errors, effect back valuations, make other adjustments, or to comply with legal requirements or for fees or charges Customer owes the Bank or Bank's affiliates; and
  - if Customer is also subscribing to the ACH Transaction Blocking service, any transactions blocked and returned pursuant to that service.
- (e) **Certain Reviewed Transactions Maybe Returned/Posted Despite Instructions.** Certain transactions reviewed and approved by Customer may nevertheless be returned by the Bank. This will happen if (i) there are insufficient funds in Customer's account to cover the amount of an ACH debit or other charge, (ii) a stop payment was previously placed on the transaction, or (iii) the Bank determines the transaction must be returned for legal or regulatory reasons. Certain transactions that Customer advises should be returned may nevertheless be posted by the Bank; these include ACH debits or credits to Customer's account that the Bank posts pursuant to its internal procedures in order to comply with applicable law, regulations or payment system rules or guidance.

## C. LOCKBOX

Lockbox is a remittance processing Service offered to customers to support their accounts receivables business needs. Through this service, Customer's remittance deposits are sent to a Post Office Box and picked up by the Bank and delivered to or via courier for further processing and posting to Customer's deposit account.

1. **Service.** The Bank will maintain the Post Office Box for Customer's remittances and will have unrestricted and exclusive access to the Post Office Box while providing the Lockbox Service. Customers requiring Caller Service or Business Reply Mail Service for remittance collection must obtain prior approval from the Bank. Upon approval, Customer will secure such services directly with the United States Postal Service (the "USPS") and ensure the Bank is authorized to collect the mail. The Bank shall not be responsible for delays in processing due to Customer's failure to pay the USPS for such services or any other action taken or not taken by USPS. The Bank may direct clients to include specific codes or formats within their assigned address in order to ensure mail is identified correctly. Customer is responsible for ensuring their customers' remittances are properly addressed in order to prevent delays in processing.
2. **Deposit; Endorsement.** The Bank will collect all mail delivered to the designated Post Office Box, and will open the mail, process the checks eligible for this service (the "Items") and credit the funds to Customer account or process for collection the Items received, except: i) Items which Customer has instructed the Bank in writing, and the Bank has agreed not to process; ii) Items which the Bank believes should receive Customer's special attention; iii) Items for which Customer is not the payee, unless Customer has provided proper authorization to process for credit or collection of such Items; and iv) any other matter or merchandise received. The Bank will not process such excepted Items or other matters or merchandise, but will forward them to Customer unprocessed. The Bank assumes no responsibility for the inadvertent processing of Items excepted from processing. The Bank will process credit card payments as point of sale transactions, obtaining authorization as required by applicable card rules; provided, however, the Bank will not place phone calls for authorization of referrals or process credit transactions. The Bank shall not be deemed a merchant processor and shall not be liable for any data entry errors or any chargeback. The Bank assumes no liability for any matter or merchandise received through the Post Office which is not a depositable Item, including cash. Any failure by the Bank to process an Item other

than as provided herein does not constitute a failure by the Bank to exercise ordinary care. Customer shall be liable to the Bank as a general endorser on all Items processed by the Bank.

3. **Differing Amounts.** If the amount of an Item written in words and figures differ, the Item will be processed for amount written in words. If the Item is accompanied by an invoice or statement and the amount on the statement matches the amount written in figures, and Customer has requested, and the Bank has agreed, to process such Item for the amount written in figures, the Item may be processed for the amount written in figures. In the event the Bank processes the Item for the amount written in figures, Customer indemnifies the Bank for any claim which may arise from that action.
4. **Foreign Items.** This Service is limited to Items drawn on domestic banks so to the extent the Bank notices that any Items drawn on foreign banks have been deposited, such Items shall be forwarded to Customer as unprocessable.
5. **Returned Items; Re-presentation.** If any Item is returned to the Bank unpaid for any reason or there is a claim involving an Item deposited to Customer Account, the Bank will charge back that Item, together with any fees or other amounts allowed on such claims or for returned Items, against Customer Account, regardless of whether such debit causes an overdraft to Customer Account. If, however, the Bank has been instructed in writing by Customer to re-present Items which have been dishonored or returned to the Bank unpaid for reasons other than account closed, the Bank may do so automatically and without notice to Customer, and the Bank reserves the same rights to debit Customer Account should any such Items remain unpaid after the re-presentation.
6. **Security for Imaged Items.** The Bank has specified Security Procedures for receiving and accessing Imaged Items, Imaged Documents and lockbox transaction data. The Bank is not obligated to send any images or data or allow access through the Delivery Media to any images or data which are not requested or accessed in accordance with the Security Procedures. Customer acknowledges that once a CD-ROM is received, or it has accessed images by any Delivery Media, persons having access to Customer's computers and image archives may have access to the Imaged Items, Imaged Documents and lockbox transaction data.
7. **Image Option.** If Customer elects and this image option is available at the designated Bank processing location, the Bank will provide images of the Items ("Imaged Items") received together with images of related documents ("Imaged Documents"), through the media ("Delivery Media") and at the intervals agreed upon between the Bank and Customer. Customer may receive additional service material, including user guides, software licenses and other terms in connection with the selection of this option.
8. **Original Documents; Image Storage.** Unless the Bank has agreed otherwise, the Bank will image all Items and associated remittances and retain original documents on site for no longer than 14 days. All original documents will be destroyed 14 days after processing. If Customer uses the Bank's Regional Retail Lockbox product, associated original documents are retained on site no longer than 7 days. The Bank will store Imaged Items for a period of seven (7) years from the date of the applicable transaction regardless of any additional imaging service requested by Customer. If Customer elects storage of Imaged Documents, the Bank will store Imaged Documents for a period of thirty (30) days (Short Term Storage) to ten (10) years (Long Term Storage) from the processing date of the applicable transaction., per Customer's selection. If Customer elects to image and not store Imaged Documents with the Bank, such images will be delivered to Customer via daily Direct Image Transmission.
9. **Accuracy; Legibility.** The information delivered to Customer through the Delivery Media will be the same as the information in the data entry file provided to Customer for the applicable time period. If the data entry file contains errors, those errors will also occur on the Delivery Media. The Bank will provide images that are as legible as possible given the legibility of the underlying remittance documents and the selected Delivery Media. The Bank has no liability or responsibility for the condition of the original remittance items provided to the Bank, and it reserves the right to review and approve sample remittance items for legibility prior to providing this service. Customer is responsible for reviewing images obtained through the Delivery Media and to promptly notify the Bank of any images that are not clear.
10. **Disclosures.** As between Customer and Customer's clients, if applicable, certain payments collected hereunder may be subject to various cut-off times and payment deadlines (the "Disclosures"). Customer acknowledges and agrees that the Bank has no duty to inquire as to the content of any such Disclosures, is not bound by them, and makes no representations or warranties, explicitly or implicitly, regarding same. Customer is responsible for ensuring that the processing and payment cut-off times established by the Bank are in compliance with the Disclosures and Customer's responsibilities under applicable laws and regulations. Customer further acknowledges and agrees that the data processed by the Bank belongs to Customer or Customer's clients.

## D. COIN & CURRENCY

Coin and Currency Services, also referred to as Cash Vault Services, provides coin and currency delivery and deposit services to companies that use large quantities of cash. With a nationwide vault network, Customers can place orders for coin and currency, make deposits and track activity by location through electronic reporting options.

### 1. Cash Orders

- 1.1. **Placement of Cash Orders.** Customer may issue written instructions for the Bank to release United States coin and currency ("Cash") to an armored courier service (the "Courier") as designated by Customer in accordance with the Bank's guidelines ("Cash Order"). Customer acknowledges that Cash Orders may be transmitted to the Bank only during such times as set forth in the guidelines. The Bank is authorized to debit the account of Customer designated in the Cash Order for the amount set forth in the Cash Order. If the Bank has agreed to such an arrangement, Customer may also place a Cash Order directly at one of the Bank's branch locations by issuing a check to debit Customer's

account at the Bank or as a “cash for cash” exchange. If there are insufficient funds in the designated account, the Bank is authorized to refuse the Cash Order, to fill a partial Cash Order or to debit the designated account even if such debit causes an overdraft, or to debit any other account of Customer at the Bank.

- 1.2. **Cash Order Limits.** The Bank and Customer may agree to limit the amount of Cash that may be delivered pursuant to a Cash Order (“Cash Limit”).
- 1.3. **Discrepancies for Cash Orders.** All Cash Orders must be validated by Customer within 24 hours of receipt. If a currency strap, coin bag or wrapped coin discrepancy is identified, Customer may contact Cash Services Customer Support at 888-872-0517 to request a Cash Order Claim Form. The completed form and proper documentation must be sent to the Bank and post marked within 48 hours of receipt of the Cash Order. Any claims post marked after the 48 hour period may be denied and Customer will have no right to refuse or receive an adjustment after such time period.
- 1.4. **Cancellations and Amendments.** A Cash Order may be cancelled by Customer telephonically, electronically or in writing by a person the Bank reasonably believes to be authorized to act on behalf of Customer and only if the cancellation is received within a reasonable time before the Cash is delivered to the Courier (“Cancellation”). A Cash Order may only be amended telephonically and the Bank will not be responsible for any change in a Cash Order it has received. Any attempt to amend a Cash Order electronically may result in duplicate Cash being delivered.
- 1.5. **Notice of Rejection/Execution.** If the Bank rejects a Cash Order request, it will promptly notify Customer of the reason. The Bank will notify Customer when it has executed a Cash Order. Unless, within three (3) business days after receipt of notification of the execution of a Cash Order Customer notifies the Bank in writing that a Cash Order was unauthorized or otherwise unenforceable against Customer, the Bank shall not be liable for executing the Cash Order as notified, including any loss of interest.
- 1.6. **Security Procedure.** The Bank must receive a Cash Order using a touch-tone telephone, or other electronic communications device mutually agreed upon by Customer and the Bank, based upon codes assigned by the Bank to Customer that identify Customer and the location (collectively, “Codes”). Customer agrees that use of the Codes constitutes a security procedure for verifying the authenticity of the Cash Order as being that of Customer (“Security Procedure”). Customer and the Bank will maintain reasonable security and control of the Codes. The Bank is not responsible or liable for detecting any error in the transmission or content of any Cash Order or Cancellation and the Security Procedure is not intended to detect any such error. No agreement or instruction of Customer restricting acceptance of any Cash Order or Cancellation is binding on the Bank, except as set forth in these Service Terms or in a writing signed by Customer and the Bank. These Security Procedures do not apply to Cash Order requests made by Customer at one of our branch locations when Customer is making a “cash for cash” exchange or issuing a check to debit Customer’s account at the Bank.
- 1.7. **Geographical Limitations.** Customer represents and warrants that all Cash Orders will be used by Customer in its normal course of business at Customer’s store/office locations in the United States.

## 2. Cash Deposits

- 2.1. **Standard Courier Service.** Customer may deliver and pick up shipments of Cash or checks to or from the Bank by using the services of a Courier that has been authorized by the Bank, who will act solely as Customer’s agent. The Courier must comply with the Bank’s guidelines, as amended from time to time, and must maintain all licenses and permits required by law in addition to adequate insurance to cover its liabilities in providing courier services to Customer. The Bank may refuse to permit any courier to enter its premises with or without cause, in which case the Bank will use reasonable efforts to promptly notify Customer. With regard to Customer’s Courier, Customer is responsible for any individual’s actions while at the Bank’s facilities including theft, property damage, intentional crimes and any other act or omission even if such actions would be considered outside the scope of their employment and whether the individual is impersonating an employee of the courier if the Bank has followed its customary procedures for identifying the individual.
- 2.2. **Deposit Presentment and Processing for Standard Courier Service.** With regard to deposits delivered to one of the Bank’s vault locations, Customer’s Courier must deliver deposits in sealed tamper-proof plastic security deposit bags that meet the standards described in the Bank’s guidelines and contain only Cash and checks. The bags may also contain food stamps if Customer provides proof satisfactory to the Bank of Customer’s authority to redeem food stamps. The Bank will open the bags and process the deposits.
  - (a) **Delivery to Vault.** If the Bank agrees to accept Customer deposits at a vault location, the Bank will provide a receipt indicating the number of bags it has received. This receipt is not an acknowledgment of the contents of any bag, nor is any telephonic or other acknowledgment of a deposit of which Customer notifies the Bank by telephone or by electronic means.
  - (b) **Delivery to Branch for Delayed Processing.** If the Bank agrees to accept Customer deposits at a branch location, the Bank will not verify the amount of the deposits at the time of receipt but will provide Customer with a receipt showing the amount indicated in Customer’s deposit slip. This receipt is not an acknowledgment of the contents of any bag.
- 2.3. **Courier Service through the use of a Smart Safe or Recycler Machine.** Customer may use the services of a courier that has been authorized by the Bank, who will act solely as Customer’s agent. The courier must comply with the Bank’s guidelines, as amended from time to time, and must maintain all licenses and permits required by law in addition to adequate insurance to cover its liabilities in providing courier services. The Bank may refuse to permit any courier to enter its premises with or without cause, in which case the Bank will use reasonable efforts to promptly notify Customer. Customer will receive Advance Credit only for Cash placed in Deposit Cassette (as defined below)

component of the machine. Customer's courier is authorized to transmit the Cash information only with regard to the Deposit Cassette component of the machine to the Bank on Customer's behalf and the Bank, upon receipt of such data transmission, will provide provisional credit to Customer's designated account. The courier will deliver the Cash to the Bank as directed by the Bank at Customer's expense. Customer authorizes the Bank to instruct the courier to pick up any Cash for which the Bank has given provisional credit at any time at Customer's expense. For purpose of these Service Terms, "Deposit Cassette" is the component of the machine whereby Customer places Cash into such component and only the courier is able to access such Cash once it is placed in the Deposit Cassette.

- 2.4. **Deposit Presentment and Processing through the use of a Smart Safe or Recycler Machine.** Customer agrees that once the Cash is in the Deposit Cassette component of the machine, Customer no longer has any ownership, control or rights with regard to the physical Cash and that the Bank is authorized to rely upon the transmitted information from Customer's courier with regard to deposits or adjustments to Customer's deposit account with the Bank. Once Customer's courier has completed the verification of the Cash from the Deposit Cassette component of the machine and has transmitted the deposit/adjustment information to the Bank, the Cash is then placed into the Bank's inventory at the courier's location. In the event of a dispute related to the amount credited to Customer's deposit account, Customer will initiate its claim and request for an investigation with its courier.
- 2.5. **Discrepancies.** All deposits are subject to verification. If there are differences between the amount credited by the Bank and the amount shown on the deposit slip prepared by Customer, the receipt provided to Customer or its agent upon initial presentment or the transmission received from the courier on Customer's behalf, the currency will be re-counted for discrepancies over the minimum amount specified in the Cash Vault Services Product Guide, the "Threshold" amount, Customer's representative designated in the service implementation questionnaire will be notified of the adjustment, and an adjustment fee will be charged. If the discrepancy is in the Threshold amount or less, the Bank will not adjust Customer's account, the Bank will retain the discrepancy amount, and no adjustment fee will be charged. The Bank's determination and records as to its receipt of any bag and as to the contents of any bag is conclusive and binding on Customer.
- 2.6. **Relationship upon Delivery of Bags.** Until the Bank recounts the contents of the bags and enters a final credit to Customer's account, the Bank is not responsible for any claimed contents of the bags. Customer should not include anything in a bag other than Cash and its deposit slip, and the Bank shall have no responsibility or liability if there is any other property included or claimed to have been included in a bag...
- 2.7. **Delivery to Unattended Facility.** If the Bank agrees to allow Customer to use one of the Bank's unattended facilities (including but not limited to a night depository or commercial ATM), the Bank may provide Customer with an access device (such as a key or card that may require a personal identification number ("PIN")). Customer must return all access devices to the Bank upon request. The Bank will process any deposits delivered to an unattended facility as provided for in the Bank's guidelines. If Customer receives a receipt from an unattended facility, the receipt is not an acknowledgment of the contents of any bag or of the receipt of any bag. While Customer or Customer's Courier is physically present at one of the Bank's unattended facilities, Customer is a licensee only and the Bank has no responsibility for the safety of Customer or its Courier while at such facility.
- 2.8. **Liability at Unattended Facility.** Customer assumes all risks of using any unattended facilities, including risks of theft, robbery and personal injury; the Bank is not responsible if a facility fails to operate properly in any way, including failing to open, close, lock or unlock. It is Customer's responsibility to verify that its bags have dropped down completely into the facility, and Customer agrees that it will not leave any bags in any facility that does not appear to be operating properly. The Bank will not be liable to Customer if any unattended facility, tele-entry or online system is closed or otherwise unavailable for use at any time.
- 2.9. **Geographical Limitations of Cash Deposits.** Cash Deposits must be delivered to the Bank by Customer's courier and from Customer's physical store/office locations in the United States. Cross-border cash deposits (i.e., cash brought into the United States from outside the United States) are strictly prohibited

## E. POSITIVE PAY, REVERSE POSITIVE PAY AND PAYEE VERIFICATION

Positive Pay, Reverse Positive Pay and Payee Verification services help prevent check fraud on Customers accounts by identifying discrepancies between checks presented to the Bank for payment and those checks issued by Customers. With Positive Pay, Customer sends check issuance information to the Bank and the Bank compares such information to checks being presented for payment. With Reverse Positive Pay, the Bank sends Customer information on checks being presented for payment and Customer does its own comparison. Payee Verification is an enhanced feature for Positive Pay whereby Customer includes payee name information and the Bank compares such information against the payee names on checks being presented. As a condition precedent for receiving Payee Verification, Customer must be receiving Positive Pay in connection with the same Account.

