

Rebate Proposal

Purchasing Card, Preferred Vendor Card, and Group Travel Card Services Request for Proposal Number 5791 Z1

Bidder Name: U.S. Bank National Association

The bidder must provide a firm, percentage rebate for each of the **quarterly** volumes (purchases less returns), in the table below for each **year** of the initial contract period and optional renewal periods for providing services in accordance with the provisions and requirements of this RFP.

This required rebate schedule shall not be based on the timeliness of payment received; however, the State will continue to pay based on the following schedule:

Nebraska Department of Transportation – weekly payment
University, State Colleges and State of Nebraska – within 15 business days after the end of the month.

Bidders are required to use and not alter the following rebate schedule. Bidders altering the rebate schedule or not submitting the Required Rebate Proposal may be deemed unresponsive and be eliminated from further evaluation.

Net <u>Quarterly</u> Volume Spend	Year 1 Initial Period	Year 2 Initial Period	Year 3 Initial Period	Year 4 Initial Period	Year 5 Initial Period	Year 1 Renewal	Year 2 Renewal
\$0.01 to \$2,999,999.99	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%
\$3,000,000.00 to \$3,999,999.99	1.230%	1.230%	1.230%	1.230%	1.230%	1.230%	1.230%
\$4,000,000.00 to \$4,999,999.99	1.345%	1.345%	1.345%	1.345%	1.345%	1.345%	1.345%
\$5,000,000.00 to \$5,999,999.99	1.440%	1.440%	1.440%	1.440%	1.440%	1.440%	1.440%
\$6,000,000.00 to \$6,999,999.99	1.520%	1.520%	1.520%	1.520%	1.520%	1.520%	1.520%
\$7,000,000.00 to \$7,999,999.99	1.600%	1.600%	1.600%	1.600%	1.600%	1.600%	1.600%
\$8,000,000.00 to \$8,999,999.99	1.680%	1.680%	1.680%	1.680%	1.680%	1.680%	1.680%
\$9,000,000.00 to \$9,999,999.99	1.750%	1.750%	1.750%	1.750%	1.750%	1.750%	1.750%
\$10,000,000.00 to \$10,999,999.99	1.820%	1.820%	1.820%	1.820%	1.820%	1.820%	1.820%
\$11,000,000.00 to \$11,999,999.99	1.870%	1.870%	1.870%	1.870%	1.870%	1.870%	1.870%
\$12,000,000.00 to \$12,999,999.99	1.920%	1.920%	1.920%	1.920%	1.920%	1.920%	1.920%
\$13,000,000.00 to \$13,999,999.99	1.925%	1.925%	1.925%	1.925%	1.925%	1.925%	1.925%
\$14,000,000.00 to \$14,999,999.99	1.930%	1.930%	1.930%	1.930%	1.930%	1.930%	1.930%
\$15,000,000.00 to \$15,999,999.99	1.935%	1.935%	1.935%	1.935%	1.935%	1.935%	1.935%
\$16,000,000.00 to \$16,999,999.99	1.940%	1.940%	1.940%	1.940%	1.940%	1.940%	1.940%

