

**CITY OF GAUTIER
MEMORANDUM**

To: Samantha Abell, City Manager
From: Cindy Russell, City Clerk
Date: January 12, 2015
Subject: Recommendation of Regions Bank as the Financial Institution for a Purchasing Procurement Card Account.

REQUEST:

City Council approval of Regions Bank as the Financial Institution for a Purchasing Procurement Card Account.

BACKGROUND:

Proposals were received by the Purchasing Agent on November 26, 2014. Three (3) proposals were received for the referenced project. Staff has reviewed the three proposals to insure all vendors met the required specifications. Regions Bank has met all of the specifications and is the most responsible firm.

City of Gautier currently has a state procurement card through the Office of Purchasing and Travel. The justification for a change is that there is a revenue share opportunity that cannot be achieved with the State Program. The rebate resides with the City compared to the State receiving the rebate for Gautier's usage under the existing program.

RECOMMENDATION:

Based on the information provided, it is recommended that the Council approve Regions Bank as the Financial Institution for a Purchasing Procurement Card Account.

The City Council may:

- 1) Approve recommendation of Regions Bank.
- 2) Disapprove recommendation of Regions Bank.

ATTACHMENT(S):

Proposal from Regions Bank



REGIONS

Request for Proposal Response

for



Submitted by:

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November 26, 2013

The information contained within this proposal is CONFIDENTIAL and should not be disclosed, copied or discussed with any person not directly involved without prior approval from Regions Bank. Proposal is valid for 30 days from the date shown above.



November 21, 2014

City of Gautier, Mississippi
Attn: Cindy Steen, Purchasing Agent
3330 Hwy 90
Gautier, MS 39553

Dear Ms. Steen:

Thank you for allowing Regions Bank to submit the following proposal for the City of Gautier's Purchasing Card program.

Regions Financial represents decades of innovation, experience, and market leadership. Our goal is to exceed your expectations now and in the future by the utilization of these resources. We will be proactive in the management of your account in terms of customer service, product development and acceptance of new technologies.

At Regions, we are committed to maintaining the expertise and market experience to ensure exceptional performance in the execution and delivery of your current and future banking requirements. We are confident that we will deliver a complete Commercial Card solution to the City of Gautier.

We appreciate this opportunity and look forward to serving you.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl Johnson".

Cheryl Johnson
President, Mississippi Gulf Coast

1. Describe your card program offering, including the length of time offering this product.

Regions has offered Commercial Card for 18 years, starting its program in 1996. Our program has constantly evolved to meet the ever changing economic and technological environments.

Since its inception, Regions Commercial Card has partnered with thousands of clients in assisting them with their expense management. Commercial card programs are diverse in terms of controls and reporting requirements, therefore Regions' product has been developed to provide the flexibility to implement a program that meets the needs of most organizations. The Regions Bank Commercial Card program offers a unique, integrated platform that combines the functionality of one or more card programs - Purchasing, Travel & Entertainment, and Fleet - into a flexible, single card solution for managing and controlling expenses.

Regions' Commercial Card programs offer the unsurpassed customer service, the flexibility of a one card solution and the comprehensive reporting capabilities that will exceed the City's expectations.

Unsurpassed Customer Service

Regions is committed to best in class customer service. This commitment was confirmed once again, by Regions being recognized by Greenwich Associates as the recipient of national Greenwich Excellence Awards for 2013. Regions was recognized for:



- Overall Satisfaction
- Likelihood to Recommend
- Relationship Manager Capability
- Treasury Management – Overall Satisfaction and Customer Service as well as Online Services.

The City will have a dedicated Portfolio Manager assigned to your relationship, Regions' online card management system and our Customer Service Call Center. As always, your Relationship Manager and Treasury Sales Officer will also be available as needed.

Customer Service Call Center

This is a shared resource that is available 24 hours a day, 7 days a week, and 365 days a year. This team can be contacted via email, phone or fax.

Portfolio Manager

Chris Callaway, will be the City of Gautier's dedicated Portfolio Manager assigned to the City's commercial card team. She is available during business hours and can be accessed by phone, email or fax.

Relationship Team and Local Support

The City of Gautier's relationship team, located includes your dedicated Treasury Management Specialist, Sean Farmer, dedicated Relationship Manager, Russ Guess, and Gulf Coast President Cheryl Johnson.

Flexibility of Card Services

The Regions Bank Commercial Card program offers a solution that can answer all of your Purchasing needs in one flexible program. Regions will manage your program based on the nature of your usage of the product.