1. **Issuance Information.** The following information is defined as "Issuance Information" for each Item: i) Account number; ii) Item serial number; iii) dollar amount; iv) issue date [for Positive Pay and Payee Verification only]; and v) the payee name [for Payee Verification only]. For Positive Pay and Payee Verification, Customer will provide the Bank the Issuance Information by the banking day on which Customer issues Items, by means of a mutually agreed upon transmission method the Issuance Information. The Bank will compare the Issuance Information with the Items presented to the Bank for payment against the Account. For Reverse Positive Pay, the Bank will send Customer the Issuance Information and Customer will compare such information with the checks they have issued.
2. **Discrepancies.** For Positive Pay and Payee Verification, if Items are presented to the Bank for which it has not received timely Issuance Information or that contains information different from the Issuance Information for that Item, the Bank will notify Customer by means of a mutually agreed upon method, by the designated time of the Banking Day following the Banking Day the Item is presented. Customer shall advise the Bank by means of a mutually agreed upon method by the designated time on that same Banking Day whether any such Item is authorized for payment ("Presentment Decision"). In the event that Customer fails to timely inform the Bank about any Item for which a Presentment Decision is requested, as required



above, the Bank is authorized to return such Item unless otherwise agreed by Customer and the Bank. For Reverse Positive Pay, the Bank will provide Issuance Information to Customer of Items presented for payment; Customer shall advise the Bank by means of a mutually agreed upon method by the designated time on that same Banking Day whether any such Item is authorized for payment, and in the event that Customer fails to timely inform the Bank as required, the Bank is authorized to pay such Item(s) unless otherwise agreed by Customer and the Bank. The Bank is entitled to rely on any instructions that it receives and reasonably believes to be genuine. If a Customer attempts to change an instruction previously given by sending an email or other message to the Bank, the Bank may, but has no obligation to, act upon such change request.

3. **Payee Verification Additional Terms.** For Payee Verification, Customer acknowledges that Items that have been converted to ACH transactions prior to being presented for payment will not be eligible for this service and the payee name information will not be compared to the Issuance Information for Items that have been converted to ACH transactions. If Customer fails to provide the Issuance Information in the file format required by the Bank, the Bank will not be liable for not detecting any discrepancy between the Item and the Issuance Information or for processing such Item. The Bank reserves the right to set a threshold amount for Items (as may be revised by the Bank from time to time) to be reviewed under the Payee Verification service (the "Threshold Amount"). The Items below the Threshold Amount will be handled according to the standard Account Documentation governing Customer's Account; however, Customer will not be liable for such Items if the discrepancy would have otherwise been detected under this Service. With regard to payee name comparison, the Bank will compare the payee name provided in the Issuance Information to the payee lines contained in the name/address block identified on the Item (presented as provided for in the Bank's setup requirements) and will be limited to those parameters specifically agreed to by Customer and Bank.
4. **Reverse Positive Pay Additional Terms.** For Reverse Positive Pay, Customer acknowledges that Items presented for encashment at any of the Bank's branch locations will be refused unless Customer has requested that Bank allow encashment of such Items. If Customer authorizes Bank to pay Items presented for encashment at the Bank's branch locations, Bank shall follow its usual and customary over-the-counter encashment procedures (as may be in effect from time to time) and Customer assumes the risk of any loss that would have been prevented through the use of Positive Pay or Payee Verification services. Customer acknowledges that the Bank may charge a person who cashes an Item drawn on Customer's Account a fee if that person is not a customer of the Bank. Customer agrees to unconditionally release, indemnify and hold harmless the Bank against any and all liability loss or claim relating to an Item being cashed or returned over-the-counter.
5. **Voided Items.** Customer agrees to place a void on an Item in the Issuance Information only with respect to Items that are not in circulation. If Customer wants to stop pay on a check that has been issued, Customer is required to issue any Stop Payment request pursuant to the relevant terms of the Account Documentation, outside of these services.
6. **Item Payment.** The Bank is not obligated to maintain signature cards for the Account and whether or not the Bank does maintain such signature cards, in no event shall the Bank be obligated to inspect any check for the presence or authenticity of any signature or to determine whether any signature is authorized. Customer acknowledges that the Bank's adherence to these procedures in these terms, in lieu of signature examination, will constitute the exercise of good faith and ordinary care by the Bank in handling Items presented for payment against the Account.
7. **Over the Counter Presentment.** The Bank may, without liability to Customer, refuse to pay any Item presented for encashment at any of the Bank's branch locations. If an Item is presented for encashment at one of the Bank's branch locations at the teller line, Customer authorizes the Bank to pay such Item based upon the Positive Pay information at the teller line. The Bank may charge a person who cashes an Item drawn on Customer's Account a fee at the time of encashment.

## F. CONTROLLED DISBURSEMENTS

Controlled Disbursement Accounts help customers effectively manage the disbursement process to gain control over idle balances and automate funding transfers and is designed to provide disbursement totals early each business day.

1. **Controlled Disbursement Account.** Each controlled disbursement account ("Controlled Disbursement Account"), except as set forth herein, shall be opened and maintained in accordance with the Account Documentation. Customer agrees that if it fails to utilize one of the Bank's positive pay services on the Controlled Disbursement Account, that failure will constitute Customer negligence contributing to the making of any unauthorized signature and Customer assumes the risk that checks or drafts ("Items") presented against the Controlled Disbursement Account may be forged or altered, to the extent that the positive pay services the Bank offers may have prevented any loss. The Bank will have no liability for any loss related to an Item presented against the Controlled Disbursement Account which would otherwise generally have been returned under such positive pay services.
2. **Payment of Items.** Bank, on each banking day, will advise Customer of the total amount of Items drawn against the Controlled Disbursement Accounts that are presented for payment, on that day, to the Bank by a Federal Reserve Bank or another depository institution pursuant to a same-day settlement arrangement. Bank will honor Items which are properly payable, but shall have no obligation to pay any Item should sufficient immediately available funds to cover such Items not be transferred to the Controlled Disbursement Account in accordance with these Service Terms and the Account Documentation.
3. **Over-the-Counter Presentment.** Bank may, without liability to Customer, refuse to pay any Item presented for encashment at any of the Bank's branch locations.
4. **Funding Account for Controlled Disbursement.** Customer will maintain with Bank a designated account for purposes of funding the Controlled Disbursement Account, or the funding account may be maintained at an affiliated bank or other financial institution (the "Funding Account"). Customer authorizes Bank to debit the Funding Account for the total amount of the Items presented and any funds transfers against the Controlled Disbursement Account, and to promptly transfer such amount to the Controlled Disbursement Account even though such a debit may bring about

or increase an overdraft. All funds transfers from the Funding Account to the Controlled Disbursement Account shall be in immediately available funds. Customer will maintain sufficient available funds in the Funding Account to cover Items and funds transfers presented against the Controlled Disbursement Account, and the Bank shall have no obligation to transfer funds, process Items for payment or complete any funds transfers unless there are sufficient available funds in the Funding Account. The Bank is authorized to debit the Funding Account for any obligations owed directly or indirectly on the Controlled Disbursement Account. The Bank shall not be liable for failure to pay any Item presented for payment against any Controlled Disbursement Account due to insufficient funds in the Funding Account.

5. **Media.** Bank will transmit to Customer by the transmission method or media agreed to by Customer and Bank information regarding Customer's Controlled Disbursement Account.
6. **Routing Transit Number.** Customer agrees to use the designated controlled disbursement account routing transit number on the Items it issues from the Controlled Disbursement Account. Customer acknowledges that if it fails to use such designated controlled disbursement account routing transit number the Bank is authorized to terminate this Service or any Service feature upon notice to Customer.
7. **Financial Condition.** In the event of the deterioration of the financial condition of Customer, as determined in the Bank's sole discretion, the Bank may immediately terminate the Service, any Service feature, and/or may convert any Controlled Disbursement Account to a stand-alone demand deposit account without prior notice to Customer.
8. **Third Party Usage.** Customer agrees that it will not permit a third party to write checks on or otherwise issue payment transactions or instructions on Customer's Controlled Disbursement Account. Customer agrees to indemnify and hold Bank harmless from and against any and all actions, claims, demands, losses, liabilities or expenses whatsoever, including attorney's fees and costs, resulting directly or indirectly from Customer's breach of this Section 8. This indemnity shall survive the termination of these Service Terms. Notwithstanding anything to the contrary, Customer acknowledges that, if Customer breaches this Section 8, Bank may immediately terminate this Service or any Service feature upon notice to Customer.

## **G. IMAGE CASH LETTER**

### **1. Service.**

These terms govern the image cash letter service (the "Service") which allows image-enabled check customers to prepare and transmit electronic deposit information and check images instead of preparing and physically depositing paper cash letters and associated original check.

### **2. Transmission and Processing.**

Customer shall provide through its own methods or devices the captured check images and check data from the Check, including the magnetic ink character recognition formatting (MICR) information through electronic transmissions (the "Transmissions") in the format and specifications required by the Bank's File Standards and within the cut-off times provided by the Bank. Customer authorizes Bank to process the Transmissions as substitute checks, electronic images or photos in lieu, as may be applicable for further clearing through any other financial institution, clearinghouse or Federal Reserve Bank. If Customer is eligible and has chosen to have Checks processed as ACH transactions, Bank will convert eligible Checks to ARC or POP entries, as defined and provided for in the ACH Origination Service Terms. Customer agrees that it is solely responsible for the creation and transmission of these Transmissions to the Bank. If any Transmission (including any source document for purposes of these Service Terms) does not meet the Bank's or any transferee's standard requirements for processing, Customer assumes all risk of loss or delay in processing such Transmission and authorizes the Bank to either (a) return the Transmission to Customer without further processing, (b) process the Transmission as sent from Customer, (c) process the Checks as photocopies in lieu of the originals, or (d) repair or attempt to repair the Transmission for further processing. Under this Service, "Checks" shall mean checks and drafts drawn in US dollars on, or payable through, banks located in the United States (including Puerto Rico, Guam and the US Virgin Islands), endorsed for deposit to Customer's account at the Bank.

### **3. Image Cash Letter File Deposit Time.**

The Transmissions must be sent to Bank prior to the deposit deadline. Any Transmission will be deemed to have been received by Bank when the entire file has been written onto Bank's system and made available for Bank to validate. Based upon the size of the Transmission file, there may be a significant delay between the time Customer begins to send the file and the completion of the transfer as stated above. As a result, Customer will make every effort to send the Transmission file as early as possible. Files that are received after a deposit deadline will be considered deposited as of the next deposit deadline. Processing fees and funds availability will be assessed based on the deposit deadline that is met.

### **4. Customer Liability.**

Customer shall be solely responsible if any Transmission for which Customer has been given provisional credit is returned or reversed, and neither Bank nor its subcontractors shall be liable or responsible for same. Customer acknowledges that all credits received for deposit are provisional, subject to verification, final settlement or return. Information and data reported hereunder: (a) may be received prior to final posting and confirmation and is subject to correction and (b) is for informational purposes only and may not be relied upon. Customer agrees that Bank shall have no liability for the content of payment-related information as received from Customer. Customer shall be solely responsible for the original Checks, including storage and retrieval. Customer agrees to provide a legible copy of an image or the original Check if requested by the Bank within five (5) business days of such request. If Customer is unable to provide the original or legible copy, Customer shall be liable for any associated loss or claim involving the Check. Customer will not present a Transmission or the original Check or substitute check more than once to the Bank if the initial Transmission

was processed as an ACH transaction and shall be responsible for any and all losses or claims resulting from Customer presenting such Check or Transmission for payment more than once through any method.

**5. Suspension/Cancellation of Service.**

Bank reserves the right to suspend or terminate the Service, in whole or in part if Bank reasonably believes Customer is in material breach of these Service Terms or is otherwise using or accessing the Service in a manner inconsistent with the rules and regulations relating to the Service being provided and such breach, use or access is not cured within ten business days after notice to Customer. Further, this Service will automatically terminate if Customer's account with the Bank is closed for any reason.

**6. Intellectual Property Ownership.**

Neither these Service Terms nor the provision of the Service transfer to Customer any ownership or proprietary rights in the Bank's technology or any work or any part thereof, and all right, title and interest in and to the Bank's technology will remain solely with Bank or its subcontractors.

**7. WARRANTIES AND DISCLAIMERS.**

**7.1. CUSTOMER WARRANTY. CUSTOMER WARRANTS AND REPRESENTS TO THE BANK THAT: (A) EACH TRANSMISSION CONTAINS ACCURATE AND LEGIBLE IMAGES OF ALL OF THE INFORMATION ON THE FRONT AND BACK OF THE ORIGINAL CHECKS AT THE TIME EACH CHECK WAS TRUNCATED; (B) EACH TRANSMISSION ALSO CONTAINS A RECORD OF ALL APPLICABLE MICR-LINE INFORMATION REQUIRED FOR A SUBSTITUTE CHECK AND THE ACCURATE AMOUNT OF THE CHECK; (C) EACH TRANSMISSION CONFORMS TO THE TECHNICAL STANDARDS FOR AN ELECTRONIC ITEM SET FORTH IN REGULATION J AND FEDERAL RESERVE BANK OPERATING CIRCULARS AND FOR A SUBSTITUTE CHECK SET FORTH IN REGULATION CC; (D) NO PERSON WILL RECEIVE A TRANSFER, PRESENTMENT OR RETURN OF, OR OTHERWISE BE CHARGED FOR, THE CHECK (EITHER THE ORIGINAL CHECK, OR A PAPER OR ELECTRONIC REPRESENTATION OF THE ORIGINAL CHECK) SUCH THAT THE PERSON WILL BE ASKED TO MAKE PAYMENT BASED UPON A CHECK IT HAS ALREADY PAID; (E) CUSTOMER WILL NOT REDEPOSIT THROUGH THIS SERVICE ANY TRANSMISSION REPRESENTING A CHECK PREVIOUSLY DEPOSITED AND RETURNED TO CUSTOMER; (F) CUSTOMER WILL EMPLOY COMMERCIALY REASONABLE SECURITY MEASURES AND FIREWALLS SUFFICIENT TO PROTECT THE TRANSMISSIONS AND STORAGE TO ENSURE NO UNAUTHORIZED ACCESS OR DUPLICATE PRESENTMENT; (G) CUSTOMER WILL ONLY CREATE TRANSMISSIONS FOR CHECKS THAT ORIGINATED AS PAPER CHECKS; (H) CUSTOMER HAS ESTABLISHED AN ANTI-MONEY LAUNDERING PROGRAM IN COMPLIANCE WITH ANTI-MONEY LAUNDERING LAWS AND REGULATIONS APPLICABLE TO IT AND SUCH ANTI-MONEY LAUNDERING PROGRAM INCLUDES POLICIES, PROCEDURES AND CONTROLS DESIGNED TO DETECT AND PREVENT MONEY LAUNDERING WHICH CUSTOMER BELIEVES EFFECTIVELY PREVENTS THE USE OF CUSTOMER'S OPERATIONS, PERSONNEL OR FACILITIES FOR MONEY LAUNDERING PURPOSES; AND (I) CUSTOMER WILL ONLY ACCESS THE SERVICE AND SEND TRANSMISSIONS TO THE BANK FROM LOCATIONS WITHIN THE UNITED STATES; (J) CUSTOMER IS IN COMPLIANCE WITH ALL LOCAL LAWS AND REGULATIONS APPLICABLE TO IT IN THE USE OF THIS SERVICE.**