\$17,000,000.00 to \$17,999,999.99	1.945%	1.945%	1.945%	1.945%	1.945%	1.945%	1.945%
\$18,000,000.00 to \$18,999,999.99	1.950%	1.950%	1.950%	1.950%	1.950%	1.950%	1.950%
\$19,000,000.00 to \$19,999,999.99	1.955%	1.955%	1.955%	1.955%	1.955%	1.955%	1.955%
\$20,000,000.00 to \$20,999,999.99	1.960%	1.960%	1.960%	1.960%	1.960%	1.960%	1.960%
\$21,000,000.00 to \$21,999,999.99	1.960%	1.960%	1.960%	1.960%	1.960%	1.960%	1.960%
\$22,000,000.00 to \$22,999,999.99	1.960%	1.960%	1.960%	1.960%	1.960%	1.960%	1.960%
\$23,000,000.00 to \$23,999,999.99	1.965%	1.965%	1.965%	1.965%	1.965%	1.965%	1.965%
\$24,000,000.00 to \$24,999,999.99	1.965%	1.965%	1.965%	1.965%	1.965%	1.965%	1.965%
\$25,000,000.00 to \$25,999,999.99	1.970%	1.970%	1.970%	1.970%	1.970%	1.970%	1.970%
\$26,000,000.00 to \$26,999,999.99	1.970%	1.970%	1.970%	1.970%	1.970%	1.970%	1.970%
\$27,000,000.00 to \$27,999,999.99	1.970%	1.970%	1.970%	1.970%	1.970%	1.970%	1.970%
\$28,000,000.00 to \$28,999,999.99	1.975%	1.975%	1.975%	1.975%	1.975%	1.975%	1.975%
\$29,000,000.00 to \$29,999,999.99	1.975%	1.975%	1.975%	1.975%	1.975%	1.975%	1.975%
\$30,000,000.00 to \$30,999,999.99	1.980%	1.980%	1.980%	1.980%	1.980%	1.980%	1.980%
\$31,000,000.00 to \$31,999,999.99	1.980%	1.980%	1.980%	1.980%	1.980%	1.980%	1.980%
\$32,000,000.00 to \$32,999,999.99	1.980%	1.980%	1.980%	1.980%	1.980%	1.980%	1.980%
\$33,000,000.00 to \$33,999,999.99	1.985%	1.985%	1.985%	1.985%	1.985%	1.985%	1.985%
\$34,000,000.00 to \$34,999,999.99	1.985%	1.985%	1.985%	1.985%	1.985%	1.985%	1.985%
\$35,000,000.00 to \$35,999,999.99	1.990%	1.990%	1.990%	1.990%	1.990%	1.990%	1.990%
\$36,000,000.00 to \$36,999,999.99	1.990%	1.990%	1.990%	1.990%	1.990%	1.990%	1.990%
\$37,000,000.00 to \$37,999,999.99	1.990%	1.990%	1.990%	1.990%	1.990%	1.990%	1.990%
\$38,000,000.00 to \$38,999,999.99	1.995%	1.995%	1.995%	1.995%	1.995%	1.995%	1.995%
\$39,000,000.00 to \$39,999,999.99	1.995%	1.995%	1.995%	1.995%	1.995%	1.995%	1.995%
\$40,000,000.00 to \$40,999,999.99	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
\$41,000,000.00 and over	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

U.S. Bank presents an aggregated incentive in the grid above, which includes all quarterly standard charge volume for your one card, corporate card and Virtual Pay programs. Because of this, we have not filled in the following grids for Optional Contingent or Virtual Cards, as they are included above.

Please see the **Financial Proposal** for more detail and additional incentives, including our Discount Interchange Incentive for spend identified as Discount Interchange volume.

Please see note above.

Rebate Proposal

**Optional Contingent/Corporate Liability Travel Card Services
Request for Proposal Number 5791 Z1**

Bidder Name: _____

Net Quarterly Volume Spend	Year 1 Initial Period	Year 2 Initial Period	Year 3 Initial Period	Year 4 Initial Period	Year 5 Initial Period	Year 1 Renewal	Year 2 Renewal
\$0.01 to \$99,999.99	%	%	%	%	%	%	%
\$100,000.00 to \$199,999.99	%	%	%	%	%	%	%
\$200,000.00 to \$299,999.99	%	%	%	%	%	%	%
\$300,000.00 to \$399,999.99	%	%	%	%	%	%	%
\$400,000.00 to \$499,999.99	%	%	%	%	%	%	%
\$500,000.00 to \$599,999.99	%	%	%	%	%	%	%
\$600,000.00 to \$699,999.99	%	%	%	%	%	%	%
\$700,000.00 to \$799,999.99	%	%	%	%	%	%	%
\$800,000.00 to \$899,999.99	%	%	%	%	%	%	%
\$900,000.00 to \$999,999.99	%	%	%	%	%	%	%
\$1,000,000.00 to \$1,999,999.99	%	%	%	%	%	%	%
\$2,000,000.00 to \$2,999,999.99	%	%	%	%	%	%	%
\$3,000,000.00 to \$3,999,999.99	%	%	%	%	%	%	%
\$4,000,000.00 to \$4,999,999.99	%	%	%	%	%	%	%
\$5,000,000.00 to \$5,999,999.99	%	%	%	%	%	%	%
\$6,000,000.00 to \$6,999,999.99	%	%	%	%	%	%	%
\$7,000,000.00 to \$7,999,999.99	%	%	%	%	%	%	%
\$8,000,000.00 to \$8,999,999.99	%	%	%	%	%	%	%
\$9,000,000.00 to \$9,999,999.99	%	%	%	%	%	%	%
\$10,000,000.00 to \$10,999,999.99	%	%	%	%	%	%	%
\$11,000,000.00 to \$11,999,999.99	%	%	%	%	%	%	%
\$12,000,000.00 to \$12,999,999.99	%	%	%	%	%	%	%
\$13,000,000.00 to \$13,999,999.99	%	%	%	%	%	%	%
\$14,000,000.00 to \$14,999,999.99	%	%	%	%	%	%	%

\$15,000,000.00 and over	%	%	%	%	%	%	%
--------------------------	---	---	---	---	---	---	---

Please see note above.

