

Amendment 1 of Exhibit B – Budget Detail and Payment Provisions

1. INVOICING AND PAYMENT:

- a. All Authorized Users are required to open a deposit account at an approved State financial institution that participates in the Automated Clearing House of the Federal Reserve System (ACH) to accept electronic payments via ACH under this MSA. For California State Authorized users this deposit account must be a Zero Balance Account (ZBA).
- b. Each Authorized User must provide the Contractor with the name, bank deposit account and ABA (bank routing) numbers of the financial institution where such Authorized User's deposit account is established. Further, Authorized User must notify Contractor of any changes to its financial institution, account, or ACH information over the course of the agreement. Each Authorized User must also notify its financial institution that the Contractor has access to the designated deposit account to make payments.
- c. For State Authorized Users, Contractor does not have authority to debit any amounts from the Authorized User's deposit account. Contractor shall settle the total amount for Charges net of Chargebacks, Credits and applicable adjustments. However, Contractor shall not reduce any payment transaction for payment of the processing fees (as defined in Exhibit E - Fees and Costs). If Authorized User chooses to use a third party convenience fee provider (as provided in Exhibit K), Authorized User acknowledges that all fees will be settled to a DDA established by the third party convenience fee provider. Further, Authorized User acknowledges and agrees that Contractor shall bill the third party convenience fee provider for all fees due and owing for such convenience fee transactions by Authorized User hereunder. Notwithstanding the above, Authorized User shall be fully liable for any Contractor's fees and Third Party Fees, provided for in this Agreement.
- d. Contractor shall initiate payment to each Authorized User's designated deposit account in accordance with the schedule noted in Exhibit A, Section 4.a.2. If the payment transmittal date falls on a day that Contractor's bank is not open for processing payments, Contractor will initiate payment as soon as the Contractor's bank is open. Funds due to State Authorized Users shall never be held in Contractor's account or any other account not specifically authorized by an Authorized User. Contractor will not be responsible for any obligations, damages, or liabilities in excess of the amount of the applicable debit, credit, or adjustment to an Authorized User's deposit account in the event that the Authorized User's financial institution does not honor any such item or improperly applies it to such Authorized User's account.
- e. Each Authorized User is responsible for paying for electronic payment acceptance services provided hereunder, subject to appropriations of its controlling body, as set forth in Section 2 of Exhibit B.
- f. Each Authorized User shall provide billing information (mailing address, contact person, etc.) as part of its individual Subscription Agreement (defined in Exhibit D, Section 2) executed with Contractor.

Amendment 1 of Exhibit B – Budget Detail and Payment Provisions

- g. Invoices shall be submitted in arrears to each State Authorized User on Contractor's letterhead within 15 days of the end of each month and in accordance with the Prompt Payment Act. The invoice shall include:
- The MSA number.
 - Authorized User Name.
 - Authorized User Merchant Number.
 - Time period covered.
 - Work completed for the period shall be identified (detailed statement of services rendered) as specified in the individual Authorized User's Subscription Agreement.
 - Contact information for billing comments or inquiries such as a telephone number, fax number, and address.
- h. Upon receipt of invoices and subsequent approval by the Authorized User's designated representative(s), the Authorized User will pay the Contractor for fees and costs as specified in Exhibit E. Contractor must NOT charge processing fees that are higher than or any additional fees other than those specified, which cover all services provided by this MSA including electronic payment acceptance services, user guides, reports, and customer service.
- i. State Authorized Users will promptly process the invoice and pay Contractor, or cause the State Controller to pay Contractor, for the amount due.
- j. Each Local Authorized User will promptly process the invoice and pay by either: (i) Contractor debiting such Local Authorized User's designated debit (payment) account, with the Local Authorized User's prior approval, or (ii) initiating ACH payment to the Contractor's demand deposit account.
- k. Contractor shall indicate Chargebacks and adjustments (including Credits) to Authorized Users in statements and reports as required pursuant to Section 4.b.4 of Exhibit A.
- l. The State does not accept liability of Local Authorized Users (cities, counties, local governments, political subdivisions etc.).

2. BUDGET CONTINGENCY CLAUSE:

- a. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under the Authorized User's Subscription Agreement does not appropriate sufficient funds for the program contemplated thereunder, the Authorized User's Subscription Agreement shall be of no further force and effect after the Authorized User provides written notice to Contractor. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other consideration under the Subscription Agreement.
- b. For State Authorized Users, if funding for any fiscal year is reduced or deleted by the Budget Act for purposes of the Authorized User's programs, the Authorized Users shall have the option to either (i) cancel Authorized User's Subscription

Amendment 1 of Exhibit B – Budget Detail and Payment Provisions

Agreement with no liability occurring to the State by providing Contractor immediate written notice or (ii) offer an agreement amendment to Contractor to reflect the reduced amount.

- c. In the event an Authorized User's Subscription Agreement is terminated pursuant to this Section 2, such Authorized User shall be responsible for payment of all amounts owed to Contractor related to transactions processed up until the effective date of termination.

3. REPORTING REQUIREMENTS:

Contractor shall maintain an accounting system using generally accepted accounting principles that will provide information for reports to the State and Authorized Users. Some of the reporting requirements include, but are not limited to, providing the DGS Contract Manager with usage and fiscal activities documentation on a quarterly basis. This quarterly activity report (See Exhibit B Attachment I) will summarize the Contractor's MSA contract activity by payment category for each Authorized User and will contain the following information:

- Authorized User Name (department, agency, etc.)
- Authorized User's Merchant Number
- Dollar Volume by card type (*Amex, Discover, Visa, MC, Debit*) and/or payment solution
- Number of transactions by card type and/or payment solution
- Average Ticket by card type and/or payment solution
- Fees paid by payment solution and type (interchange, processor, convenience fees, other)

The contractor to send reports electronically using Email and Microsoft Excel or compatible. Send to MaryAnne.DeKoning@dgs.ca.gov and Masters@dgs.ca.gov

Contractor shall provide equipment and software reporting information upon request.

4. PROMPT PAYMENT CLAUSE:

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

5. CONTRACTOR OVERPAYMENTS:

If the Authorized User determines that an overpayment has been made to the Contractor, the Authorized User will seek recovery immediately upon discovery of the overpayment by: (a) calling the contractor service center to request a refund of the overpayment amount; or (b) offsetting subsequent Contractor payments by the amount of the overpayment if Contractor repayment is not received within thirty (30) days from the date of notice. If Contractor discovers they have received an overpayment, contractor must notify the Authorized user and refund the overpayment immediately.