**7.2. DISCLAIMER. BANK AND ITS SUBCONTRACTORS MAKE NO REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY REGARDING OR RELATING TO ANY OF THE TECHNOLOGY OR SERVICE AND/OR ACCESS TO OR USE OF THE SERVICE OR TECHNOLOGY PROVIDED TO CUSTOMER HEREUNDER. BANK AND ITS SUBCONTRACTORS SPECIFICALLY DISCLAIM ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT. CUSTOMER ACKNOWLEDGES THAT THERE ARE CERTAIN SECURITY, CORRUPTION, TRANSMISSION ERROR AND ACCESS AVAILABILITY RISKS ASSOCIATED WITH USING OPEN NETWORKS SUCH AS THE INTERNET, AND CUSTOMER ASSUMES ALL SUCH RISKS. CUSTOMER SHALL MAKE AN INDEPENDENT ASSESSMENT OF THE ADEQUACY OF THE INTERNET IN USE OF THE SERVICE PURSUANT TO THE BANK'S PROCEDURES. CUSTOMER FURTHER ACKNOWLEDGES THAT THE SELECTION AND USE BY IT OF ANY THIRD PARTY SECURITY AND COMMUNICATIONS SOFTWARE AND THIRD PARTY SERVICE PROVIDERS IS THE SOLE RESPONSIBILITY OF CUSTOMER, AND BANK DISCLAIMS ALL RISKS RELATED THERETO, NOTWITHSTANDING THAT THE BANK MAY RECOMMEND CERTAIN SECURITY AND/OR COMMUNICATIONS SOFTWARE AND SERVICES. CUSTOMER AGREES TO, AT ITS SOLE EXPENSE, PROCURE AND MAINTAIN ALL HARDWARE, BROWSERS, SOFTWARE AND TELECOMMUNICATIONS EQUIPMENT NECESSARY TO ACCESS THE SERVICE IN ACCORDANCE WITH THE BANK'S RECOMMENDED SYSTEM CONFIGURATION.**

**8. INDEMNIFICATION. (INTENTIONALLY OMITTED)**

**9. Pricing Schedule/Volume/Termination Penalties.**

Bank and Customer agree to the terms of the Pricing Schedule which are incorporated herein by reference, including the length of time the Service will be provided, the charges/fees and the volumes, as may be stated in the Pricing Schedule.

**10. Audit.**

Customer authorizes the Bank to audit its facilities where the Checks are imaged, stored and destroyed as well as where the Transmissions are processed under this Service upon reasonable prior written notice from the Bank.

#### **11. Online Adjustments Services.**

If Bank and Customer agree, Customer will submit its adjustment requests through the web-based SVPCO Online Adjustment Service ("Online Adjustment") based on the following terms:

For Customers choosing the deposit account option where they settle for the Items through Customer's deposit account at Bank ("Deposit Account") option, Customer agrees to be bound by the SVPCO Electronic Adjustment Exchange Rules, as may be amended from time to time ("SVPCO Rules"). Bank will assist Customer in implementing and registering for Online Adjustment. Customer will designate at least one Administrator by submitting the Secure ID Token Form for Online Adjustments ("Form"). After the initial registration, Customer will be able to update its designated users directly through SVPCO. Bank may conclusively rely upon any information or instructions purported to be sent by Customer through Online Adjustment. Customer agrees that Bank may charge Customer's Account for any adjustments and related fees. Customer agrees that the Bank shall have no responsibility with regard to the adjustment information transmitted through Online Adjustment. Notwithstanding anything to the contrary in these Service Terms or the Account Documentation, Online Adjustment will automatically terminate upon the termination or expiration of the agreement covering the SVPCO online adjustment service between Bank and The Clearing House.

### **H. RESERVED**

### **I. RESERVED**

### **J. VIRTUAL REMIT SERVICE TERMS**

Virtual Remit is a remote scanning service that processes remittances and promotes Customers' efficiency in their businesses. Through this service, Customer's remittance deposits can be imaged and transferred to the Bank via a Bank supplied data platform for further processing and posting to Customer's deposit account.

#### **1. Service**

The Bank, which may include designated agents of the Bank, will provide Customer with Virtual Remit services for domestic transactions (the "Service") in accordance with the provisions set forth in this document (the "Service Terms"). The Service allows Customer to electronically transmit deposits of eligible checks and items (eligible checks and items are limited to personal checks, money orders, business checks, cashiers checks, traveler's checks payable in U.S. Dollars and drawn on U.S. banks or U.S. Postal Service Money Orders, payable to Customer) by using a capture device, including a desktop scanner or mobile device (hereinafter referred to as a "Scanner"), to create an electronic image of an original paper check or item and other paper source documents (collectively, "Item") and transmitting the image of the Item ("Item Image") and related data to Bank. The provisions of the Lockbox Service Terms, Account Terms, Client Access Service Terms, and any other applicable Service Terms (collectively, the "Account Documentation") are incorporated into these Service Terms by reference. If and to the extent there is a conflict between the Account Documentation and these Service Terms, the provisions of these Service Terms will prevail. If and to the extent there is a conflict between the Agreement and these Service Terms, the Professional Service Agreement will prevail.

- a. Customer agrees that after the Item Image has been created and transmitted to the Bank for deposit, Customer shall not otherwise transfer or negotiate the original Item, substitute check or any other image of the Item. Customer further agrees that Customer shall be solely responsible for the original Items, including storage, retrieval and destruction. Customer must have in place policies and procedures for the secure storage and destruction of the original Items.
- b. Customer agrees that a copy made from the Item Image or substitute check of the Item, as defined by federal law, will become the legal representation of the Item for all purposes, including return item processing.
- c. Subpart B of Federal Regulation CC (availability of funds) does not apply when electronic images of Items are transmitted to Bank. Funds from deposits made via this Service will be available in accordance with the availability schedule for the Service. However, Bank may apply additional delays on the availability of funds based on any other factors as determined in the Bank's sole discretion.

#### **2. Processing**

Customer shall provide through Bank approved devices, including a desktop scanner or mobile device, the Item Images in the format and specifications and in accordance with the procedures required by the Bank. The Bank may process the Items as substitute checks, electronic

images or photos-in-lieu, as may be applicable for further clearing through another financial institution, clearinghouse or the Federal Reserve Bank. Customer assumes sole responsibility for the creation of these images and their subsequent provision to the Bank. If any Item Image does not meet the Bank's or any transferee's standard processing requirements, in processing such Items, Customer assumes all risk of loss or delay and authorizes the Bank to either (a) return the Item to Customer without further processing, (b) process the Item as sent from Customer, (c) process the Items as photos--in-lieu of the originals, or (d) repair or attempt to repair the items for further processing. Access to the Item Images and the use of a mobile device in conjunction with the Service are governed by the Client Access Service Terms, as may be amended from time to time.

### 3. Deposit Time

Item Images are deemed received by the Bank when the Item Images have been transferred onto the Bank's system and validated by the Bank. Based upon the size of the batch of items, there may be a significant delay between the time Customer begins to send the items and the completion of the transfer as stated above. If Bank receives and validates the submitted deposit transmission no later than the Bank's designated cut off time (the "Cutoff Time") on a day that the Bank is generally open for business, i.e., Monday through Friday excluding weekends and state or federal holidays ("Business Day"), Bank will consider that Business Day to be the day of deposit (i.e., the date deposit is credited). If Bank receives and validates the submitted deposit transmission after the Cutoff Time or on a non-Business Day, the deposit will be considered to be made on the next Business Day. Whether the Cutoff Time has been met will be determined by the time displayed on the Bank's internal system clocks which may not necessarily be synchronized with the internal clock displayed on Customer's computer or device. For this reason, Bank suggests that Customer submit its deposit transmissions to Bank sufficiently in advance of the Cutoff Time to avoid the possibility of missing the Cutoff Time.

### 4. Foreign Items

The Service only accepts and processes Items drawn on U.S. chartered banks.

### 5. Warranties.

5.1 Customer represents and warrants to Bank that:

- Customer will capture and transmit all Item Images using Bank approved hardware and software applicable to the Service's function;
- Any image Bank receives accurately and legibly represents all of the information on the front and back of the Item as of the time the Item was truncated;
- The information Customer transmits to Bank corresponding to an Item contains a record of all applicable MICR-line information required for a substitute check and the accurate amount of the Item;
- The Item Image conforms to the technical standards for an electronic Item set forth in Regulation J or Federal Reserve Bank Operating Circular 3, and for a substitute check set forth in Regulation CC;
- No person will receive a transfer, presentment, or return of, or otherwise be charged for, the Item (either the original Item, or a paper or electronic representation of the original Item) such that the person will be asked to make payment based on an Item it has already paid;
- Customer will not redeposit through this Service any Item previously deposited and returned to Customer;
- Customer will employ commercially reasonable security measures, including firewalls, sufficient to protect against unauthorized access or duplicate presentment;
- Customer will only transmit Items that originated as paper checks;
- Customer will comply with all applicable laws and regulations;
- Customer will not use the Service for any purpose prohibited by foreign exchange regulations, postal regulations or any other treaty, statute, regulation or authority; and
- If Customer is depositing Items on behalf of third parties, Customer also represents and warrants to the Bank that with respect to each Item deposited through the Service, the owner of the Item has authorized the electronic transmittal of the Item and guarantees all prior endorsements; Customer has established an anti-money laundering program in compliance with anti-money laundering laws and regulations applicable to it and such anti-money laundering program includes policies, procedures and controls designed to detect and prevent money laundering, including "know-your-customer" policies and procedures, monitoring of transactions for suspicious activities and reporting of suspicious activities, which Customer believes effectively prevents the use of Customer's operations, personnel or facilities for money laundering purposes.

**6. New Features.** Bank may, from time to time, introduce new features to the Service or modify or delete existing features in its sole discretion. Bank shall notify Customer of any of these changes to features if Bank is legally required to do so. By using any new or modified features when they become available, Customer agrees to be bound by the rules concerning these features.

**7. Disclaimer.**

Bank makes no representations or warranties, whether express, implied or statutory regarding or relating to any of the software, capture devices or other hardware and/or access to or use of them or the related materials and the Service. Bank specifically disclaims any and all implied warranties of merchantability and fitness for a particular purpose and non-infringement; provided, however, in the case of infringement claims, Bank will indemnify Customer for such claims as set forth and subject to the limitations in the Agreement. Bank and its subcontractors also do not guarantee that Customer's access to the Services will be uninterrupted, error free or secure.

**8. Indemnification. (Intentionally Omitted)**

**9. Customer Liability.**

Customer shall be solely responsible if any item for which Customer has been given provisional credit is returned or reversed, and neither Bank nor its subcontractors shall be liable or responsible for same. Customer acknowledges that all credits received for deposit are provisional, subject to verification, final settlement, warranty claims or return. Information and data reported under these Service Terms: (a) may be received prior to final posting and confirmation and are subject to correction and (b) are for informational purposes only and may not be relied upon. Customer agrees that Bank shall have no liability for the content of payment-related information as received from Customer. Customer shall be solely responsible for the original Items, including storage, retrieval and destruction. Customer agrees to provide a legible copy of an image or the original Item if requested by the Bank. If Customer is unable to provide the original or legible copy, Customer shall be liable for any associated loss or claim involving the Item.

**10. Suspension/Cancellation of Service.**

Bank reserves the right to suspend or terminate the Service, in whole or in part if Bank reasonably believes Customer is in material breach of these Service Terms or is otherwise using or accessing the Service in a manner inconsistent with the rules and regulations relating to the Service being provided and such breach, use or access is not cured within ten business days after notice to Customer. This Service will automatically terminate if Customer's account with the Bank is closed for any reason.

**11. Intellectual Property Ownership.**

Neither these Service Terms nor the provision of the Service transfer to Customer any ownership or proprietary rights in the Bank's technology or any work or any part thereof, and all right, title and interest in and to the Bank's technology will remain solely with Bank or its subcontractors.

**12. Audits.** Customer agrees that the Bank shall have the right to audit Customer's books, records, processes and procedures for managing and maintaining the security and safety of the scanners, transmissions and original Items, including the right to audit Customer's and Customer's agents, if any, physical locations where Customer scans original Items and processes electronic check images and data related to the Service. Customer agrees that the use of scanners, including mobile devices, in conjunction with this Service is limited to the United States.

## **K. CLIENT ACCESS**

**1. Service**

The Bank will provide a service (the "Service") for electronic access to Customer's account information, reports and data (collectively, "Data") and for the electronic transmission to the Bank of messages, service requests, and payment and non-payment instructions (each an "Instruction") and from the Bank of messages, notifications and alerts, via the online (including mobile) and host-to-host/file transfer channels. The Bank reserves the right to modify the applications and products (each an "Application") available via the Service, upon notice to Customer.

**2. Security Procedures and Other Controls**

**2.1. Security Procedures.** The security procedures for each channel are as set forth below, as may be modified on notice to Customer through any medium (each, a "Security Procedure"). Any Instruction, the authenticity of which has been verified through a Security Procedure, shall be effective as that of Customer, whether or not authorized, and notwithstanding that the Instruction may result in an overdraft of an Account. Administrative Procedures (as defined in Section 2.2 below) and unilateral Bank controls shall not be deemed to be Security Procedures for purposes hereof unless explicitly identified as such in writing.

- a. **Online Channel.** The Security Procedure for verifying payment Instructions issued (released) via the online channel is validation of an identification code and confidential password of an Authorized User (as defined in Section 2.4 below) and a token code generated by a Bank issued or approved security device ("Security Device") assigned to that Authorized User; provided that the Security Procedure for

verifying payment Instructions issued (released) via the mobile application is validation of the registration of the mobile device, a biometric identifier and the private swipe key of an Authorized User.

- b. **Host-to-Host/File Transfer Channel.** The Security Procedure for verifying payment Instructions issued (released) via the host-to-host/file transfer channel is authentication of a digital signature using a Signature Certificate, as set forth in Section 8 below.

In addition to the Security Procedures described above, the applicable Security Procedure also includes transaction review based on various risk characteristics. The transaction reviews will be conducted in accordance with commercially reasonable protocols selected by the Bank. Additional authentication from Customer, such as call-back verification, may be required to complete certain transactions identified by the Bank through transaction review.

Customer shall notify the Bank immediately of loss or theft of a Security Device, any unauthorized use of a Security Device, or any other breach of security, including the compromise of a Certificate (as defined below). The Bank may dishonor or disable any Security Device at any time and will inform Customer of the same. Customer agrees to safeguard all Security Devices and to instruct each Authorized User to do the same. Customer will be responsible for ensuring that the Security Devices are known to and used only by Authorized Users.

- 2.2. **Administrative Procedures.** The Bank offers numerous controls that Customer may implement to reduce the risk of erroneous or unauthorized transactions ("Administrative Procedures"). These procedures, which may include account and transaction limits, single machine registration and IP filtering, among others, may be supplemented and modified by the Bank from time to time.
- 2.3. **Security Administrator Designation.** Customer shall designate security administrators who shall have equal authority in accordance with the administrative control procedure for each Application and/or the authority to add, update or delete security keys in connection with the host-to-host/file transfer channels. Customer agrees to notify the Bank of any change in security administrators in the manner and form designated by the Bank. Any such changes shall be effective at such time as the Bank has received such notice and has had a reasonable opportunity to act upon it.
- 2.4. **Security Administrator Responsibilities.** The security administrators shall be responsible for (i) designating individuals as users ("Authorized Users"); (ii) identifying the functions of the Service, including the Mobile Application (as defined in Section 7 below), that each user may access; (iii) requesting, creating, controlling, disseminating, and/or canceling user entitlements; (iv) receiving and distributing materials, notices, documents and correspondence relating to the security procedures; and (v) advising each user of his/her obligations hereunder or under any of the applicable Account Documentation (as defined in Section 6 below). The security administrators shall provide to the Bank, upon the Bank's request, a list of Authorized Users. In the absence of a valid designation of a security administrator at any time, the Bank may deliver Security Devices and materials to any person authorized to act on behalf of Customer with respect to the accounts.
- 2.5. **Processing.** The application of the Security Procedures and any unilateral controls implemented by the Bank may cause delays in processing Instructions or result in the Bank declining to execute an Instruction.