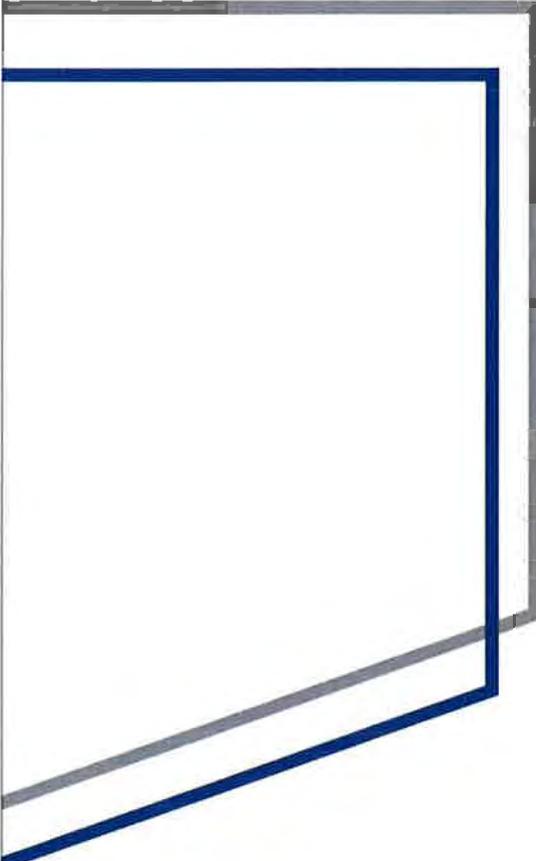
Rebate Proposal

**Optional Virtual or ePayable Card Services
Request for Proposal Number 5791 Z1**

Bidder Name: _____

Net Quarterly Volume Spend	Year 1 Initial Period	Year 2 Initial Period	Year 3 Initial Period	Year 4 Initial Period	Year 5 Initial Period	Year 1 Renewal	Year 2 Renewal
\$0.01 to \$99,999.99	%	%	%	%	%	%	%
\$100,000.00 to \$199,999.99	%	%	%	%	%	%	%
\$200,000.00 to \$299,999.99	%	%	%	%	%	%	%
\$300,000.00 to \$399,999.99	%	%	%	%	%	%	%
\$400,000.00 to \$499,999.99	%	%	%	%	%	%	%
\$500,000.00 to \$599,999.99	%	%	%	%	%	%	%
\$600,000.00 to \$699,999.99	%	%	%	%	%	%	%
\$700,000.00 to \$799,999.99	%	%	%	%	%	%	%
\$800,000.00 to \$899,999.99	%	%	%	%	%	%	%
\$900,000.00 to \$999,999.99	%	%	%	%	%	%	%
\$1,000,000.00 to \$1,999,999.99	%	%	%	%	%	%	%
\$2,000,000.00 to \$2,999,999.99	%	%	%	%	%	%	%
\$3,000,000.00 to \$3,999,999.99	%	%	%	%	%	%	%
\$4,000,000.00 to \$4,999,999.99	%	%	%	%	%	%	%
\$5,000,000.00 to \$5,999,999.99	%	%	%	%	%	%	%
\$6,000,000.00 to \$6,999,999.99	%	%	%	%	%	%	%
\$7,000,000.00 to \$7,999,999.99	%	%	%	%	%	%	%
\$8,000,000.00 to \$8,999,999.99	%	%	%	%	%	%	%
\$9,000,000.00 to \$9,999,999.99	%	%	%	%	%	%	%
\$10,000,000.00 to \$10,999,999.99	%	%	%	%	%	%	%
\$11,000,000.00 to \$11,999,999.99	%	%	%	%	%	%	%
\$12,000,000.00 to \$12,999,999.99	%	%	%	%	%	%	%

\$13,000,000.00 to \$13,999,999.99	%	%	%	%	%	%	%
\$14,000,000.00 to \$14,999,999.99	%	%	%	%	%	%	%
\$15,000,000.00 and over	%	%	%	%	%	%	%



Financial Proposal Presented to

State of Nebraska

May 8, 2018

Paul Erickson
612.436.6532
paulw.erickson@usbank.com

Greer Almquist
402.536.5101
greer.almquist@usbank.com

Leslie Massey
805.591.7255
leslie.massey@usbank.com



Financial Proposal

U.S. Bank is committed to providing competitive financial incentives to the State of Nebraska (the State). The following financial proposal details the volume incentive. The full financial impact of our commercial card programs is made up of three components:

- Competitive incentive program
- Proven strategies for increasing program volume
- Tools for cutting procurement costs

The savings that can be accrued to the State are significant, often far surpassing the rebate dollars that an organization earns.