Regions' Commercial Card Solution has proven history of assisting our clients in streamlining their card maintenance and increasing their overall efficiencies. This system will enable the City of Gautier to maintain your complete program through one point of contact.

Comprehensive Online Capabilities

Our online system, Regions IntersectSM, offers a single sign on for all of your program needs.

- Card Management Module

Regions IntersectSM gives your program administrators 24/7 access to the maintenance of your card program. Your administrators can order cards, cancel cards, set security parameters and view activity all in real time.

- Expense Reporting Module

IntersectSM gives you a vast array of reporting and expense management capabilities. We will work with you to set reporting templates for recurring reporting needs and will train you on the ad hoc reporting capabilities. Additionally, Intersect'sSM expense management module is configurable to your needs.

- Virtual Card Module

Should the City choose to add virtual card option to your commercial card program, Regions IntersectSM offers a best in class ePayables program.

Your program administrators and card holders will be thoroughly trained on all services. Regions accomplishes this through in person training sessions, WebEx online conferences, recorded sessions and instructional manuals

It is time you expected more from your commercial card provider. We are confident that a partnership with Regions will position the City of Gautier to consistently outperform all of your process and efficiency goals.

2. What platform will be used (Visa, MasterCard, etc...)

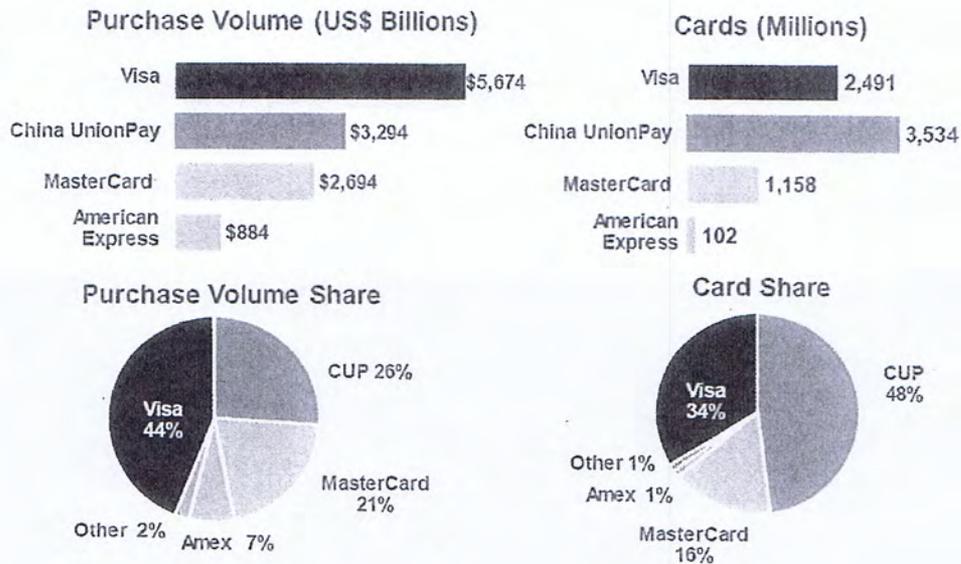
Regions offers the Visa Commercial Card platform due to its acceptance, commitment, support and their support for the commercial card industry.

Acceptance

Visa's unsurpassed acceptance allows your employees to use their Regions Commercial Card at more than 30 million locations worldwide and over 1 million ATMs in 200 countries. Vendor matches (comparing a company's listing of vendors to those accepting Visa) routinely match 75% or more.

Visa is the most recognizable and used card platform in the US and world. In 2012, Visa accounted for 44% of the purchase volume and 34% of the cards outstanding.

Visa's Global Leadership



Includes all consumer and commercial credit, debit, and prepaid cards. Currency figures are in U.S. dollars. Visa includes the sum of Visa Europe and Visa Inc. and includes Visa, Visa Electron, and Interlink brands. The Visa card figure excludes Plus-only cards (with no Visa logo). MasterCard excludes Maestro and Cirrus figures. American Express includes figures for third-party issuers.
Source: Nilson Report 1014 (March 2013)

Commitment

Visa continues to break the barriers to card acceptance. They tirelessly work with each merchant segment so that you are able to expand your vendor enrollment.