### 3. Open Network Access; Equipment

THE SERVICE IS PROVIDED "AS IS" AND "AS AVAILABLE". TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, ALL WARRANTIES AND REPRESENTATIONS, EXPRESS, STATUTORY OR IMPLIED, WITH REGARD TO THE SERVICE ARE HEREBY DISCLAIMED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE AND COURSE OF DEALING OR USAGE OF TRADE OR WARRANTIES OF NON-INFRINGEMENT OR WARRANTIES AS TO ANY RESULTS TO BE OBTAINED FROM THE USE OF THE SERVICE; PROVIDED HOWEVER, IN THE CASE OF INFRINGEMENT CLAIMS, BANK WILL INDEMNIFY CUSTOMER FOR SUCH CLAIMS AS SET FORTH AND SUBJECT TO THE LIMITATIONS IN THE AGREEMENT. TO THE EXTENT THAT ANY IMPLIED WARRANTIES CANNOT BE DISCLAIMED UNDER APPLICABLE LAW, ANY SUCH IMPLIED WARRANTIES ARE LIMITED IN DURATION TO 30 DAYS FROM THE INITIAL DELIVERY DATE OF THE RELEVANT SERVICE. THE BANK AND ITS THIRD PARTY DATA AND SERVICE PROVIDERS DO NOT WARRANT OR GUARANTEE THE SECURITY, SEQUENCE, TIMELINESS, ACCURACY OR COMPLETENESS OF THE DATA OR THAT ANY PART OF THE SERVICE WILL BE ERROR-FREE OR UNINTERRUPTED.

Customer is responsible for, at its sole expense, obtaining, installing, maintaining and operating all browsers, software, hardware, telecommunications equipment or other equipment (collectively, "System") necessary for Customer to access and use the Service in accordance with the Bank's recommended system configuration. Customer shall at all times maintain current and effective anti-virus and anti-spyware software and shall take all reasonable measures to maintain the security of its System. Customer acknowledges that there are certain security, corruption, transmission error, and access availability risks associated with using open networks such as the Internet. Customer further acknowledges that it has made an independent assessment of the adequacy of the Internet, the System and the Security Procedures in connection with the use of the Service. Customer assumes all risks associated with the operation, performance and security of its System and the use of open networks, and the Bank disclaims all such risks. The Bank makes no endorsement of any System or third party site, notwithstanding that the Bank may recommend certain Systems or provide a link to a third party site where Customer may download software.

### 4. Instructions; Data

- 4.1. Customer shall be solely responsible for the genuineness and accuracy, both as to content and form, of all Instructions properly received by the Bank.

- 4.2. Customer acknowledges that Data may not have been reviewed by the Bank, may be inaccurate, and may be periodically updated and adjusted. The Bank is not obligated to assure the accuracy of Data and will not be liable for any loss or damage arising out of the inaccuracy of Data. Further, the Bank shall have no liability for the receipt or viewing by any party of Data sent to the destinations designated by Customer, including but not limited to email addresses, fax and telephone number(s).

## 5. Customer Warranties

Customer represents and warrants to the Bank that: (i) prior to submitting any document or Instruction that designates Authorized Users, Customer shall obtain from each individual referred to in such document or Instruction all necessary consents to enable the Bank to process the data set out therein for the purposes of providing the Service; (ii) Customer has accurately designated in writing or electronically the geographic location of its Authorized Users and shall provide all updates to such information; and (iii) Customer shall not access the Service from any jurisdiction which the Bank informs Customer or where Customer has knowledge that the Service is not authorized. Customer hereby represents and warrants to the Bank that these Service Terms constitute its legal and binding obligations enforceable in accordance with its terms.

## 6. Miscellaneous

- 6.1. The additional jurisdiction specific provisions set forth in the attached Exhibit are applicable to Customer based on the domicile of Customer. Where any local laws or regulations of any jurisdiction apply as a result of Customer's Authorized Users accessing the Service from such jurisdiction or as a result of the location of such accounts in such jurisdiction, the jurisdictional specific provisions of that jurisdiction shall apply to the use of the Service by such Authorized Users. The Bank's terms governing the business accounts and services, including service terms that govern the Bank's processing of Instructions transmitted via the Service ("Account Documentation"), are incorporated herein, as the same may be amended from time to time. If and to the extent that there is a conflict between the Account Documentation and these Service Terms, the provisions of these Service Terms shall prevail.
- 6.2. These Service Terms shall be governed by and construed in accordance with the laws of the State of California, USA (without reference to the conflict of laws rules thereof).
- 6.3. All disputes arising outside the United States relating to or in connection with these Service Terms shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules. The place of arbitration shall be (i) Singapore where the dispute arises in Asia and (ii) London where the dispute arises elsewhere (other than the United States) and the arbitration shall be conducted in English. With respect to any dispute, suit, action or proceedings arising in the United States relating to these Service Terms, Customer irrevocably submits to the non-exclusive jurisdiction of the court of the State of California located in Sonoma County, California and the United States District Court located in the Northern District of California, if federal jurisdiction is present.

## 7. Mobile Application

The Service is available via a Bank mobile application (any such application, including released modifications, updates, upgrades, successor and substitute software programs as may have been provided by the Bank to Customer, a "Mobile Application").

- 7.1. Accepting use of the Bank's SMS Text Notification Service and/or the Mobile Application service constitutes Customer's authorization for the Bank to send Data, message notifications and alerts through any communication service providers, including both Internet and telecommunications providers, which shall each be deemed to be acting as Customer's agent. Such providers may not encrypt communications.
- 7.2. Authorized Users may be required to accept an application agreement or license in order to download the Mobile Application. Customer acknowledges that the Account Documentation shall in all cases govern the provision of these services.
- 7.3. Customer acknowledges that the Bank shall not be liable for any delays in any Data, message notification or alert delivered via any mobile device.

## 8. Host-to-Host/File Transfer Services

The Service is available via host-to-host/file transfer Services. Customer and the Bank will use the following procedures for the use of a transport certificate, which establishes a secure session between the Bank and Customer on the basis of the corresponding security key (the "Transport Certificate"), and a digital signature certificate, which authenticates transmitted files on the basis of the corresponding security key (the "Signature Certificate"). Each of the Signature Certificate and the Transport Certificate are referred to herein as a "Certificate" and the corresponding security key as a "Security Key".

- 8.1. **Customer Requests.** Customer shall comply with the Bank's procedures notified to Customer for any request that the Bank add, update or delete a Security Key. Customer may contact Customer's customer service office (or other designated Bank representative as the Bank may direct) for assistance with any such request. Any request to add or update a Security Key shall include the applicable Certificate, a text file or other physical representation of the public Security Key of such Certificate and the requested date and time for the action to be taken, which shall be no earlier than two U.S. banking days after the Bank's receipt of the request.



- 8.2. **Security Key Updates.** The Bank shall have the right to rely on any request that the Bank believes in good faith to have been sent by the designated security administrator, notwithstanding that such security administrator may be a third party agent acting on behalf of Customer. Upon successful validation of a Customer's request, the Bank will reply confirming receipt of the Security Key file and the scheduled date and time for the action to take place. Requests for security key additions, updates or deletions will be actioned during the course of normal business hours, Monday through Friday, 8:30 AM – 5:30 PM Eastern Time (United States).
- 8.3. **Administrative Procedures: Certificate Requirements.** Customer agrees to comply with Bank's Administrative Procedures for Certificates, including the following:
- (i) Certificates must have a finite validity period, the maximum length of which is determined by the combined use of a Transport Certificate and a Signature Certificate.
    - If digital-signature is applied to the file/payload, then the following applies:
      - The Signature Certificate validity period is limited to five years, provided that the Transport Certificate validity period is two years or less; OR
      - The Transport Certificate validity period is limited to five years, provided that the Signature Certificate validity period is three years or less.
    - If no digital-signature is used, then the Transport Certificate validity period is limited to two years.
  - (ii) No Certificate shall be accepted unless it adheres to the following cryptographic specification:
    - Message digest: SHA-1, SHA-2, AES256
    - Asymmetric algorithm: RSA, DSS
    - Asymmetric algorithm key length: 2048 bits or more
- 8.4. **Certificate Expiration.** Notwithstanding any courtesy notifications from the Bank regarding Customer's impending Certificate expiration, Customer acknowledges that it is Customer's sole responsibility to update the Certificate prior to its expiration date. The Bank shall have no liability for any loss or damage (including, for the avoidance of doubt, any indirect, special, punitive or consequential damages or losses) arising from Customer's failure to timely update its Certificate. To allow for proper execution of administrative procedures, and to prevent any lapse in service or emergency procedures, Customer must request a Certificate change at least 30 days prior to actual Certificate expiration.

## Jurisdiction Specific Provisions Exhibit

### A. Australia & New Zealand

To the extent that any supply made by the Bank under these Service Terms is a taxable supply for the purposes of the Australian Goods and Services Tax, or that goods and services tax under the New Zealand Goods and Services Tax Act 1985 is payable in respect of any supply under this License Agreement, ("GST"), the fees payable in respect of that taxable supply ("original amount") will be increased by the amount of GST payable in respect of that taxable supply. Customer must pay the increased amount at the same time and in the same manner as the original amount.

### B. Peoples Republic of China

Any dispute arising from or in connection with these Service Terms shall be submitted to the China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration which shall be conducted in accordance with its arbitration rules in effect at the time of applying for arbitration. The hearing place shall be Beijing. The arbitral award is final and binding upon both parties.

### C. Indonesia

The Bank and Customer agree that, for the effectiveness of any termination of these Service Terms or the Services provided hereunder, they hereby waive any provisions, procedures and operation of any applicable law to the extent a court order is required for the termination of these Service Terms and the Account Documentation as applicable to the services provided under these Service Terms.

Section 7.3 shall be replaced by "Except for losses directly resulting from errors or delay caused by the Bank's gross negligence or willful misconduct, Customer acknowledges that the Bank shall not be liable for any delays in any Data, message notification or alert delivered via any mobile device."

**D. Malaysia/Labuan –**

- (i) The following terms shall apply in relation to the Service where it is provided in relation to accounts in Malaysia/Labuan and/or where the Service is provided in Malaysia/Labuan:
  - (a) Any references in the Service Terms to the term “Bank,” shall mean J.P. Morgan Chase Bank Berhad (for Malaysia) and J.P. Morgan Chase Bank, N.A., Labuan Branch (for Labuan).
  - (b) Customer acknowledges that it may, through its security administrators, create maximum limits (at a user entitlement level) in relation to funds transfers that may be conducted using the Service, to limit Customer's risks. Notwithstanding anything to the contrary in these terms, Customer shall not be liable for any loss which is not attributable to or contributed to by Customer.
- (ii) If the Service is to be accessed by a Customer (1) who is domiciled or incorporated in Malaysia (other than Labuan), or (2) in Malaysia (other than Labuan), that Customer undertakes not to access or utilize or attempt to access or utilize the Service provided by J.P. Morgan Chase Bank Berhad through any JPMorgan website other than <http://www.jpmorganaccess.com.my>.

**E. Republic of China (Taiwan)**

Section 7.3 shall be replaced by “Except for losses directly resulting from errors or delay caused by the Bank’s gross negligence or willful misconduct, Customer acknowledges that the Bank shall not be liable for any delays in any Data, message notification or alert delivered via any mobile device.”

Customer acknowledges that it will take steps to ensure it enters into the correct website before attempting to access the Service.

Notwithstanding anything to the contrary contained in these Service Terms and the Account Documentation as applicable to the services provided under these Service Terms, the Bank shall have the right to proceed against Customer in any other competent court in any other jurisdiction where Customer’s assets are situated from time to time and Customer agrees to submit to the jurisdiction of any court so chosen by the Bank. Customer further agrees to waive any objections on the ground of venue or forum non conveniens or any similar ground. The taking of proceedings in any jurisdiction shall not preclude the taking of proceedings in any other jurisdiction whether concurrently or not. Customer irrevocably and unconditionally waives any objection it may now or subsequently have to the choice of venue of any legal action arising out of or relating to these Service Terms and the Account Documentation as applicable to the services provided under these Service Terms. Customer also agrees that a final judgment against it in any such legal action shall be final and conclusive.

**F. European Union.**

Customer acknowledges that it is not a “consumer” for the purpose of the European Union’s Electronic Commerce Directive (“ECD”) (i.e. that it is not an individual) and agrees that the Bank shall not be required to make any disclosures or do any other thing which a non-consumer may agree not to require under the UK rules and legislation implementing the ECD. For further information on the Bank, please see “Notice regarding EU e-commerce information” in the Terms & Conditions on <http://www.jpmorgan.com>.

- (i) The Bank will collect information about Customer and Customer’s employees and agents (such as, without limitation, authorized signatory details) which may constitute personal data for the purposes of the Data Protection Act 1998 (the “Act”) and other relevant data protection legislation. Such personal data may be collected by or on behalf of the Bank in a number of ways (the “Collection Methods”), including via documentation relating to the provision to or use by Customer of electronic banking services, or via Customer’s use of such electronic banking services, and via other correspondence or communications between Customer and the Bank.
- (ii) The Bank will use personal data collected by it or on its behalf via the Collection Methods for the following purposes (the “Purposes”), namely for the purpose of providing the services to Customer in accordance with these Terms and the Product Terms, for the Bank’s internal administrative purposes, for contacting Customer about products and services which the Bank or other members of the Bank’s group offer which the Bank believes may be of interest to Customer, and as may be otherwise required by law or applicable regulatory or governmental authorities, and such purposes may include transfer of such personal data outside of the European Economic Area to the Bank’s subsidiaries or other connected companies or to other organizations as may be required by law or other applicable regulatory or governmental authorities.
- (iii) Customer shall ensure that any disclosure of personal data made by it or by its employees or agents via the Collection Methods which relate to Customer’s employees or agents is only made following notification by Customer to data subjects of the Purposes for which their personal data may be processed by or on behalf of the Bank, and is otherwise fair and lawful.

## INTRODUCTION

This document, (the "Account Terms") contains the general terms, conditions and disclosures for the Accounts and Services selected by Customer. References to "Bank" shall mean **JPMorgan Chase Bank, N.A.**. References to "Customer" shall mean the **City of Santa Rosa**. All accounts subject to the Account Terms are, regardless of their location, referred to as "Accounts". References to "Services" shall mean services offered by Bank and subject to the Account Terms and any applicable Service Terms. References to "Service Terms" shall mean any terms and conditions regarding specific types of Accounts or Services that are subject to the Account Terms. In addition to the Account Terms and Service Terms, the Accounts are subject to other Account-related documentation, including signature cards and application forms (the "Account Documentation").

Customer shall not transfer any of its rights and obligations in an Account or with respect to a Service, or create any form of security interest over such rights and obligations in an Account, without the prior written consent of Bank. Failure to obtain Bank's prior written consent constitutes a breach of these Account Terms by Customer and may result in immediate closure of Accounts or termination of Services.

The Account Terms, Account Documentation and Service Terms may vary applicable law to the maximum extent permitted under any such law. Any provision of applicable law that cannot be varied shall supersede any conflicting term of the Account Terms, Account Documentation or Service Terms.