We offer you our one card, corporate card and virtual card program with the following incentives based on the projections provided by the State. If these assumptions are inaccurate, we reserve the right to revisit our offer.

Performance Incentive

We offer the State the opportunity to earn a performance incentive based on net quarterly charge volume¹, which will be paid to you quarterly.

Performance Volume Incentive

At the end of each quarter, U.S. Bank will calculate the net charge volume for the entire the State program, and apply the result to the matrix on the following page to determine the qualifying incentive opportunity.

Discount Interchange Incentive

We recognize that increased commercial card usage is important to your overall procure-to-pay strategy and that program expansion, cost efficiency and expense control are critical components in streamlining your procurement and spending processes. We continue to embrace commercial card expansion initiatives including reduced interchange programs for our clients' strategic suppliers, which targets large ticket and other discount interchange commercial card transactions. Through these discount interchange initiatives, we help enable many suppliers to expand their acceptance of commercial cards. These programs allow our clients to eliminate many administrative processes with their preferred suppliers, saving our clients time and money while capturing data on both their small and large dollar purchases by using their U.S. Bank commercial cards.

Based on the State's 2017 contract year spend, the State's participants had \$72 million in annual program volume. Of this total \$48 million qualified as standard charge volume and \$24 million qualified as Discount Interchange volume. We have used these past figures to calculate the projected revenue share going forward.

¹ Net quarterly charge volume means all charges set forth on the monthly billing statements furnished for all accounts, less cash advances, fees, fraudulent charges, chargebacks, charges qualifying for discount interchange rates and amounts charged-off by U.S. Bank.

Quarterly Volume Incentive

Quarterly Volume (US\$)	Rate
0	1.1000%
3,000,000	1.2300%
4,000,000	1.3450%
5,000,000	1.4400%
6,000,000	1.5200%
7,000,000	1.6000%
8,000,000	1.6800%
9,000,000	1.7500%
10,000,000	1.8200%
11,000,000	1.8700%
12,000,000	1.9200%
13,000,000	1.9250%
14,000,000	1.9300%
15,000,000	1.9350%
16,000,000	1.9400%
17,000,000	1.9450%
18,000,000	1.9500%
19,000,000	1.9550%
20,000,000	1.9600%
22,500,000	1.9650%
25,000,000	1.9700%
27,500,000	1.9750%
30,000,000	1.9800%
32,500,000	1.9850%
35,000,000	1.9900%
37,500,000	1.9950%
40,000,000	2.0000%

File Turn Days must be N/A

Credit Losses deducted from Rebate

Fraud Losses absorbed by U.S. Bank

Rebate payment: Quarterly

**Discount Interchange
Quarterly Volume Incentive**

Rate
0.8500%

File Turn Days must be N/A

Credit Losses deducted from Rebate

Fraud Losses absorbed by U.S. Bank

Rebate Payment: Quarterly

Sample Incentive Calculation – Example 1

An incentive scenario can be calculated using the following current volume for the State’s program:

- \$12 million net quarterly (\$48 million annually) charge volume
- \$6 million quarterly (\$24 million annually) Discount Interchange volume

In this example, the incentive opportunity for standard quarterly charge volume would be 1.920%. The combined potential of the one card and corporate card performance incentive is **\$230,400** quarterly (1.920% × \$12,000,000), **\$921,600** annually (\$230,400 × 4), or **\$4,608,000** over an initial five-year term.

Discount Interchange volume in this example would be 0.850%. The combined potential of the Discount Interchange performance incentive is **\$51,000** quarterly (0.850% × \$6,000,000), **\$204,000** annually (\$51,000 × 4), or **\$1,020,000** over an initial five-year term.

With the addition of the standard charge volume incentive and Discount Interchange incentive, the estimated volume incentive for the State is **\$281,400** quarterly, **\$1,125,600** annually and **\$5,628,000** over an initial five-year term.

Sample Incentive Calculation – Example 2

If the State chooses to implement Virtual Pay, an additional \$25 million in annual volume is estimated for standard charge volume and an additional \$13 million in annual Discount Interchange volume. An incentive scenario can be calculated using the following performance dynamics:

- \$18.25 million net quarterly (\$73 million annually) standard charge volume
- \$9.25 million quarterly (\$37 million annually) Discount Interchange volume

In this example, the incentive opportunity for standard quarterly charge volume would be 1.950%. The combined potential of the one card, corporate card and virtual card performance incentive is **\$355,875** quarterly ($1.950 \times \$18,250,000$), **\$1,423,500** annually ($\$385,125 \times 4$), or **\$7,117,500** over an initial five-year term.