Visa's Acceptance team will work closely with the City of Gautier, Regions and your vendors to identify areas with low acceptance and new markets of opportunity. In recent years, Visa broke the long-standing barrier to card acceptance by taxis and the fast food industry to promote acceptance of cards. Currently, specific effort is being made to enable recurring payments in the telecommunications, insurance and publications / subscriptions merchant segments.

Support

Visa makes significant investments in its merchant acceptance and enhanced data programs in tools for identifying suppliers who accept Visa card payments. Your Regions Portfolio Manager will frequently utilize these programs and tools to ensure maximum performance opportunities have been identified.

3. Describe the online tools for reporting and maintaining the purchasing card program.

Regions partners with AOC Solutions to offer Regions Intersect SM, a single online platform for your entire card program maintenance, expense management and ePayables needs. AOC Solutions, a service disabled, veteran-owned business, specializes in creating and implementing best-in-class commercial payments platforms and solutions that include accounts payable (AP) automation, commercial card management and reporting, and web services. This suite of products will help the City significantly reduce costs while increasing

revenues.

Regions IntersectSM is a single commercial card platform for Accounts Payable Automation, Expense Management and Card Management with allow clients to reduce payment expenses, save time and resources and operate with greater security and control.

Regions IntersectSM offers clients the ability to easily implement a card solution with minimal use of your valuable resources. Features include:

- Highly configurable for specific business rules
- PCI Compliant web hosted solution
- Intuitive user interface for speed and ease of use
- Simplified implementation for A/P automation
- Self-service reports for readily accessible information
- Role and permission based authorized users

SINGLE SIGN ON PORTAL ACCESS:

- CARD MANAGEMENT: T&E, PURCHASING CARD, ACCOUNTS PAYABLE
- ALLOCATIONS, REPORTING, AND IMAGE RECEIPT ATTACHMENTS
- ACCOUNTS PAYABLE

Regions IntersectSM Distributed Card: Transaction Management

Regions IntersectSM is designed to automate expense reporting process associated with T&E and Purchasing Card programs. Your program design will include:

- Mirror and adhere to organizational policies
- Build and edit financial code mapping structure
 - Default account codes, mapping, validation and dependencies
 - View addendum detail
 - Split transactions
 - Create a workflow approval process
- Reverse Allocations which require prior approval before funds can be loaded on a card
- Out of pocket expenses (including gas mileage)
- Receipt Imaging
- Mobile Phone Enabled

Regions IntersectSM Accounts Payable Automation: Payment Options

To encourage vendor acceptance and achieve efficient reconciliation, Regions IntersectSM offers three payment types for Accounts Payable Automation:

Merchant Type	Payment Type	Description
Pull	Single Use Ghost	A single virtual account tied to each payment.

	Account	Allows the merchant to process multiple transactions up to the available amount
Pull	Single Use Ghost Account with Exact Authorization	A single virtual account tied to each payment. Allows the merchant to process a single transaction for the exact amount available.
Push	Push Payment	A single virtual account tied to each payment. The payment is pushed directly to the merchant bank account.

Architecture and Communications

The application employs a fully redundant PCI compliant 3-tier architecture and 3DES for data storage encryption. Firewall requirements are that all connections are denied unless specifically allowed by a business requirement. Security architecture and policies are based on the simple premise that no access rights or privileges are allowed unless there is a documented business need to grant the access privilege. Sensitive data is encrypted during storage and transmission, data is stored for 7 years.

All external communications to the application occur via SSL or HTTPS sessions. End users only require a supported browser to connect to the application via HTTPS. Users must be authenticated and granted access privileges within the application to access and process sensitive data.

4. Describe the program controls (MCC Blocks, etc...) available for your purchasing card programs.

The City of Gautier needs an application that is accessible, flexible, and provides self-service to administrators and account holders. With appropriate access to the information they need, employees across your City will be empowered to make better business decisions.

Card controls and usage restrictions

Regions Bank offers numerous spending controls, which may be established on an organization-wide, unit or individual card basis, depending on the program hierarchy established.

Restrictions and controls include:

- Dollar limit restrictions on transactions – per transaction, per day, per cycle, per quarter, per year
- Velocity restrictions – frequency per day, per cycle, per quarter, per year
- MCC code restrictions – up to 9 s of MCC codes, where each holds 75 codes
- Cash advance restrictions can be placed at a dollar or percentage amount of their limit.
- Merchant Category Codes (MCC) enable your organization to restrict use of the card at specific categories of business

MCC codes are merchant classifications that identify the merchant's type of business. These MCC codes are organized into categories – contracted services, airlines, vehicle rentals, hotels, transportation, utilities, retail stores, vehicle service, clothing stores,

miscellaneous stores, service providers, government services, personal service providers, repair services, entertainment, professional service & membership, and wholesale distributor.