## 1. Authorized Persons.

- 1.1 Authorized Persons.** Bank is authorized to rely upon any document that identifies a person authorized to act on behalf of Customer ("Authorized Person") with respect to the Accounts and Services, until the authority for such Authorized Person is withdrawn by Customer upon written notice to Bank, and Bank has had a reasonable opportunity to act on such notice. Customer will provide a specimen signature for each Authorized Person in the manner requested by Bank.
- 1.2 Authorizations.** Each Authorized Person is independent of Bank, and, subject to any written limitation provided by Customer and received and accepted by Bank, is authorized on behalf of Customer to: open, operate and close Accounts; overdraw Accounts as permitted by Bank; appoint and remove Authorized Persons; execute or otherwise agree to any form of agreement relating to the Accounts or Services, including Account Documentation; execute guarantees, indemnities or other undertakings to Bank in relation to guarantees, letters of credit or other financial transactions, or in relation to missing documents; draw, accept, endorse or discount checks, drafts, bills of exchange, notes and other financial instruments ("Items"); receive materials related to security procedures; and give instructions ("Instructions"), including requests and payment orders, by means other than the signing of an Item, with respect to any Account transaction. Without limitation, such Instructions may direct: (i) the payment, transfer or withdrawal of funds; (ii) the disposition of money, credits, items or property at any time held by Bank for account of Customer; (iii) the provision of access as described in Section 1.4 (*Third Party Access*) and Section 2.1 (*Third Party Instructions*) below; or (iv) any other transaction of Customer with Bank.
- 1.3 Facsimile Signatures.** If Customer provides Bank with facsimile signature specimens, or if Customer issues Items with a facsimile signature on one or more occasions, Bank is authorized to pay Items signed by facsimile signature (including computer generated signatures) if the actual or purported facsimile signature, regardless of how or by whom affixed, resembles the specimens filed with Bank by Customer, or resembles a specimen facsimile signature otherwise employed for Customer's benefit.
- 1.4 Third Party Access.** Customer may request that Bank permit a third party to have access to an Account by submitting an access request in a form acceptable to Bank (an "Access Request", and the third party designated in such form will be referred to as a "Third Party"). Each Third Party is authorized by Customer to issue Instructions to Bank in relation to an Account, including to initiate payments and transfers against an Account, and to access and receive balance and transaction information (including account statements, information reporting and transaction advices) by any method of communication, including Bank's electronic channels, facsimile transmission, in writing, by telephone and SWIFT, and Bank is authorized to act on such Instructions and provide such access as described in this Section and Section 2.1 (*Third Party Instructions*) below. Subject to the Third Party's completion of documentation required by Bank, Bank is authorized to act upon any Instructions issued in the name of any authorized person of the Third Party who has been nominated by the Third Party in a form acceptable to Bank, and such authorized person shall be deemed an Authorized Person with respect to the provisions of these Account Terms relating to the use of the Accounts and the giving of Instructions with respect to the Accounts. Customer may revoke an Access Request at any time by giving Bank written notice of such revocation; such revocation shall be effective when Bank has received such notice and has had a reasonable opportunity to act upon it.

## 2. Instructions; Security Procedures.

- 2.1 Security Procedures Generally.** When issuing Instructions, Customer is required to follow Bank's security procedures as communicated to Customer by Bank from time to time, including the procedures set forth herein, and shall be bound by such security procedures for use of the Service. Upon receipt of an Instruction, Bank will use the security procedures to verify that the Instruction is effective as that of Customer. A security procedure may require the use of algorithms or other codes, identifying words or numbers, encryption, call back procedures or similar security devices. It is understood that the purpose of the security procedure is to verify the authenticity of, and not to detect errors in, Instructions. Customer shall safeguard the security procedure and make it available only to persons that it has authorized. Any Instruction, the authenticity of which has been verified through such security procedure, shall be effective as that of Customer, whether or not authorized. An authenticated SWIFT or host-to-host (secure communications channel for data transfer) message issued to Bank in the name of Customer shall be deemed to have been given by an Authorized Person. For SWIFT, the security procedure shall be the authentication procedures established by SWIFT.

**Security Procedure for Verbal or Written Instructions.** Unless Customer and Bank have agreed in writing to an alternate security procedure, Bank may verify the authenticity of verbal or written (including those transmitted by facsimile) funds transfer Instructions by telephonic call-back to an Authorized Person. Customer agrees that this security procedure is commercially reasonable for such Instructions.

**Third Party Instructions.** The security procedures applicable to Instructions from any Third Party shall be those security procedures established by Bank with the Third Party. Any Instruction that Bank receives from the Third Party, the authenticity of which has been verified through such security procedure, shall be effective as that of Customer, whether or not authorized, and shall be deemed an Instruction given on behalf of Customer for all purposes of these Account Terms. The Bank is authorized to act upon any Instructions received via any of the SWIFT BIC codes specified in an Access Request whether or not such SWIFT BIC codes are associated with Customer or the Third Party.

**2.2 Confirmations.** If Customer, other than with respect to security procedures, chooses to confirm an Instruction, any confirmation must be clearly marked as a confirmation, and, if there is any discrepancy between an Instruction and a confirmation, the terms of the Instruction shall prevail. Subject to Section 2.1 (*Security Procedure for Verbal or Written Instructions*), Bank may, at its option, confirm or clarify any request or Instruction using any means, even if a security procedure appears to have been followed. If Bank is not satisfied with any confirmation or clarification, it may decline to honor the Instruction.

### **3. Deposits.**

**3.1 Processing Incoming Items.** All Items deposited or cashed are received for collection only, and are received subject to final payment. The Bank may agree with other banks and clearing houses to vary procedures regarding the collection or return of Items, and deadlines to the extent permitted by applicable law or practice. The Bank chooses the method of collecting Items and may use other banks in the process. The Bank will present Items in accordance with the custom and practice of the jurisdictions in which the Items are handled for collection. The Bank is not responsible for actions or omissions of other banks, nor for the loss or destruction of any Item in the possession of other banks or in transit. Customer shall use reasonable efforts to assist Bank in locating or obtaining replacements of Items lost while in Bank's possession.

**3.2 Availability of Funds; Credits Not Received.** Credits and deposits to an Account will be available in accordance with Bank's availability policy and applicable law. If Bank credits an Account: (i) in contemplation of receiving funds for Customer's credit and those funds are not actually received by Bank; or (ii) in reliance on a transaction which is subsequently returned, reversed, set aside or revoked, or if Bank does not receive funds for Customer's credit for value on the date advised by or on behalf of Customer, or if final settlement is not received by Bank for any reason, then Bank shall be entitled to debit any Account of Customer with the amount previously credited and/or with any other charges incurred, even if doing so creates or increases an overdraft.

**3.3 Collection Basis Processing.** If an Item is processed by Bank on a collection basis, Bank may defer credit to the relevant Account until it has received final, non-reversible, payment in accordance with applicable law and market practice.

### **4. Payment of Items.**

**4.1 Processing Outgoing Items.** The Bank is authorized to pay any Item drawn on the Account, in accordance with Bank's usual procedures, including any Item that purports to be a substitute check. The Bank is authorized to debit the Account on which the Item is drawn on the day the Item is presented, certified or accepted, or at such earlier time when Bank receives notice by electronic or other means that an Item drawn on an Account has been deposited for collection. The Bank may determine Account balances in order to decide whether to dishonor an Item for insufficient funds at any time between receiving such presentment or notice and the time of the return of the Item, and need make no more than one such determination.

**4.2 No Inquiry.** The Bank is authorized to pay all Items presented to it or cashed at Bank, regardless of amount and without inquiry as to the circumstances of issue, negotiation or endorsement or as to the disposition of proceeds, even if drawn, endorsed or payable to cash, bearer or the order of the signer or any Authorized Person or to a lender in payment of the signer's or Authorized Person's obligations.

**4.3 Limitations.** Customer shall immediately notify Bank if it becomes aware that any Items (whether completed or blank) are lost or stolen. Customer shall not allow any third party to issue Items against or otherwise use the Accounts unless specifically agreed to in writing by Bank. Customer shall not issue Items that are post-dated, and Bank shall not be liable for any damages caused by premature payment or certification of a post-dated Item. Further, Customer shall not put any condition, restriction or legend on any Item, and Bank is not required to comply with any such condition, restriction or legend.

**4.4 Electronic Processing; Specifications.** The Bank may process any Item by electronic means. All Items issued by Customer against any Account must comply with industry standards and Bank's check specifications and image standards, published from time to time. The Bank shall not be liable for damages or losses due to any delay or failure in procuring, collecting or paying Items not conforming to such specifications or standards, except to the extent such losses or damages are the direct result of Bank's gross negligence or willful misconduct.

### **5. Funds Transfer Instructions.**

**5.1 Processing Funds Transfer Instructions.** Customer may issue funds transfer Instructions against Accounts, subject to Bank's acceptance. Funds transfer Instructions will be received, processed and transmitted only on Bank's funds transfer business days, and within Bank's established cut-off hours on such days. Communications requesting cancellation or amendment of funds transfer Instructions must be clearly marked as such and received at a time and in a manner affording Bank a reasonable opportunity to act on the communication. Customer may reverse, amend,

cancel or revoke any Instructions only with the consent of Bank and, if applicable, the beneficiary's bank. The Bank will debit the Account for the amount of each funds transfer Instruction accepted by Bank, and Customer authorizes Bank to debit the Account for, or deduct from the amount of the funds transfer, all associated fees, including debit and credit processing charges. In processing a funds transfer, other banks may deduct fees from the funds transfer. No restrictions upon the acceptance of funds transfer Instructions by Bank or upon the Accounts that Bank may debit shall be binding unless agreed to by Bank in writing. The Bank shall not be required to inquire into the circumstances of any transaction.

- 5.2 Acting on Instructions.** Notwithstanding any Instructions by Customer to the contrary, Bank reserves the right to use any funds transfer system and any intermediary bank in the execution of any funds transfer Instruction and may otherwise use any means of executing the funds transfer Instruction that Bank deems reasonable in the circumstances.
- 5.3 Inconsistent Name and Number.** The Bank and other financial institutions, including the beneficiary's bank, may rely upon the identifying number of the beneficiary, the beneficiary's bank or any intermediary bank included in a funds transfer Instruction, even if it identifies a person different from the beneficiary, the beneficiary's bank or intermediary bank identified by name.
- 5.4 Foreign Exchange.** If Bank accepts a funds transfer Instruction issued in Customer's name for payment in a currency (the "Non-Account Currency") other than the currency of the Account (the "Account Currency"), Bank is authorized to enter into a foreign exchange transaction to sell to Customer the amount of Non-Account Currency required to complete the funds transfer and debit the Account for the purchase price of the Non-Account Currency. If Bank accepts a funds transfer Instruction for payment to the Account in a Non-Account Currency, Bank is authorized to purchase the Non-Account Currency from Customer and to credit the purchase price to Customer's Account in lieu of the Non-Account Currency. The purchase price for the foregoing transactions shall be at a rate and spread as Bank determines in its discretion and may differ from rates at which comparable transactions are entered into with other customers or the range of foreign exchange rates at which Bank otherwise enters into foreign exchange transactions on the relevant date. Further, (i) Bank may execute such foreign exchange transactions in such manner as Bank determines in its sole discretion; and (ii) Bank may manage the associated risks of Bank's own position in the market in a manner it deems appropriate without regard to the impact of such activities on Customer. The Bank may also earn a profit which may be imbedded in the applicable rate and/or spread. Any such foreign exchange transaction will be between Bank and Customer as principals, and Bank will not be acting as agent or fiduciary for Customer.

**Foreign Exchange Cancellations, Reversals and Buybacks.** Notwithstanding any prior action or course of dealing, subject to applicable law, Bank has no obligation to cancel, reverse or otherwise buy back foreign currencies purchased by Customer under a Service and Bank makes no commitment to buy back currencies. Customer acknowledges that it may not be able to sell back certain foreign currencies once purchased.

- 5.5 Cancellation of Foreign Exchange Drafts.** Subject to applicable law, Bank may cancel any draft issued by Bank on behalf of Customer in a Non-Account Currency if the draft is not presented for payment within one hundred eighty (180) calendar days after the date of issuance, and Customer authorizes Bank to recredit Customer's Account with an equivalent amount of Account Currency at a foreign exchange rate and spread, and at such date and time, as Bank determines in its discretion. Following such cancellation, Customer shall be responsible for all claims that may be asserted against Bank in respect of the draft.

## **6. Interest; Fees; Taxes.**

- 6.1 Interest.** The Bank may pay interest on balances in interest-bearing Accounts at rates determined by Bank, subject to any withholding or deduction for tax as required by applicable law, including without limitation the Foreign Account Tax Compliance Act ("FATCA"), if applicable, and is authorized to perform any other function (including debiting, blocking or suspending the Accounts) as required by applicable law or practice of any relevant government, regulatory, judicial or tax authority or in accordance with Bank's usual business practice. The Bank may deduct from the Accounts charges for early withdrawals, which may include a deduction from principal (if permitted or required by law). To the extent market interest rates are negative, the rate applied by Bank to interest-bearing Accounts may be negative, in which case Customer may be required to make a negative rate payment, which Bank shall also be entitled to collect by debiting the Account.

### **6.2 Fees and Taxes.**

- (a) The Bank may impose and Customer will pay fees for Accounts and Services provided by Bank, including transaction, maintenance, balance-deficiency, and service fees and other charges (collectively "Fees"). The Bank may debit any Account for Fees and/or Taxes, even if such debit creates or increases an overdraft of the Account. References to "Taxes" shall mean any taxes (including value added taxes, sales taxes and similar taxes), levies, imposts, deductions, charges, stamp, transaction and other duties and withholdings (together with any related interest, penalties, fines, and expenses) in connection with the Fees, Accounts or Services (including payments or receipts to an Account) except if such Taxes are imposed on the overall net income of Bank.
- (b) All payments (including Fees and interest on overdrafts) from Customer to Bank pursuant to the Account Terms, the Service Terms and any Account Documentation shall be in full, without set-off or counterclaim, and free of any withholding or deduction (collectively, a "Deduction") related to any tax or other claim, unless a Deduction is required by applicable law. If any Deduction is required by applicable law in respect of any payment due to Bank, Customer shall:
- (i) ensure that the Deduction is made;
  - (ii) pay the amount of the Deduction as required by applicable law;

- (iii) increase the payment in respect of which the Deduction is required so that the net amount received by Bank after the Deduction shall be equal to the amount which Bank would have been entitled to receive in the absence of any requirement to make any Deduction; and
  - (iv) deliver to Bank, within thirty (30) days after it has made payment to the applicable authority, a certified copy of the original receipt issued by the authority, evidencing the payment to the authority of all amounts required to be deducted.
- (c) All Fees are exclusive of Taxes. In addition to any Fees or other amounts due and except to the extent Bank is otherwise compensated for such Taxes under this Section 6, Customer will pay or reimburse Bank for any Taxes which Bank is required to account for to any tax authority under any applicable law and, where required by applicable law, Customer shall account for any Taxes directly to the applicable tax authority.

**6.3 Documentation and Information.** Customer will provide Bank with such documentation and information as Bank may require in connection with taxation, and warrants that such information is true and correct in every respect and shall immediately notify Bank if any information requires updating or correction.

## **7. Account Statements.**

The Bank will issue Account statements, confirmations, or advices ("Account Statements") at the frequency and in the manner advised to Customer from time to time. Customer is responsible for ensuring that an Authorized Person promptly examines each Account Statement and any accompanying Items that are made available to it by Bank, and reporting any irregularities to Bank in writing, including any claim of unauthorized funds transfer activity. The Bank shall not be responsible for Customer's reliance on balance, transaction or related information that is subsequently updated or corrected or for the accuracy or timeliness of information supplied by any third party to Bank. Internet Account Statements or electronic Account Statements, if applicable, shall be deemed by Customer and Bank to be available to Customer when the Account Statements are posted on the internet and Bank sends an electronic mail notification of availability to Customer, or when Bank sends the electronic Account Statement to Customer. For purposes of determining when an Item is sent to Customer, an image of an Item or information identifying the Item (i.e. Item number, amount and date of payment) is a sufficient substitute for the actual Item.

## **8. Overdrafts.**

**8.1 Overdrafts.** Bank may debit an Account even if the debit may cause or increase an overdraft. Unless otherwise agreed in writing, Bank is under no obligation to permit any overdraft or to continue to permit overdrafts after having permitted an overdraft or to provide notice of any refusal to permit an overdraft, in each case notwithstanding any prior action or course of dealing. Any overdraft shall be immediately due and payable by Customer to Bank, unless otherwise agreed in writing. If Bank permits an overdraft, Bank is authorized to charge interest on the amount of the overdraft as long as the overdraft is outstanding, at a rate determined by Bank, up to the maximum rate permitted by law at the time of the overdraft or at the specific rate agreed in writing between Customer and Bank. Subject to applicable law, interest shall accrue on any negative balance in an Account notwithstanding closure of the Account and/or termination of these Account Terms. If Bank pays an Item that causes or increases an overdraft, Bank may deduct applicable Fees and expenses from the Account without notice.