Discount Interchange volume in this example would be 0.850%. The combined potential of the Discount Interchange performance incentive is **\$78,625** quarterly ($0.850\% \times \$9,250,000$), **\$314,500** annually ($\$78,625 \times 4$), or **\$1,572,500** over an initial five-year term.

With the addition of the standard charge volume incentive and Discount Interchange incentive, the estimated volume incentive for the State is **\$434,500** quarterly, **\$1,738,000** annually and **\$8,690,000** over an initial five-year term.

Proposed Fees

Below are our proposed fees for the State's one card, corporate card and virtual card program:

Corporate Travel Card	
Feature	Fee
General Fees	
Annual Card Fee	Fee Waived
Delinquency Fees <ul style="list-style-type: none"> ▪ Fee assessed on the entire past due amount if full balance is not paid by the due date ▪ Fee assessed each subsequent cycle on the entire past due amount 	Fee Waived
Interest Charges	No Fee
Cash Advance Fee	Fee Waived
Convenience Check Fee	Fee Waived
Convenience Check Stop Payment Fee	Fee Waived
Convenience Check Copy Fee	Fee Waived
Returned Convenience Check Fee	Fee Waived
Statement Copy	Fee Waived
Draft/Receipt Copy	Fee Waived
Replacement Card Fee	Fee Waived
Expedited Delivery Fee	Fee Waived
Non-Sufficient Funds Fee	Fee Waived
Foreign Currency Fee (if applicable)	Fee Waived
Benefits	
Travel Accident Insurance \$500,000 coverage	No Fee
Auto Rental Insurance	No Fee
Visa Liability Insurance \$100,000 coverage	No Fee
Lost Luggage Insurance Maximum \$1,250; not to exceed common carrier reimbursement	No Fee
Other	
Implementation and Training Cost	No Fee
Access Online	No Fee
Custom Mapping	Fee Waived
Logo Embossing Fee	Fee Waived (Standard Fee: \$300)

One Card	
Feature	Fee
General Fees	
Annual Card Fee	Fee Waived
Global EMV Card	Fee Waived
Central Travel System (CTS)	Fee Waived
Delinquency Fees <ul style="list-style-type: none"> ▪ Fee assessed on the entire past due amount if full balance is not paid by the due date ▪ Fee assessed each subsequent cycle on the entire past due amount 	Fee Waived
Interest Charges	No Fee
Cash Advance Fee	Fee Waived
Convenience Check Fee	Fee Waived
Convenience Check Stop Payment Fee	Fee Waived
Convenience Check Copy Fee	Fee Waived
Returned Convenience Check Fee	\$15.00
Statement Copy	Fee Waived
Draft/Receipt Copy	Fee Waived
Replacement Card Fee	Fee Waived
Expedited Delivery Fee	Fee Waived
Non-Sufficient Funds Fee	Fee Waived
Foreign Currency Fee (if applicable)	Fee Waived
Benefits	
Travel Accident Insurance \$500,000 coverage	No Fee
Auto Rental Insurance	No Fee
Visa Liability Insurance \$100,000 coverage	No Fee
Lost Luggage Insurance Maximum \$1,250; not to exceed common carrier reimbursement	No Fee
Other	
Implementation and Training Cost	No Fee
Access Online	No Fee
Custom Mapping	Fee Waived
Logo Embossing Fee	Fee Waived (Standard Fee: \$300)

Virtual Pay	
Feature	Fee
General Fees	
Delinquency Fees	Fee Waived
<ul style="list-style-type: none"> ▪ Fee assessed on the entire past due amount if full balance is not paid by the due date ▪ Fee assessed each subsequent cycle on the entire past due amount 	
Interest Charges	No Fee
Statement Copy	Fee Waived
Draft Copy	Fee Waived
Non-Sufficient Funds Fee	Fee Waived
Other	
Implementation and Training Cost	No Fee
Access Online	No Fee
Foreign Currency Fee (if applicable)	Fee Waived
Custom Mapping	Fee Waived

Confidentiality Agreement

All content stated in this proposal is proprietary and confidential to U.S. Bank. Information supplied by the State of Nebraska to U.S. Bank for the purpose of this proposal is also confidential.

This proposal represents the basis for a proposed business relationship and is not a contract for products or services. Pricing elements are valid until December 13, 2018. All pricing elements including incentives are contingent upon U.S. Bank providing credit approval, which is at U.S. Bank's sole discretion and subject to U.S. Bank's Credit Policy. All pricing offered by U.S. Bank is subject to change if credit is conditional upon collateral pledge, pre-payment or guarantor.