Instead of customizing each employees MCC code restriction, profiles can be created based on different types of job responsibilities.

5. Describe your training and customer support offerings

Training

Regions will work with your administrators to develop a detailed training plan and timeline for cardholders and administrators specific to their job duties and how you expect to use the systems. This will be accomplished in a train the trainer format where the administrators will be trained on the system and will then train the cardholders. Program administrators will be provided all of the tools they need to train all of the cardholders and users of the on line systems.

The Regions Integration Management team will be assigned to you to assist with developing the detailed training program including training aids for both cardholders and administrators.

Customer Service

In addition to your Relationship Manager and Treasury Management Officer, Regions provides cardholder and administrator customer service, 24 hours a day, 7 days a week, 365 days a year.

Hours of Coverage

- Support is available 24 hours a day, 7 days a week, 365 days a year.
- Support is available either through an email, a toll free number or online.
- In addition, you will have a dedicated Card Portfolio Manager capable of solving any issue.

6. Provide the rebate structure that will be provided to the City of Gautier.

In order to give you estimates of potential program size and rebate, we analyzed the vendor listing you provided.

Total Supplier List

The vendor list included 353 suppliers with \$11,633,873 in annual spend.

Supplier Segmentation	# Suppliers	\$ Spend
Total Supplier List	353	\$11,833,873

Non-Actionable Suppliers

We ran this Total Supplier List through Visa's database and removed the suppliers that showed up as non-acceptors as well as the vendors we categorize as "For Discussion". The For Discussion list contains vendors that, in our experience, are unlikely to accept a purchasing card payment. These include financial institutions, the State of Mississippi and other public fund entities.

<i>Non-Actionable Suppliers</i>		
Supplier Segmentation	# Suppliers	\$ Spend
Non-Acceptor	59	\$2,400,976
For Discussion	23	\$4,422,052
Total Non-Actionable Suppliers	82	\$6,823,027

Actionable Suppliers

This left us with the Actionable Suppliers. This includes your existing card payments as well as the Target Pool.

The Target Pool is the listing of vendors that we deem are likely to accept card payments. Regions offers the City our Vendor Enrollment Team to contact these vendors and enroll them for you.

In our experience, you can expect a 30% - 35% acceptance rate of the Target Pool. This estimates that your program will be approximately \$1.7 million in annual spend.

<i>Actionable Suppliers</i>		
Supplier Segmentation	# Suppliers	\$ Spend
Existing Card	2	\$22,200
Target Pool	269	\$4,788,845
Total Actionable Suppliers	271	\$4,810,845

Rebate Structure

Regions is proud to offer the City of Gautier the following revenue sharing schedule.

Purchasing Card Annual Volume		Cycle Period	30
		Grace Period	15
		Basis Points	
\$ 1	\$ 999,999		95
\$ 1,000,000	\$ 4,999,999		100
\$ 5,000,000	\$ 9,999,999		105
\$ 10,000,000	\$ 14,999,999		115
\$ 15,000,000	\$ 19,999,999		125
\$ 20,000,000	\$ 29,999,999		130
\$ 30,000,000	\$ 39,999,999		135
\$ 40,000,000	\$ 49,999,999		140
\$ 50,000,000	+		145
Large Ticket Volume		Cycle Period	30
		Grace Period	15
		Basis Points	
\$ 1	+		50

Rebate tiers are calculated based on your annual spend and the corresponding rate will be paid on all of the City's spend for that year.

Below is a chart with three examples to give you estimates of the potential rebates based on varying levels of spend.

	Example 1	Example 2	Example 3
Projected Volume	\$1,700,000	\$2,000,000	\$3,000,000
Qualifying Rate	1.00%	1.00%	1.00%
ANNUAL REVENUE SHARE	\$17,000	\$20,000	\$30,000

7. Provide below the annual cost to the City of Gautier for any required fees for use of the card. Please specify type fee and amount:

Regions is proud to present to the City of Gautier no fees for our commercial card program.

<u>Fee</u>	<u>Annual Cost</u>
Annual Card Fee _____	<u>No Charge</u>
Annual Program Fee _____	<u>No Charge</u>
Intersect SM Online System _____	<u>No Charge</u>