**8.2 Order of Payment.** When Items and other debits to the Account are presented to Bank for payment on the same day and there are insufficient available funds in the Account to pay all of these transactions, Bank may choose the order in which it pays transactions, including the largest transaction first or any other order determined by Bank, in its sole discretion.

## **9. Set Off.**

Bank may at any time, without prejudice to any other rights which it may have, and without prior notice or demand for payment, combine, consolidate or merge all or any of the Accounts of Customer or may retain, apply or set off any money, deposits or balances held in, or standing to the credit of, any Account in any currency towards payment of any amount owing by Customer to Bank or any of its affiliates in connection with the Accounts and Services. Bank shall be entitled to accelerate the maturity of any time deposit or fixed term deposit. For the purposes of this Section, Bank may effect currency conversions at such times or rates as it may think reasonable and may effect such transfers between any Accounts as it considers necessary. In addition to the foregoing contractual rights, all common law and statutory rights of the Bank and all contractual rights granted under any other agreement between Customer and Bank, in each case whether existing now or in the future, with respect to set off, liens or security interests in the Accounts and/or funds therein are expressly preserved.

## **10. Agents; Information.**

**10.1 Confidential Information.** The Bank agrees to take customary and reasonable measures to maintain the confidentiality of Customer confidential information. Customer authorizes Bank and its affiliates, and their respective agents, employees, officers and directors to disclose Account opening documentation, information with respect to any Account or Service, any banking transaction, and Customer itself, including Customer confidential information, required to provide the services under the Account Terms, Account Documentation and Service Terms, for compliance with legal, tax and regulatory requirements, including without limitation FATCA, if applicable, and for Bank's operational purposes, risk management and compliance with internal policies, when necessary or required: (i) to unaffiliated third parties, including the transmission of information to other banks and clearing houses and through channels and networks operated by third parties, and to agents of Bank; (ii) to a proposed assignee of the rights of Bank; (iii) to branches and affiliates of Bank; (iv) to the auditors, legal advisers and consultants of Bank, its branches and affiliates; (v) to the auditors of Customer; (vi) to Bank's or its affiliates' or Customer's examiners or other regulators, including tax

authorities, law enforcement agencies, courts of competent jurisdiction or other official bodies, anywhere in the world; and (vii) pursuant to subpoena or other court process, or to establish, exercise or defend the legal rights, or satisfy the legal obligations, of Bank and its affiliates.

**10.2 Agents.** The Bank may retain agents to perform data processing, collection and other services in connection with the Accounts and Services.

**10.3 Offshoring.** Subject to applicable laws, including without limitation FATCA, if applicable, processing of Customer confidential information may be performed by any Bank affiliate, including affiliates, branches and units located in any country in which we conduct business or have a service provider. Customer authorizes Bank to transfer Customer Information to such affiliates, branches and units at such locations as Bank deems appropriate.

**10.4 Consents.** Customer represents and warrants that prior to submitting to Bank information about natural persons related to Customer (including Authorized Persons, users of Bank's electronic access systems, officers and directors, employees, beneficial owners, and customers and persons on whose behalf Customer is receiving or transmitting funds, issuing items or maintaining an Account), Customer shall have obtained such consents as may be required by applicable law or agreement, for Bank to process and use the information for purposes of providing the Services.

## **11. Liability Limitation; Force Majeure.**

**11.1 Liability.** Bank, its agents, employees, officers and directors, shall not be liable for any damage, loss, expense or liability of any nature which Customer may suffer or incur, except for direct losses or expenses to the extent caused by the failure to exercise ordinary care or willful misconduct of Bank, its affiliates, or their agents, employees, officers or directors.

**11.2 Force Majeure.** Neither Bank nor Customer shall be liable for any loss or damage, expense or liability of any nature to the other for its failure to perform or delay in the performance of its obligations resulting from an act of God, act of governmental or other authority, de jure or de facto, legal constraint, civil or labour disturbance, fraud or forgery (other than on the part of the other party or its employees), war, terrorism, catastrophe, fire, flood or electrical, computer, mechanical or telecommunications failure or malfunction, including inability to obtain or interruption of communications facilities, or failure of any agent or correspondent, or unavailability or failure of or the effect of rules or operations of a payment or funds transfer system, including non-availability of appropriate foreign exchange or foreign currency, or any cause beyond its reasonable control.

## **12. Indemnity.**

Customer agrees that it shall allow Bank to reverse credit, or reimburse Bank, for returned or dishonored items that had previously been credited to Customer's Accounts, and Customer agrees that it shall reimburse Bank for all overdraft fees, service fees, and out of pocket expenses as may be determined by Automated Clearing House rules or Uniform Commercial Code or other applicable regulations, in each case, incurred by Bank, including but not limited to, fees imposed by applicable law, or rules of clearinghouse networks, funds transfer systems, and the like where such fees are incurred in each case as a direct result of Customer's breach of any obligations or warranties imposed upon or imputed to Customer as a result of its depositing, originating, or negotiating any item or entry, either under these Account Terms, rules of applicable funds transfer systems, Federal Reserve Operating Circulars, the Uniform Commercial Code, clearinghouse rules, or the Check 21 Act and implementing regulations; (ii) Customer's breach of any of the Originator responsibilities under applicable NACHA rules, or (iii) compliance by Bank and any receiving depository financial institution with any request Customer makes for a cancellation, stop payment, reversal or recall of any item or entry. This reimbursement obligation supersedes the indemnification obligations of the Customer, as elsewhere stated in these Account Terms or in the applicable Service Terms.

### **Notices.**

**13.** All Account Statements and notices may be sent to Customer by ordinary mail, courier, facsimile transmission, electronic transmission (including SWIFT communication and emails), through internet sites, or by such other means as Customer and Bank may agree upon from time to time, at the address of Customer provided to Bank. Unless otherwise arranged, all notices to Bank must be sent to Bank officer or service representative managing the Account or to any other address notified by Bank to Customer in writing from time to time, and must be sent by ordinary mail, by courier, by facsimile transmission, by electronic transmission or by such other means as Customer and Bank agree upon from time to time. The Bank shall have a reasonable time to act on any notices received.

## **14. Termination.**

Unless otherwise agreed, either Bank or Customer may close an Account or terminate a Service by giving the other party not less than thirty (30) calendar days' prior written notice of intent to close or terminate. Notwithstanding the foregoing, either party may terminate an Account or a Service upon written notice to the other party in the event of: (i) a breach of the Account Terms, Account Documentation or Service Terms by the other party; (ii) the other party's inability to meet its debts as they become due, receivership, administration, liquidation, or voluntary or involuntary bankruptcy; or the institution of any proceeding therefor, any assignment for the benefit of the other party's creditors, or anything analogous to the foregoing in any applicable jurisdiction, or a determination in good faith by the terminating party that the financial or business condition of the other party has become impaired; (iii) a determination by the terminating party, in its sole opinion, that termination is necessary or required by applicable legal, tax or regulatory requirements, or as a result of a court or regulatory agency order or proceeding; or (iv) a good faith belief by the terminating party that the other party is engaged in activities that are inconsistent with the terminating party's policies. The Bank shall have a reasonable opportunity to act upon any termination request. The Bank shall not be precluded from completing a request or Instruction received by it prior to a termination request based on receipt of such termination request. Notwithstanding anything to the contrary in any Service Terms,

upon the closing of an Account, all Services linked to such Account are simultaneously terminated (unless otherwise specifically agreed to by the parties) and Bank's obligations in respect of such Account or Services will terminate. However, any such closing or termination shall not affect Customer's liabilities to Bank arising prior to, or on, such closing or termination, all of which shall continue in full force and effect. In the absence of Instructions from Customer, Bank may transfer balances to an unclaimed moneys account, or issue a cashier's check, sending it to the address of Customer provided to Bank.

## 15. Account Disclosures.

**15.1 Rejection of Funds.** The Bank may return or refuse to accept all or any part of a deposit or credit to an Account, at any time, and will not be liable to Customer for doing so, even if such action causes outstanding Items to be dishonored and returned, or payment orders to be rejected. Refused deposits will be returned to Customer.

**15.2 Withdrawal.** The Bank may refuse to allow withdrawals from Accounts in certain circumstances, including where: (i) there appears to be a dispute relating to an Account, including disputes regarding the persons authorized to issue Instructions; (ii) legal process affecting the Account is received by Bank, including a levy, restraining notice or, order of a court or other competent authority; (iii) the Account is being used as collateral to secure indebtedness to Bank or its affiliates; (iv) documentation requested by Bank has not been presented; or (v) Customer fails to pay its indebtedness to Bank or its affiliates on time.

**15.3 Payable Branch; Deposits Outside of the U.S.** Any amount standing to the credit of any Account with Bank is payable exclusively at a branch in the country at which the Account is held; however, payment may be suspended from time to time in order to comply with any applicable law, governmental decree or similar order, in any jurisdiction, for the time period affecting Bank, its officers, employees, affiliates, subsidiaries, agents or correspondents. Customer acknowledges that deposits held in a branch of Bank located outside the United States are not payable in the United States and: (i) are not insured by the Federal Deposit Insurance Corporation or any other United States governmental agency; (ii) are subject to cross-border risks; and (iii) have a lesser preference as compared to deposits held in the United States in the event of a liquidation of Bank.

**15.4 Commissions and Rebates.** In connection with the provision of any Service by Bank to Customer, Bank may from time to time receive commission, rebate or similar payments from other banks or third parties.

## 16. Governing Law.

**16.1 Governing Law.** The Account Terms, the relevant Account Documentation and the rights and obligations of Customer and Bank in respect of each Account shall be governed by and construed in accordance with the laws of the country in which the branch holding the relevant Account is located.

**16.2 Waiver of Jury Trial; Limitation of Claims (Intentionally Omitted).**

**16.3 Venue.** In relation to each Account, the courts of the country or state in which the branch of Bank at which the Account is held shall have exclusive jurisdiction to settle any disputes that arise out of or are connected with the Account Terms, the Account Documentation and/or the Account and Customer agrees to submit to the jurisdiction of such courts. This section is for the benefit of Bank only and does not prevent Bank from taking proceedings in the courts of any other country or state with jurisdiction including, to the extent allowed by law, concurrently in any number of countries or states.

## 17. Miscellaneous.

**17.1 Languages.** If the Account Terms, Account Documentation or Service Terms are translated into, or appear in a language other than English, the English language version shall control.

**17.2 Successors.** The term Bank in the Account Terms, the Service Terms and any Account Documentation shall include any successors of Bank, including assignees or successors of JPMorgan Chase Bank, N.A. or its affiliates or any person who under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of Bank or its affiliates hereunder or to which the same has been transferred..

**17.3 Order of Precedence.** Any terms of any supplement, amendment, agreement, Service Terms or notice that are inconsistent with a provision of the Account Terms or the Account Documentation shall supersede such provision of the Account Terms or the Account Documentation for purposes of the particular Account or Service that is the subject thereof. The Account Terms and Account Documentation supersede and replace any other account conditions previously sent to Customer.

**17.4 Interpretation.** Section and subsection headings are for convenience only and shall not affect the meaning of the Account Terms, the Service Terms and any Account Documentation. References to Schedules, Sections, Subsections and Clauses are to Schedules, Sections, Subsections and Clauses of the Account Terms, the Service Terms and any Account Documentation. Words in the singular import the plural and vice versa. If any provision of the Account Terms, the Service Terms and any Account Documentation shall be held to be illegal, invalid, or unenforceable the validity of the remaining portions of the Account Terms the Service Terms and any Account Documentation shall not be affected. The term "including" shall in all cases mean "including without limitation" unless otherwise indicated. The term "affiliates" shall mean with respect to any entity, an entity, whether directly or indirectly, that controls, is controlled by, or is under common control with that entity. The term "applicable



laws” or similar terms shall mean any law, statute, order, decree, rule, injunction, license, consent, approval, agreement, guideline, circular or regulation of a government authority.

**17.5 Compliance; Transaction Screening.** Customer shall comply with all applicable laws and Bank’s policies notified to Customer. The Bank is required to act in accordance with Bank policies, the laws of various jurisdictions relating to the prevention of money laundering and the implementation of sanctions, including economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State. The Bank is not obligated to execute payment orders or effect any other transaction where a party to the transaction is a person or entity with whom Bank is prohibited from doing business by any law applicable to Bank, or in any case where compliance would, in Bank’s opinion, conflict with applicable law or banking practice or its own policies and procedures. Where Bank does not execute a payment order or effect a transaction for such reasons, Bank may take any action required by any law applicable to Bank including freezing or blocking funds. Transaction screening may result in delays in the posting of transactions and/or funds availability. The Bank may direct Customer (a) to make changes to the activity in Customer’s Accounts, including to cease and desist from using the Accounts for particular types of transactions or for transactions involving particular parties from time to time, and (b) not to use the Accounts to send payments with certain characteristics. Customer agrees to comply with such directions.

**17.6 Amendments; Supplements; Waivers.**

The Bank may waive any provision of these Account Terms, the Account Documentation or the Service Terms, but such waiver shall apply only on that occasion. Such waiver shall not constitute a waiver of any other provision of the Account Terms, the Account Documentation or the Service Terms. Any such waiver shall not affect Bank’s right to enforce any of its rights with respect to other customers or to enforce any of its rights with respect to later transactions with Customer and is not sufficient to modify the terms and conditions of the Account Terms, the Account Documentation or the Service Terms.

**17.7 Waiver of Immunity (Intentionally Omitted).**

**17.8 Internet Services; Notice of Claims.** Customer agrees at its sole expense: (i) to advise each of its employees, officers, agents or other persons accessing any Service by or on behalf of Customer (“Users”) of their obligations under the Account Terms, Account Documentation or under any Service Terms or ancillary Service material, including the obligation to refrain from using the Service via the Internet in the countries identified by Bank; and (ii) to provide Bank with all information reasonably necessary to setup and provide Services for Customer, including advising Bank of the countries from which Users will access any Service via the Internet.

**17.9 Recordings.** The Bank or Customer, at its sole discretion, may make and retain recordings of telephone conversations between Customer and Bank.

**17.10 Instructions.** All Instructions, whether Items, payment orders or otherwise, are subject to applicable laws, and rules, policies, operations and practices of the applicable clearing or settlement systems or payment networks.

**17.11 Electronic Copies.** The Bank may retain copies (paper, electronic or otherwise) of any documents or Items relating to the Accounts and Services in a form preserving an image of any such documents or Items, including signatures, or a regular business record and discard the original documents or Items. Customer hereby waives any objection to the use of such records in lieu of their paper equivalents for any purpose and in any forum, venue or jurisdiction, including objections arising from Bank’s role or acquiescence in the destruction of the originals.

**17.12 Intellectual Property.** All intellectual property rights in or relating to a Service, including any trademarks, service marks, logos, and trade names used in conjunction with a Service are the property of Bank or its licensors and are protected by applicable copyright, patent, trademark and other intellectual property law. Except as provided herein, Customer shall not reproduce, transmit, sell, display, distribute, establish any hyperlink to, provide access to, modify, or commercially exploit in whole or in part any part of a Service, without the prior written consent of Bank.

**17.13 Know Your Customer.** To assist in the prevention of the funding of terrorism and money laundering activities, applicable law may require financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for Customer: when Customer opens an Account, Bank may ask for Customer’s name, address, date of birth (for natural persons), and/or other information and documents that will allow Bank to identify Customer. The Bank may also request and obtain certain information from third parties regarding Customer. For purposes of this provision, Customer, to the extent required by applicable law, shall include any Authorized Person or signatory on an Account.

**Information.** To fulfill Bank’s “know your customer” responsibilities, Bank will request information from Customer from time to time, inter alia, regarding Customer’s organization, business, Third Parties and, to the extent applicable, Authorized Persons and beneficial owner(s) of Customer, Customer’s customers, and their beneficial owners, including relevant natural or legal persons, and Customer shall procure and furnish the same to Bank in a timely manner. The Bank may also request further information and/or documentation in connection with the provision of the Services. Any information and/or documentation furnished by Customer is the sole responsibility of Customer and Bank is entitled to rely on the information and/or documentation without making any verification whatsoever (except for the authentication under the security procedures, as applicable). Customer represents and warrants that all such information and/or documentation is true, correct and not misleading and shall advise Bank promptly of any changes and, except as prohibited by applicable law, Customer agrees to provide complete responses to Bank’s requests within the timeframes specified. Customer will notify Bank in writing if any Accounts or monies it holds or places with Bank are subject to restrictions or otherwise held or received by Customer in a capacity other than previously disclosed to Bank, including but not limited to monies being held for the benefit of third parties, whether as fiduciary or otherwise, monies subject to encumbrances, monies received as intermediary, processor or payment service provider, or arising from undisclosed business or similar sources. The Bank may, at its sole discretion and subject

to such further conditions as it may impose, including, without limitation, execution of further documentation in form and manner acceptable to Bank, permit the holding of such Accounts or deposits or receipt of funds. Unless prohibited by applicable law, Customer agrees to promptly disclose to Bank activity in Customer's Accounts that is suspicious or violates applicable laws or sanctions.

If Customer fails to provide or consent to the provision of any information required by this Section, Bank may close any Account or suspend or discontinue providing any Service without further notice.

**17.14 Click-Thru.** The Bank may deliver, make available and/or make accessible terms and conditions applicable to Accounts and Services to Customer via electronic means and channels (including by posting such terms on a Bank website). The Bank may request that an Authorized Person "click" its approval of such terms. Subject to applicable law, Customer agrees that the act of "clicking" its approval (or any similar act which has the same effect) with respect to any such terms will be evidence of Customer's acceptance of the applicable terms and conditions, to the same extent, and with the same force and effect, as if Customer had manually executed a written version of such terms and conditions.

**18. Interpleader; Reimbursement.**

If Bank reasonably determines that there is a dispute regarding the ownership of or entitlement to funds held by Bank for the account of Customer, Bank may apply to an appropriate court for resolution of the dispute and may pay the funds into the court pending resolution. Customer agrees to reimburse the Bank for any reasonable related expenses, including its reasonable attorneys' fees and costs incurred in connection with any such dispute between Customer and a third party or any dispute over what persons are authorized to represent or act for Customer, provided however, that Bank and its affiliates shall not be reimbursed for any expenses resulting from the negligence or willful misconduct of Bank, its affiliates, or their agents, employees, officers or directors.

**19. Provisional Recredit.**

In connection with any dispute regarding an Account, Bank may choose to credit the Account pending completion of Bank's investigation of the dispute. If Bank determines that Customer is not entitled to such credit, then, Bank may reverse the provisional recredit to the Account, even if that reversal results in an overdraft.

# ADDENDUM TO GLOBAL ACCOUNT TERMS

## United States of America

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This addendum ("Addendum") supplements Bank's Account Terms and applies solely to Accounts maintained in the United States of America ("U.S.") and to Services provided in connection with such U.S. Accounts, regardless of the location where Services are executed or performed. Capitalized terms used in the Addendum, and not otherwise defined, have the meanings set forth in the Global Account Terms (as defined below). By using any Account maintained in the U.S., Customer acknowledges receipt of, and agrees to be bound by the Account Terms and this Addendum. For purposes of this Addendum, references to the "Global Account Terms" means the Account Terms excluding any account addenda for each other country in which the Accounts are held.

**The INTRODUCTION to the Global Account Terms is hereby supplemented with the following provision:**

The Bank performs Account functions and Service activities in various locations, by various methods including electronic or automated means, and through various interbank and third party collection, payment and data arrangements, including those provided by the U.S. Federal Reserve Bank System, check truncation and image exchange systems, and collection/payment clearinghouses. These functions, services, arrangements and systems are subject to laws, federal regulations, banking system practices and procedures, operating circulars, interbank agreements, and clearinghouse and association rules (collectively, "Rules & Regulations") and the Uniform Commercial Code Official Text and Comments applicable to funds transfers and the bank deposit, collection or payment of negotiable instruments and other items (such text and comments, excluding the choice of law rules, the "UCC").

**Section 2 of the Global Account Terms (Instructions; Security Procedures) is hereby supplemented with the following provision:**

2.3 Customer represents and warrants to Bank that Customer has not requested any additional security procedures other than those offered by Bank.

**Section 3 of the Global Account Terms (Deposits) is hereby supplemented with the following provisions:**

3.4 Verification; Adjustments. Bank may provide or make available upon request a receipt or similar document for certain deposits to Customer's Account. However, the amount on such receipt or similar document is based solely on the deposit ticket. Credits for all deposits (whether or not accompanied by a deposit ticket), including bulk deposits, are subject to verification. Items deposited into an Account, handled for collection or exchanged for currency are received by Bank as Customer's collection agent, and are for collection only, subject to Bank's collection of final payment thereon. The Bank reserves the right to make adjustments to the Account for any errors, including any errors appearing on the deposit ticket or occurring during processing or otherwise, but Bank has no obligation to do so for *de minimis* discrepancies.

3.5 Foreign Currency Items. The Bank may handle Items drawn on a non-U.S. bank or Items payable in a foreign currency on a collection basis, not for deposit, even if Bank has received the Items as part of a deposit. The Customer may not receive provisional credit for such Items, or if provisional credit has been given Bank may revoke it. Credit for Items payable in a foreign currency will be converted into U.S. dollars at a foreign exchange rate and spread, and at such date and time, as Bank determines in its discretion.

3.6 Endorsements. The Customer must place its endorsement on the back of an Item only in the area within 1.5 inches from the trailing edge of the Item. The trailing edge of the Item is defined as the left-hand edge of the check looking at it from the front. If Customer is authorized in writing to endorse Items on Bank's behalf, Customer agrees to comply with the endorsement standards of Bank.

3.7 Encoding. If Customer encodes information on an Item, Customer warrants to Bank and to all other collecting and paying banks of that Item that it is properly encoded and Customer will be liable for any loss related to any encoding error, including any loss due to delay in processing caused by the encoding error.

3.8 Return or Charge Back. The Customer should not use carrier documents (Items placed inside envelopes) in either high-speed forward or return cash letters. The Customer shall be solely responsible for any delays, losses or claims resulting from its use of carrier documents in high-speed forward or return cash letters. If the payor bank, drawer or payee on any Item that was deposited to Customer's Account returns the Item to Bank, or makes a claim based on an asserted unauthorized signature or endorsement or an asserted alteration, Bank may accept that return or pay that claim and charge any Customer Account for all or any part of the amount of the Item, even if the claim is made after final payment of the Item. If Customer deposits or cashes an Item drawn on or by Bank and the Item or any endorsement is asserted to be forged, unauthorized or altered, Bank may charge back all or any part of the amount of the Item, even if the charge back is made after the final payment of the Item, or creates an Account overdraft.

3.9 Electronic Collection. The Customer agrees that Bank may collect any Item deposited to Customer's Account by electronic means, in which case Bank has no duty to inspect such Item during the automated deposit and collection process.

3.10 Variance. The Bank may agree with other banks and clearing houses to vary procedures regarding the collection or return of Items, and to vary applicable deadlines, to the maximum extent permitted by applicable Rules & Regulations, state law or banking practice.

- 3.11 Substitute Checks. The Customer will not deposit any substitute checks (that are not returned Items) unless Bank expressly agrees to accept such Items for deposit. In the event Bank processes any substitute check deposits in the absence of such express agreement, Customer agrees that such processing shall not be deemed to be Bank's agreement to accept any substitute checks for deposit and Customer will be solely responsible for any loss or claim in connection with that deposit.
- 3.12 Night Depository Deposits. The Bank is not liable for any deposit made through the use of Bank's night depositories until Bank issues a deposit ticket or other receipt acknowledging the deposit. The Bank's count of the amount deposited in a night depository will be conclusive. The Customer is solely responsible for any loss incurred from the disappearance, theft, or loss of any envelope, bag, or money before Bank verifies the contents of the deposit.
- 3.13 Remotely Created Checks. If Customer deposits a remotely created check ("RCC"), as such term is defined in Federal Reserve Regulation CC, Customer warrants to Bank, with respect to each RCC, that the person on whose account the RCC is drawn, authorized the issuance of such RCC in the amount and to the payee stated on the RCC. The Customer authorizes Bank to debit Customer's account for any claim or return based upon an unauthorized RCC and Customer agrees to indemnify and hold Bank harmless from and against any claims, liabilities, costs and expenses (including attorneys' fees) resulting directly or indirectly from any breach of the foregoing warranty. All other Account and Service Terms governing an Item will apply to an RCC.
- 3.14 ATM Cards. The Bank may issue one or more automated teller machine ("ATM") cards ("Cards") and personally identifiable numbers ("PINs") to Customer's employees or agents for use in initiating certain Account transactions at Bank owned ATMs. Unless otherwise agreed by Bank, Customer agrees to use and cause its employees and agents to use the Cards only at ATMs owned by Bank and Customer shall be responsible for each Card and liable for any transactions and related fees initiated or charged upon using such Card. The Customer agrees that the types of transactions offered through the use of any Card may be limited by Bank, in its sole discretion. The Bank has the right to cancel any Card at any time and for any reason, and will notify Customer of such cancellation. All ATM transactions are subject to verification. Any deposit transaction through an ATM that is not made on a business day or made after Bank's designated cut-off time will be processed on Bank's next business day. The Customer agrees to obtain possession and return to Bank or destroy all cancelled Cards. If Customer believes a Card or PIN has been lost or stolen, Customer shall immediately contact Bank's ATM call center.
- 3.15 Internet Gambling. The Bank strictly prohibits the use of any Account or Card to conduct transactions (including the acceptance or receipt of credit or other receipt of funds through an electronic funds transfer, or by check, draft or similar instrument, or the proceeds of any of the foregoing) that are related, directly or indirectly, to unlawful Internet gambling. The term "unlawful Internet gambling," as used in this section, shall have its meaning set forth in 12 C.F.R. Section Part 233, Section 233.2(bb). The Customer agrees not to conduct any transactions through the Account that directly or indirectly involve or are related to unlawful Internet gambling, including the acceptance or receipt of any funds or deposits in connection therewith.

**Section 4 of the Global Account Terms (Payment of Items) is hereby supplemented with the following provisions:**

- 4.5 Cashing Items. The Bank may, in its discretion, cash Items drawn on an Account when presented by the holder. If a payee who is not a deposit customer of Bank presents an Item drawn on the Account for cash, Bank may refuse to cash the Item, or may charge the payee a fee if Bank does cash the Item.
- 4.6 Signatures. If Customer establishes an Account which purports to: (i) require two or more signatures on Items drawn on the Account, or (ii) limits the maximum amount for which any person can sign an Item Customer acknowledges and agrees that any such requirements are solely for Customer's own internal control purposes. The Customer acknowledges that so long as Bank follows its usual and custom procedures for processing and paying Items, Bank will not be liable for paying any Item (a) lacking the required number of signatures, or (b) in an amount exceeding the maximum limit assigned to the signer.
- 4.7 Fraudulent Items. The Bank provides Services to which Customer may subscribe, such as Positive Pay, Reverse Positive Pay or such other successor Services, which are reasonably designed to detect and/or deter check fraud and reduce the likelihood that a fraudulent, unauthorized, counterfeit or altered Item will be paid. Customer agrees that if it fails to use such Services, that failure will constitute Customer negligence contributing to the making of an unauthorized signature or payment of an altered Item, and Customer will assume the risk that Items presented for payment against its Account may be forged or altered. In that event, Customer will be precluded from asserting any claims against Bank for paying any unauthorized, altered, counterfeit or other fraudulent Items that such Service was designed to detect or deter, and Bank shall not be required to re-credit Customer's Account or otherwise have any liability for paying such Items to the extent the Service would likely have prevented such loss. In the event Bank receives or is presented with Items which appear to be duplicates of each other, Bank may return one or more of such Items.
- 4.8 Obscured Endorsements. The Customer assumes all responsibility and liability for any claims or losses that Customer or Bank may suffer as a result of Customer's: (i) issuance of an Item in such a manner that information, marks or bands on the back of the Item obscures endorsements; or (ii) placement of an endorsement on the back of the Item which obscures other endorsements; and which thereby causes a delay in the forward and/or return processing of the Item. The Bank retains the right to refuse to accept an Item for deposit if the back of the Item is obscured.
- 4.9 Negotiation Outside of U.S. If an Item issued by Customer is transferred or negotiated outside of the U.S. and is subsequently sent to Bank for deposit, collection or payment in the U.S., Customer shall be deemed to make, to Bank, the transfer and presentment warranties under the UCC, as if such Item were negotiated or otherwise transferred in the U.S.

- 4.10 Stop Payments. A stop payment Instruction from Customer will be effective on an Item if: (i) Bank receives the stop payment Instruction with a reasonable opportunity to act on such Instruction, which shall be at least one (1) full Business Day following the Business Day of Bank's confirmed receipt of the Instructions at the applicable Bank location; (ii) the Instruction is in the form required by Bank and the information is complete; and (iii) the Item is not yet paid or cashed. For purposes of this Section, "Business Day" means a day on which Bank is generally open for business in the jurisdiction where the Account is maintained. Stop payment Instructions on Items, unless otherwise provided, will be valid for one (1) year and will automatically renew up to six (6) additional years unless Bank confirms receipt of Customer's revocation of a stop payment Instruction. The Customer may request, through Bank's call center or other authorized representative, a non-renewable stop payment, which will be effective for a 180-day period. The Bank shall not be liable for any Item properly paid or cashed prior to the effective time of a stop payment request. The Bank may properly return any item which is the subject of a stop payment request. However, Customer acknowledges that a stop payment instruction does not limit or vary its obligation to pay the subject Item and, notwithstanding a stop payment instruction, Bank may properly pay such an item to a person entitled to enforce it.
- 4.11 Standard of Care. Any Item issued by Customer drawn on its Account shall be deemed to be endorsed in the name of the payee if: the Item is endorsed or deposited into an account in a name that is substantially similar to that of the payee; the payee is a fictitious person; Customer was wrongfully or erroneously induced to issue the Item payable to the stated payee; the deposit of the item was accomplished by an employee entrusted with responsibility for the Item or person working in concert with such an employee; or Customer or payee failed to act with ordinary care with respect to the Item. The Bank shall not be liable for any loss arising from any such endorsed or deposited Item, or for the loss caused by the alteration or unauthorized signature on any Item issued by Customer, unless Customer establishes that Bank failed to handle the Item with ordinary care, and that such failure substantially contributed to the loss. If Bank's failure to act with ordinary care substantially contributed to the loss on the item, the loss shall be allocated between Customer and Bank based upon their respective failure to exercise ordinary care which contributed to the loss. For purposes of this section, "employee" shall include Customer and its independent contractors and third parties, and their respective employees, delivery agents, officers, directors, attorneys, fiduciaries, administrators, service providers, and other agents.
- 4.12 Electronic Processing. The Bank may process any Item for payment from a Customer Account by electronic means, in which case, Bank's exercise of ordinary care in payment of that item does not obligate Bank to inspect the Item during the automated payment process.

**Section 5 of the Global Account Terms (Funds Transfer Instructions) is hereby supplemented with the following provisions:**

- 5.6 Funds Transfer by Check. If Customer, through Bank's funds transfer services, requests that payment be made by check, Customer authorizes Bank to debit Customer's Account on receipt of the Instruction and to create and issue a check to the name and address provided in the Instruction, signed by Bank as agent for Customer as drawer. If Customer requests Bank to place a stop payment on the check before the check has been presented for payment, such request must be clearly identified as a stop payment request, including the reference number given for the transaction, and it must be received by Bank at a time and in a manner designated by Bank from time to time. If the check is not negotiated within one hundred eighty (180) days after issuance, Bank may place a stop payment on the check and transfer the funds back to the Account.
- 5.7 ACH. Automated Clearing House ("ACH") entries will be subject to the rules of the National Automated Clearing House Association and any other applicable Rules & Regulations, to which Customer agrees to be bound. Credit given by Bank to Customer for an ACH credit entry shall be provisional, until Bank receives final payment. If Bank does not receive final payment, Bank may revoke the provisional credit and charge back the amount of the entry to the Account, or obtain a refund from Customer, in which case the originator of the credit entry shall not be deemed to have paid Customer the amount of such entry. The Bank shall not be obligated to notify Customer of the receipt of a payment order or ACH entry for credit or debit to an Account.
- 5.8 Same Day Amend and Cancel. The Customer may subscribe to a service to enable same day amendment and cancellation of payment orders. All cancellation or amendment messages sent to Bank shall be in the format specified by Bank and must be received by Bank no later than such time as may be established by Bank upon notice to Customer.
- 5.9 Priority/Timed. The Bank will determine the order in which it processes payment orders. If Customer's payment order bears the codeword "PRIORITY" in such field as Bank specifies, Bank will use reasonable efforts to move such payment order in advance of Customer's standard payment orders. If Customer's payment order bears the codeword "TIMED" in such field as Bank specifies, Bank will endeavor, but will have no obligation, to process the payment order by the time requested by Customer within the payment order. For "TIMED" payment orders, funds in Customer's Account are reserved by Bank on the payment value date until processed. For the avoidance of doubt, all payment orders are subject to Bank's acceptance, and Bank will have no liability for failure to process payments by the time requested by Customer.
- 5.10 Real Time Payments. Payments received through the Real Time Payment System operated by The Clearing House Payments Company LLC ("RTP System") will be processed pursuant to the RTP Operating Rules and any other applicable Rules & Regulations, to which Customer agrees to be bound. If Customer receives a payment through the RTP System on behalf of another person or entity, such other person or entity must be a resident of, or otherwise domiciled in the United States. In the further transmission of any such payments, Customer agrees to comply with all applicable US laws and regulations, including, without limitation, those administered by the US Office of Foreign Asset Control.

**Section 7 of the Global Account Terms (Account Statements) is hereby supplemented with the following provisions:**

- 7.1 Images Sufficient. The Customer acknowledges that Account Statements and images of paid Items are available to it and are sufficient to allow it to make all inspections and reports of Account activity including errors, as required in this Section. The Bank is not required to return paid or cancelled Items with the Account Statement.

- 7.2 **Obligation to Inspect.** The Customer shall inspect each Account Statement and all payments and charges reported thereon, promptly upon receipt. The Customer must notify Bank in writing of any unauthorized, improper, or missing endorsements within six (6) months after the date of the Account Statement on which that item was reported to have been paid. The Customer must notify Bank in writing, within a reasonable period of time not to exceed 60 calendar days of the date of an Account Statement, of (i) the failure to receive the Account Statement, or (ii) of any errors, unauthorized payments, charges, alterations, discrepancies or irregularities reported on the Account Statement ("Errors"). The Customer must provide Bank with all information necessary for Bank to investigate any claim based upon an endorsement or Error, and must provide all supporting evidence that Bank requests. Failure to comply within the time frames set forth above shall be deemed conclusive proof that Customer failed to exercise reasonable care and promptness in examining Account Statements and paid Items or identifying Errors and that such failure may cause subsequent loss to Bank. If Customer fails to comply with the notice requirements set forth above, Bank is not required to reimburse Customer for Customer's claimed loss and Customer shall be barred from bringing any action against Bank.
- 7.3 **Inactive Accounts.** If an Account has no activity other than charges assessed or interest credited by Bank for a period of at least six (6) months, Bank is not required to provide an Account statement until the Account has additional activity. If an Account has no activity other than charges assessed or interest credited by Bank for a period of at least twelve (12) months, Customer may be unable to access the Account until appropriate contact is made between Customer and Bank.
- 7.4 **Advice Services.** The Customer may subscribe to Bank services for the delivery of account-related activity and information ("Advices"), to a party designated by Customer, including information relating to credits and debits to a Customer account, and the return or rejection of certain payments. Advices may be sent via SWIFT, electronic mail, facsimile transmission, ordinary mail, phone, through internet sites, or as otherwise agreed upon by the parties. The Customer is responsible for maintaining the accuracy of the information that is required to deliver such Advices, including the address, telephone and/or facsimile number of the recipient and, if applicable, the messaging components and conditions that will trigger the transmission of the Advices.

**Section 15 of the Global Account Terms (Account Disclosures) is hereby supplemented with the following provisions:**

- 15.5 **Withdrawal Limitations on Certain Account Types.** U.S. federal regulations limit the number of pre-authorized or automatic transfers or withdrawals or telephonic/electronic instructions (including check, draft, debit card or similar order payable to third parties) that can be made from a savings account (including a savings sub-account (as described below) and a money market deposit account) to a total of six (6) per calendar month or statement cycle or similar period. The Customer agrees to comply at all times with such restrictions. Exceeding these withdrawal limits may result in Bank converting the savings account into a non-interest bearing demand deposit account, with any attendant changes in pricing and account terms and conditions. Further, Bank is required by U.S. law to reserve the right to require at least seven (7) days notice prior to a withdrawal from a savings account (including a savings sub-account) or an interest-bearing negotiable order of withdrawal account ("NOW Account").
- 15.6 **NOW Accounts.** The Customer, if eligible, may open a NOW Account. There is no limit on the number of withdrawals that Customer may make from the demand deposit or NOW sub-account.
- 15.7 **Administrative Subaccounts.** The Bank is authorized, for regulatory reporting and internal accounting purposes, to divide an Account: (i) in the case of a demand deposit checking Account, into a non-interest bearing demand deposit sub-account and a non-interest bearing savings sub-account; (ii) in the case of a NOW Account, into an interest bearing NOW sub-account and an interest bearing savings sub-account, and, in both cases, to transfer funds on a daily basis between these sub-accounts in accordance with U.S. law at no cost to Customer. The Bank will record the sub-accounts and any transfers between them on Bank's books and records only. The sub-accounts and any transfers between them will not affect the Account number, balance requirement or use of the Account, except as described herein.
- 15.8 **Savings Subaccounts.** The Bank will establish a target balance for Customer's demand deposit or NOW sub-account, which it may change at any time. To the extent funds in the demand deposit or NOW sub-account exceed the target balance, the excess will be transferred to Customer's savings sub-account, unless the maximum number of transfers from the savings sub-account for that calendar month or statement cycle have already occurred. If withdrawals from the demand deposit or NOW sub-account exceeds the available balance in the demand deposit or NOW sub-account, funds from Customer's savings sub-account will be transferred to the demand deposit or NOW sub-account up to the entire balance of available funds in the savings sub-account to cover the shortfall and to replenish any target balance that Bank has established for the demand deposit or NOW sub-account. If a sixth transfer is needed during a calendar month or statement cycle, it will be for the entire balance in Customer's savings sub-account, and such funds will remain in the demand deposit or NOW sub-account for the remainder of the calendar month or statement cycle.
- 15.9 **Branch Designation.** The Bank, for its administrative purposes may designate a branch of Bank as the branch of record of an Account which may be different from the branch at which the Account is opened. This designation requires no action on the part of Customer and will not change Bank's operations, Services or customer support.
- 15.10 **No Fiduciary Relationship.** Bank's relationship with Customer concerning the Accounts is that of a debtor and creditor. No fiduciary, quasi-fiduciary or other special relationship exists between Bank and Customer or any third parties regarding the Accounts.

**Section 16 of the Global Account Terms (Governing Law) is hereby supplemented with the following provisions:**

- 16.1 **Section 16.1 is replaced with the following provision:** Subject to the UCC as modified by the Rules & Regulations, which shall control, and unless otherwise specifically provided in any Service Terms, the Global Account Terms, the Account Documentation and the rights and obligations of Customer and Bank in respect of each Account maintained in the U.S. shall be governed by and construed in accordance with the laws of the

State of California (without regard to its conflict of laws rules), incorporating general commercial bank practices applicable to the type of Account and Services provided to Customer. Each of Customer and Bank irrevocably and unconditionally submits to the exclusive jurisdiction and venue of any State court located in Sonoma County, California, and the Federal court sitting in the Northern District of California, provided that federal jurisdiction is present, over any action, suit, proceeding, claim or controversy arising out of or relating to the Global Account Terms or this Addendum. The rights and remedies of Bank and Customer under this Addendum, the Account Terms, the Account Documentation, the Service Terms, and the Agreement, are in addition to the rights and remedies of Bank and Customer under applicable law (as provided above in this Section), are cumulative and may be exercised successively or concurrently, and are retained by Bank and Customer.

16.4 In the event Bank is required to remit funds to any state as abandoned property, the Account may be charged for fees in remitting funds to that state. In addition, Bank may charge fees in connection with its handling of dormant funds and accounts. These charges are not refundable.

**Section 17 of the Global Account Terms (Miscellaneous) is hereby supplemented with the following provisions:**

17.15 When Customer provides Bank any information requested by Bank under its "Know Your Customer" or Anti-Money Laundering or other compliance policies pertaining to any natural or other persons, Customer represents and warrants to Bank that Customer has obtained that person's consent that Bank may make continued use of that person's information in order for Bank to discharge any of its responsibilities in connection with "Know Your Customer" or Anti-Money Laundering, or other compliance purposes.

17.16 Payable Through Accounts. If Customer is a bank or financial institution and is not organized under the laws of the U.S., it shall not permit its customers to conduct banking transactions in the U.S. through Customer's Account, and shall not provide its customers with check stock, drafts, wire transfer capabilities or any other means by which its customers are able to draw on Customer's Account. These types of arrangements are typically called "payable through accounts" and are prohibited under these Account Terms. The Customer acknowledges that the sale of U.S. dollar checks or drafts to third parties is explicitly prohibited without the express written approval of Bank.

17.17 No Advice. The Customer acknowledges and agrees that Bank has not provided and will not provide any investment, tax or accounting advice or recommendation in relation to the Accounts or any investments made under any Service.

17.18 ERISA Status. The Customer will notify Bank in writing, reasonably in advance of the Account opening, if any Accounts or monies it holds or places with Bank are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), together with all the rules promulgated thereunder, or Section 4975 of the Internal Revenue Code, together with all the rules promulgated thereunder. The Bank may, in its sole discretion and subject to such further conditions as it may impose, including, without limitation, execution of further documentation in form and manner acceptable to Bank, permit the holding of such Accounts or deposits or receipt of funds.

17.19 Additional Representation for ERISA Benefit Plans.

(i) If Customer is or represents a "benefit plan," as defined in Section 3(42) of ERISA, and U.S. Department of Labor Regulations Section 2510.3-101, as modified by Section 3(42) of ERISA (together, the "Plan Asset Rules" and each such benefit plan investor, a "Benefit Plan"), or is acting on behalf of one or more Benefit Plans, Customer represents and warrants that:

(1) Bank has not or will not provide advice with respect to the services obtained by the Benefit Plan. The Benefit Plan fiduciary (the "Plan Fiduciary") is independent of Bank, and is not an individual acting for his or her own Individual Retirement Account, and such Plan Fiduciary is either (a) a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the "Advisers Act"), or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency; (b) an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan; (c) an investment adviser registered under the Advisers Act or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (a)(1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (d) a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (e) has, and will at all times have, total assets of at least U.S. \$50,000,000 under its management or control;

(2) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to the Accounts and Services;

(3) the Plan Fiduciary is a "fiduciary" with respect to the Benefit Plan within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the receipt of Services by the Benefit Plan;

(4) Bank has not exercised any authority to cause the Benefit Plan to agree to these Account Terms; and

(5) the Plan Fiduciary has been informed (a) that Bank is not undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the Services; and (b) of the existence and nature of the financial interests of Bank, as disclosed in the Account Terms and Service Terms.

(ii) The representations and covenants in the above clauses are intended to comply with the U.S. Department of Labor's Reg. Sections 29 C.F.R. 2510.3-21(a) and (c)(1) as promulgated on April 8, 2016 (81 Fed. Reg. 20,997). If these regulations are revoked or repealed, these representations shall be deemed no longer in effect.

## AVAILABILITY POLICY - FOR ACCOUNTS MAINTAINED IN THE U.S.

The Bank's policy is to make funds available to Customer on the same, next or second business day after the day of deposit depending on the type of deposit and when the deposit is made as described below. If Customer will need the funds from a deposit immediately, Customer should ask Bank when the funds will be available.

**A. Determining the Day of a Deposit.** If a deposit is made to an account on a business day before Bank's cutoff time established for that location (which will be no earlier than 2 p.m. local time), then Bank will consider that day to be the day of deposit. However, if a deposit is made after the cutoff time or on a day that is not a business day, then Bank will consider the deposit to have been made no later than the next business day. For determining the availability of deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. Availability with respect to any deposit will be determined by the location of the banking center or other facility where the deposit was received. For deposits made at Bank's automated teller machines (ATMs) the cutoff time is 11 p.m. Eastern Time unless otherwise noted on the ATM screen.

**B. Same Day Availability.** Funds from the following deposits made at a banking center or at an ATM that do not require deposit envelopes will be available on the business day Bank determines the deposit is made:

- Cash;
- Wire transfers; and
- Electronic direct deposits to an account.

**C. Next Day Availability.** Funds from the following deposits are available on the first business day after the business day Bank determines the deposit is made:

- U.S. Treasury checks that are payable to Customer;
- Checks drawn on a Bank affiliate that holds the applicable account (excluding a Controlled Disbursement site); and
- At least, the first \$200 from a day's total deposits.

If the deposit is made in person to a Bank employee, funds from the following deposits are also available on the first business day after the business day Bank determines the deposit is made:

- State and local government checks that are payable to Customer, if a special deposit slip, available upon request at any Bank banking center is used;
- Cashier's, certified, and teller's checks that are payable to Customer, if a special deposit slip, available upon request at any Bank banking center, is used; and
- Federal Reserve Bank checks, Federal Home Loan Bank checks, and postal money orders, if these items are payable to Customer.

If a special deposit slip is not used, availability of funds from these deposits will follow the schedule identified in the Availability of Other Check Deposits section below.

**D. Availability of Other Check Deposits.** Generally, funds from all other deposits of checks drawn on banks (as defined in Federal Reserve Regulation CC) will be available no later than the second business day after the day of deposit. Checks that require special handling may receive delayed availability. The amount of funds available to Customer will be reduced by the amount of any deposited check that is returned unpaid. If Bank reprocesses the check, the funds will become available no later than the second business day after the business day in which the check is reprocessed.

**E. Longer Delays May Apply.** In some cases Bank may not make all of the funds that are deposited by check available. Depending on the type of check deposited, funds may not be available as set forth above. However, the first \$200 of the aggregate deposit will be available on the first business day after the day of deposit.

If Bank is not going to make all of the funds from a deposit available at the times shown above, it will notify Customer and specify when the funds will be available. If a deposit is not made directly to a Bank employee, or if Bank decides to take this action after Customer has left the premises, Bank will mail or otherwise send the notice to Customer by the business day after the day of deposit.

Funds deposited by check may be delayed for a longer period under the following circumstances:

- The Bank believes a deposited check will not be paid;
- Deposited checks for all of Customer's accounts total more than \$5,000 in any one day;
- The Customer redeposited a check that has been returned unpaid;
- The Customer has overdrawn one or more of its accounts repeatedly in the last six months; or
- There is an emergency, such as failure of communications or computer equipment.



In such circumstances, funds will generally be available no later than the seventh business day after the day of deposit. Inclement weather or transportation problems may lead to additional delays under certain availability schedules. Customer may have specific availability schedules related to a banking service.

**F. Special Rules for New Accounts.** If the account is a new account, the following special rules may apply during the first thirty days the account is open:

- Funds from deposits of the first \$5,000 of that day's total deposits of cashier's, certified, teller's, traveler's and federal, state and local government checks will be available on the first business day after the day of deposit if the deposit meets certain conditions. For example, the checks must be payable to the Customer. The excess over \$5,000 will be available no later than the ninth business day after the day of deposit. If the deposit of checks (other than U.S. Treasury checks) is not made in person to one of the Bank's employees, the first \$5,000 may not be made available until the second business day after the day of deposit; and
- Funds from all other check deposits will be made available no later than the fifteen business day after the day of deposit.

**G. Large Dollar Deposits.** The U.S. Federal Reserve Bank System will not forward process any check over \$99,999,999.99 and considers it a "non-cash item." Do not deposit checks over this amount. If Customer does deposit such a check, Bank may refuse to process it or handle it as a collection item. If handled as a collection item, Customer credit and availability will be deferred accordingly.

This Availability Policy and availability schedules may be changed without notice.

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